

**All Cosmos Bio-Tech Holding Corporation
and Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2020 and 2019 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
All Cosmos Bio-Tech Holding Corporation

Opinion

We have audited the accompanying consolidated financial statements of All Cosmos Bio-Tech Holding Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019 and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, 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 consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Group's consolidated financial statements for the year ended December 31, 2020 are stated as follows:

Occurrence of Sales Revenue from Major Customers

The Group's sales revenue for the year ended December 31, 2020 was \$1,642,783 thousand, which was lower than the previous year. The Group's revenue mainly comes from major customers with transactions that are significant. Sales revenue and accounts receivable turnover (days) from some of these major customers increased significantly compared to the previous year. Considering the higher inherent risk in revenue recognition and the potential pressure on management to achieve financial goals, we identified the occurrence of sales revenue from major customers with the abovementioned characteristics as a key audit matter.

Refer to Notes 4 (m) and 22 to the consolidated financial statements for details on the accounting policy and relevant disclosures on revenue recognition.

The main audit procedures that we performed in respect of sales revenue from major customers with the abovementioned characteristics included the following:

1. We obtained an understanding of the Group's internal control and operating procedures of sales cycle, and we designed the corresponding audit procedures to test the effectiveness of the internal control associated with the risk mentioned above.
2. We performed substantive tests on sales revenue, selected samples from general ledger of sales revenue and vouched the records to external supporting documents to verify the occurrence of sales.
3. We performed analytical procedures, compared the differences in sales revenue, credit terms, and accounts receivable turnover (days) between the current and previous years, and assessed the reasonableness of such changes.
4. We examined significant sales returns or allowances after the balance sheet date and performed substantive procedures to confirm the occurrence of the sales revenue.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Chiang Hsun Chen and Jui Hsuan Ho.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 26, 2021

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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 consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated 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 independent auditors' report and consolidated financial statements shall prevail.

ALL COSMOS BIO-TECH HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 761,806	29	\$ 837,590	32
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 29)	59,766	2	60,509	2
Financial assets at amortized cost - current (Notes 4, 8 and 31)	29,321	1	189,845	7
Trade receivables, net (Notes 4, 9 and 22)	517,434	20	293,835	11
Trade receivables from related parties (Notes 4, 22 and 30)	30,400	1	35,996	2
Other receivables (Notes 4 and 9)	3,838	-	8,149	-
Other receivables from related parties (Notes 4 and 30)	14,708	1	22,357	1
Current tax assets (Notes 4 and 24)	7,750	-	2,446	-
Inventories (Notes 4 and 10)	274,264	11	296,210	11
Prepayments (Note 17)	127,565	5	41,781	2
Other current assets (Note 17)	175	-	-	-
Total current assets	<u>1,827,027</u>	<u>70</u>	<u>1,788,718</u>	<u>68</u>
NON-CURRENT ASSETS				
Financial assets at amortized cost - non-current (Notes 4, 8 and 31)	106,670	4	128,257	5
Investments accounted for using the equity method (Notes 4 and 12)	12,717	1	14,539	-
Property, plant and equipment (Notes 4, 13 and 31)	441,878	17	470,047	18
Right-of-use assets (Notes 4, 14, 30 and 31)	164,173	6	177,760	7
Goodwill (Notes 4 and 15)	371	-	385	-
Other intangible assets (Notes 4 and 16)	1,309	-	2,072	-
Deferred tax assets (Notes 4 and 24)	35,079	1	39,944	1
Other non-current assets (Note 17)	25,146	1	17,789	1
Total non-current assets	<u>787,343</u>	<u>30</u>	<u>850,793</u>	<u>32</u>
TOTAL	<u>\$ 2,614,370</u>	<u>100</u>	<u>\$ 2,639,511</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18 and 31)	\$ 45,944	2	\$ 9,204	1
Contract liabilities - current (Notes 4 and 22)	87	-	1,532	-
Trade payables	63,440	3	75,687	3
Trade payables to related parties (Note 30)	2,348	-	-	-
Other payables (Note 19)	78,004	3	58,115	2
Other payables to related parties (Note 30)	417	-	1	-
Current tax liabilities (Notes 4 and 24)	17,374	1	7,977	-
Lease liabilities - current (Notes 4 and 14)	2,226	-	2,163	-
Current portion of long-term borrowings (Notes 18 and 31)	5,355	-	17,810	1
Other current liabilities (Note 19)	6,198	-	2,949	-
Total current liabilities	<u>221,393</u>	<u>9</u>	<u>175,438</u>	<u>7</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 18 and 31)	-	-	3,359	-
Deferred tax liabilities (Notes 4 and 24)	29,128	1	32,487	1
Lease liabilities - non-current (Notes 4, 14 and 30)	671	-	1,932	-
Guarantee deposits received (Note 19)	-	-	380	-
Total non-current liabilities	<u>29,799</u>	<u>1</u>	<u>38,158</u>	<u>1</u>
Total liabilities	<u>251,192</u>	<u>10</u>	<u>213,596</u>	<u>8</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 21)				
Share capital				
Ordinary shares	<u>640,340</u>	<u>24</u>	<u>640,340</u>	<u>24</u>
Capital surplus	<u>781,838</u>	<u>30</u>	<u>781,838</u>	<u>30</u>
Retained earnings				
Legal reserve	167,204	7	163,635	6
Special reserve	320,320	12	312,099	12
Unappropriated earnings	<u>474,522</u>	<u>18</u>	<u>468,142</u>	<u>18</u>
Total retained earnings	<u>962,046</u>	<u>37</u>	<u>943,876</u>	<u>36</u>
Other equity	<u>(397,714)</u>	<u>(15)</u>	<u>(320,320)</u>	<u>(12)</u>
Total equity attributable to owners of the Company	1,986,510	76	2,045,734	78
NON-CONTROLLING INTERESTS	<u>376,668</u>	<u>14</u>	<u>380,181</u>	<u>14</u>
Total equity	<u>2,363,178</u>	<u>90</u>	<u>2,425,915</u>	<u>92</u>
TOTAL	<u>\$ 2,614,370</u>	<u>100</u>	<u>\$ 2,639,511</u>	<u>100</u>

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

ALL COSMOS BIO-TECH HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 22 and 30)				
Sales	\$ 1,642,783	100	\$ 1,767,699	100
OPERATING COSTS (Notes 10, 23 and 30)				
Cost of goods sold	<u>(1,270,636)</u>	<u>(77)</u>	<u>(1,374,387)</u>	<u>(78)</u>
GROSS PROFIT	<u>372,147</u>	<u>23</u>	<u>393,312</u>	<u>22</u>
OPERATING EXPENSES (Notes 23 and 30)				
Selling and marketing expenses	(121,509)	(8)	(110,340)	(6)
General and administrative expenses	(153,014)	(9)	(157,924)	(9)
Research and development expenses	(2,541)	-	(4,655)	-
Expected credit loss	<u>7,628</u>	<u>-</u>	<u>(47,162)</u>	<u>(3)</u>
Total operating expenses	<u>(269,436)</u>	<u>(17)</u>	<u>(320,081)</u>	<u>(18)</u>
PROFIT FROM OPERATIONS	<u>102,711</u>	<u>6</u>	<u>73,231</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 23 and 30)				
Interest income	18,800	1	17,368	1
Other income	12,021	1	16,675	1
Other gains and losses	21,875	1	6,147	-
Finance costs	(4,440)	-	(9,448)	-
Share of loss of associates (Note 12)	<u>(1,296)</u>	<u>-</u>	<u>(155)</u>	<u>-</u>
Total non-operating income and expenses	<u>46,960</u>	<u>3</u>	<u>30,587</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	149,671	9	103,818	6
INCOME TAX EXPENSE (Notes 4 and 24)	<u>(51,503)</u>	<u>(3)</u>	<u>(65,140)</u>	<u>(4)</u>
NET PROFIT FOR THE YEAR	<u>98,168</u>	<u>6</u>	<u>38,678</u>	<u>2</u>
OTHER COMPREHENSIVE (LOSS) INCOME (Notes 4, 21 and 24)				
Items that will not be reclassified subsequently to profit or loss:				
Exchange differences on translation to the presentation currency	(89,204)	(6)	(11,780)	-

(Continued)

ALL COSMOS BIO-TECH HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ (2,531)	-	\$ 2,029	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>528</u>	<u>-</u>	<u>(414)</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(91,207)</u>	<u>(6)</u>	<u>(10,165)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 6,961</u>	<u>-</u>	<u>\$ 28,513</u>	<u>2</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 82,204	5	\$ 35,694	2
Non-controlling interests	<u>15,964</u>	<u>1</u>	<u>2,984</u>	<u>-</u>
	<u>\$ 98,168</u>	<u>6</u>	<u>\$ 38,678</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 4,810	-	\$ 27,473	2
Non-controlling interests	<u>2,151</u>	<u>-</u>	<u>1,040</u>	<u>-</u>
	<u>\$ 6,961</u>	<u>-</u>	<u>\$ 28,513</u>	<u>2</u>
EARNINGS PER SHARE (Note 25)				
From continuing operations				
Basic	<u>\$ 1.28</u>		<u>\$ 0.56</u>	
Diluted	<u>\$ 1.28</u>		<u>\$ 0.56</u>	

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

(Concluded)

ALL COSMOS BIO-TECH HOLDING CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company						Other Equity Exchange Differences on Translation of the Financial Statements of Foreign Operations	Total	Non-controlling Interests	Total Equity
	Share Capital		Capital Surplus	Retained Earnings						
	Number of Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings				
BALANCE AT JANUARY 1, 2019	64,034	\$ 640,340	\$ 781,838	\$ 133,129	\$ 310,434	\$ 618,747	\$ (312,099)	\$ 2,172,389	\$ 363,677	\$ 2,536,066
Appropriation of 2018 earnings (Note 21)										
Legal reserve	-	-	-	30,506	-	(30,506)	-	-	-	-
Special reserve	-	-	-	-	1,665	(1,665)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(153,682)	-	(153,682)	-	(153,682)
Net profit for the year ended December 31, 2019	-	-	-	-	-	35,694	-	35,694	2,984	38,678
Other comprehensive loss for the year ended December 31, 2019, net of income tax (Note 21)	-	-	-	-	-	-	(8,221)	(8,221)	(1,944)	(10,165)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	35,694	(8,221)	27,473	1,040	28,513
Changes in ownership interests in subsidiaries (Notes 21 and 26)	-	-	-	-	-	(446)	-	(446)	446	-
Changes in non-controlling interests (Note 21)	-	-	-	-	-	-	-	-	15,018	15,018
BALANCE AT DECEMBER 31, 2019	64,034	640,340	781,838	163,635	312,099	468,142	(320,320)	2,045,734	380,181	2,425,915
Appropriation of 2019 earnings (Note 21)										
Legal reserve	-	-	-	3,569	-	(3,569)	-	-	-	-
Special reserve	-	-	-	-	8,221	(8,221)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(64,034)	-	(64,034)	-	(64,034)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	(11,414)	(11,414)
Net profit for the year ended December 31, 2020	-	-	-	-	-	82,204	-	82,204	15,964	98,168
Other comprehensive loss for the year ended December 31, 2020, net of income tax (Note 21)	-	-	-	-	-	-	(77,394)	(77,394)	(13,813)	(91,207)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	82,204	(77,394)	4,810	2,151	6,961
Changes in non-controlling interests	-	-	-	-	-	-	-	-	5,750	5,750
BALANCE AT DECEMBER 31, 2020	64,034	\$ 640,340	\$ 781,838	\$ 167,204	\$ 320,320	\$ 474,522	\$ (397,714)	\$ 1,986,510	\$ 376,668	\$ 2,363,178

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

ALL COSMOS BIO-TECH HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 149,671	\$ 103,818
Adjustments for:		
Depreciation expense	49,244	52,265
Amortization expense	911	980
Expected credit loss (reversed) recognized on trade receivables	(7,628)	47,162
Net gain on fair value change of financial assets at fair value through profit or loss	(2,643)	(1,587)
Finance costs	4,440	9,448
Interest income	(18,800)	(17,368)
Share of loss of associates	1,296	155
Gain on disposal of property, plant and equipment	(151)	(385)
Write-downs of inventories	908	6,699
Net unrealized loss on foreign currency exchange	1,530	4,435
Impairment loss recognized on goodwill	-	5,329
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	117	-
Trade receivables	(228,105)	452,005
Trade receivables from related parties	6,429	(18,252)
Other receivables	3,226	13,809
Other receivables from related parties	7,263	(7,719)
Inventories	10,140	311,303
Prepayments	(86,913)	19,596
Contract liabilities	(1,380)	(8,404)
Trade payables	(9,472)	27,582
Trade payables to related parties	2,457	-
Other payables	22,232	(51,203)
Other current liabilities	(965)	(1,085)
Cash (used in) generated from operations	(96,193)	948,583
Interest received	19,190	15,792
Interest paid	(4,355)	(9,448)
Income tax paid	(45,520)	(71,369)
Net cash (used in) generated from operating activities	<u>(126,878)</u>	<u>883,558</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of financial assets at amortized cost	-	(195,669)
Proceeds from sale of financial assets at amortized cost	169,488	-
Purchase of financial assets at fair value through profit or loss	-	(37,321)
Proceeds from sale of financial assets at fair value through profit or loss	-	9,405
Payments for property, plant and equipment	(30,049)	(39,064)
Proceeds from disposal of property, plant and equipment	274	1,553
Increase in refundable deposits	(3,002)	-

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ALL COSMOS BIO-TECH HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Decrease in refundable deposits	\$ -	\$ 1,531
Increase in other receivables from related parties	-	(14,947)
Decrease in other receivables from related parties	36	-
Payments for intangible assets	(228)	(142)
Increase in prepayment for equipment	(4,911)	-
Increase in prepayments	<u>-</u>	<u>(9,665)</u>
Net cash generated from (used in) investing activities	<u>131,608</u>	<u>(284,319)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	45,598	9,261
Repayments of short-term borrowings	(8,865)	(148,134)
Repayments of long-term borrowings	(14,939)	(24,152)
Proceeds from guarantee deposits received	3,927	363
Increase in other payables to related parties	412	-
Decrease in other payables to related parties	-	(5)
Repayment of the principal portion of lease liabilities	(2,531)	(43,018)
Dividends paid to owners of the Company	(64,034)	(153,682)
Changes in non-controlling interests	5,750	15,018
Dividends paid to non-controlling interests	<u>(11,414)</u>	<u>-</u>
Net cash used in financing activities	<u>(46,096)</u>	<u>(344,349)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(34,418)</u>	<u>(8,805)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(75,784)	246,085
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>837,590</u>	<u>591,505</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 761,806</u>	<u>\$ 837,590</u>

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

(Concluded)

ALL COSMOS BIO-TECH HOLDING CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

All Cosmos Bio-Tech Holding Corporation (the “Company”) is a limited company incorporated in the Cayman Islands on March 26, 2010. The Company and its subsidiaries (collectively referred to as the “Group”) have reorganized in order to list the Company’s shares on the Taiwan Stock Exchange. On June 1, 2010, the Company issued new shares for 100% equity interest in All Cosmos Industries Sdn. Bhd. and completed the Group’s investment process. The major operation activities of the Group are production and sales of Bio-organic and Bio-chemical fertilizers.

The Company’s shares have been listed on the Taiwan Stock Exchange since June 2017.

The functional currency of the Company is Malaysian Ringgit. For greater comparability and consistency of financial reporting, the consolidated financial statements of the Group are presented in New Taiwan dollars since the Company’s shares are listed on the Taiwan Stock Exchange.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 26, 2021.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies:

Amendment to IFRS 16 “Covid-19 - Related Rent Concessions”

The Group elected to apply the practical expedient provided in the amendment to IFRS 16 with respect to rent concessions negotiated with the lessor as a direct consequence of the COVID-19. The related accounting policies are stated in Note 4. Prior to the application of the amendment, the Group shall determine whether or not the abovementioned rent concessions need to be accounted for as lease modifications.

The Group applied the amendment from January 1, 2020. Because the abovementioned rent concessions affect only in 2020, retrospective application of the amendment has no impact on the retained earnings as of January 1, 2020.

- b. The IFRSs endorsed by the FSC for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers of Republic of China, and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Refer to Note 11 and Table 6 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the functional currencies of the Company and its foreign operations (including subsidiaries in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income attributed to the owners of the Company and non-controlling interests as appropriate.

f. Inventories

Inventories consist of raw materials, merchandise, finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the standard cost and adjusted thereafter to weighted-average cost on the balance sheet date.

g. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

h. Property, plant and equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized on goodwill is not reversed in subsequent periods.

j. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Impairment of property, plant and equipment, right-of-use asset and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

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

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss (FVTPL) are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends earned on such financial assets are recognized in other income; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 29 “Financial Instruments”.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and

- ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses (ECLs) on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime ECLs for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Group):

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 270 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

3) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

m. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of Bio-organic and Bio-chemical fertilizers. Sales of fertilizers are recognized as revenue when the goods are delivered and shipped to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized currently. The transaction price received is recognized as a contract liability until the good have been delivered to the customer.

n. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2021, that results in the revised consideration for the lease substantially less than the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

o. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods

The Group's accounting policies, estimates and underlying assumptions have not been evaluated by the Group's management and there are no significant accounting judgments, estimates or assumptions that are uncertain.

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	2020	2019
Cash on hand	\$ 475	\$ 440
Checking accounts and demand deposits	595,206	716,581
Cash equivalent		
Time deposits (with original maturities of 3 months or less)	<u>166,125</u>	<u>120,569</u>
	<u>\$ 761,806</u>	<u>\$ 837,590</u>

The market rate intervals of cash in bank at the end of the year were as follows:

	<u>December 31</u>	
	2020	2019
Time deposits (with original maturities of 3 months or less)	1.70%-3.20%	2.95%-3.50%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Financial assets at fair value through profit or loss (FVTPL) - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	\$ -	\$ 43
Non-derivative financial assets		
Mutual funds	<u>59,766</u>	<u>60,466</u>
	<u>\$ 59,766</u>	<u>\$ 60,509</u>

At the end of the year, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	<u>Currency</u>	<u>Maturity Date</u>	<u>Notional Amount (In Thousands)</u>
<u>December 31, 2019</u>			
Buy	USD/MYR	January 17, 2020	USD30/MYR124
	USD/MYR	January 24, 2020	USD50/MYR207
	USD/MYR	February 14, 2020	USD30/MYR124
	USD/MYR	February 21, 2020	USD30/MYR124
	USD/MYR	March 13, 2020	USD30/MYR124

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

8. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Current</u>		
Time deposits with original maturities of more than 3 months	\$ 29,321	\$ 180,641
Restricted Bank Deposits (a)	<u>-</u>	<u>9,204</u>
	<u>\$ 29,321</u>	<u>\$ 189,845</u>
<u>Non-current</u>		
Restricted Bank Deposits (a)	<u>\$ 106,670</u>	<u>\$ 128,257</u>
<u>Market rate intervals</u>		
Time deposits with original maturities of more than 3 months	2.00%-2.35%	3.00%-4.10%
Restricted Bank Deposits	1.60%-3.00%	2.80%-3.25%

a. Refer to Note 31 for information relating to the restricted assets are time deposits pledged as collateral for loans by the Group.

- b. The Group continuously tracks external credit rating information and monitors changes in credit risk of debt investments, and at the same time the Group reviews significant information on debtors, to assess whether credit risk on these debt investments have increased significantly since initial recognition. After the assessment, the Group estimates that there are no expected credit losses on the financial assets at amortized cost.

9. TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 598,564	\$ 384,077
Less: Allowance for impairment loss	<u>(81,130)</u>	<u>(90,242)</u>
	<u>\$ 517,434</u>	<u>\$ 293,835</u>
<u>Other receivables</u>		
GST refund receivables	\$ 174	\$ 4,022
Interest receivable	1,837	2,725
Others	<u>1,827</u>	<u>1,402</u>
	<u>\$ 3,838</u>	<u>\$ 8,149</u>

a. Trade receivables

The average credit period of sales of goods was 60 to 90 days. No interest was charged on trade receivables. The Group adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information or its own trading records to rate its major customers.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the customer and the customer's current financial position. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2020

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	Over 270 Days	Total
Expected credit loss rate	0.07%- 4.10%	0.66%- 10.60%	23.89%	16.67%- 41.38%	100.00%	
Gross carrying amount	\$ 413,549	\$ 104,154	\$ 31,088	\$ 1,939	\$ 47,834	\$ 598,564
Loss allowance (Lifetime ECL)	<u>(14,591)</u>	<u>(10,516)</u>	<u>(7,427)</u>	<u>(762)</u>	<u>(47,834)</u>	<u>(81,130)</u>
Amortized cost	<u>\$ 398,958</u>	<u>\$ 93,638</u>	<u>\$ 23,661</u>	<u>\$ 1,177</u>	<u>\$ -</u>	<u>\$ 517,434</u>

December 31, 2019

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	Over 270 Days	Total
Expected credit loss rate	0.58%- 1.57%	1.92%- 5.81%	5.29%- 20.87%	14.06%- 40.42%	100.00%	
Gross carrying amount	\$ 171,219	\$ 60,331	\$ 44,143	\$ 27,132	\$ 81,252	\$ 384,077
Loss allowance (Lifetime ECL)	<u>(1,670)</u>	<u>(1,854)</u>	<u>(2,266)</u>	<u>(3,200)</u>	<u>(81,252)</u>	<u>(90,242)</u>
Amortized cost	<u>\$ 169,549</u>	<u>\$ 58,477</u>	<u>\$ 41,877</u>	<u>\$ 23,932</u>	<u>\$ -</u>	<u>\$ 293,835</u>

The movements of the loss allowance of trade receivables were as follows:

	<u>For the Year Ended December 31</u>	
	2020	2019
Balance at January 1	\$ 90,242	\$ 47,088
Add: Net remeasurement of loss allowance	-	44,998
Less: Net remeasurement of loss allowance	(5,485)	-
Less: Amounts written off	(383)	(970)
Foreign exchange losses	<u>(3,244)</u>	<u>(874)</u>
Balance at December 31	<u>\$ 81,130</u>	<u>\$ 90,242</u>

b. Other receivables

Other receivables primarily included interest receivables, GST refund receivables and others. The Group continuously monitors past default experience of the counterparties and analyzes their current financial position. Based on the information above, the Group then assesses the expected credit loss and considers whether credit risk has been significantly increased since the last period to the reporting date. As of December 31, 2020 and 2019, the Group estimated the expected credit loss rate of other receivables to be 0%.

10. INVENTORIES

	December 31	
	2020	2019
Merchandise	\$ 14,433	\$ 7,841
Finished goods	24,696	30,596
Work in progress	19,566	17,190
Raw materials	<u>215,569</u>	<u>240,583</u>
	<u>\$ 274,264</u>	<u>\$ 296,210</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 were \$1,270,636 thousand and \$1,374,387 thousand, respectively. The cost of goods sold for the years ended December 31, 2020 and 2019 included inventory write-downs of \$908 thousand and \$6,699 thousand, respectively.

11. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			2020	2019	
The Company	All Cosmos Industries Sdn. Bhd. (ACI)	Manufacturing and sales of Bio-organic and Bio-chemical compound fertilizers	100	100	
	Sabah Softwoods Hybrid Fertiliser Sdn. Bhd.	Manufacturing and sales of Bio-organic and Bio-chemical compound fertilizers	55	55	
	PT All Cosmos Indonesia	Sales of Bio-organic and Bio-chemical compound fertilizers	99	99	
	PT All Cosmos Biotek	Manufacturing and sales of Bio-organic and Bio-chemical compound fertilizers	83	83	Note 2
ACI	GK Bio International Sdn. Bhd.	Wholesale of probiotics	60	60	Note 3
	PT All Cosmos Indonesia	Sales of Bio-organic and Bio-chemical compound fertilizers	1	1	
	Arif Efektif Sdn. Bhd.	Research and development of effective microorganisms for Bio-organic and Bio-chemical compound fertilizers	49	49	Note 1
	Kinabalu Life Sciences Sdn. Bhd.	Research and development of effective microorganisms for waste disposal of oil-palm	60	60	Note 4
	Cosmos Biowood Sdn. Bhd.	Forest plantation and research	80	80	

Note 1: The Group and its substantive related party separately hold 49% and 26% interest in Arif Efektif Sdn. Bhd. Their combined holding exceed 50% of the total shares outstanding. Hence, the Group has substantive control over Arif Efektif Sdn. Bhd. and has included it as part of the Group.

Note 2: On August 23, 2019, the Company invested IDR19,880,000 thousand by subscribing additional new shares of PT All Cosmos Biotek at a percentage different from its existing ownership percentage, and its proportion of ownership increased from 60% to 83%. Refer to Note 26 for the relevant disclosures.

Note 3: GK Bio International Sdn. Bhd. was established on October 11, 2018. On March 25, 2019, the equity interest of GK Bio International Sdn. Bhd. was transferred from All Cosmos Industries Sdn. Bhd. to the Company. At the same time, GK Bio International Sdn. Bhd. issued additional new shares for cash of MYR3,000 thousand, and the Group and the minority shareholders invested NT\$13,594 thousand and NT\$9,063 thousand at a percentage different from its existing ownership percentage, respectively. The equity interest of GK Bio International Sdn. Bhd. held by the Group decreased from 100% to 60%. Refer to Note 26 for the relevant disclosures.

Note 4: On September 25, 2019, Kinabalu Life Sciences Sdn. Bhd. issued new shares for cash of MYR2,000 thousand, and the Group and the minority shareholders invested NT\$8,933 thousand and NT\$5,955 thousand, respectively, in proportion to their original shareholdings. On February 25, 2020, Kinabalu Life Sciences Sdn. Bhd. issued additional new shares for cash of MYR2,000 thousand, and the Group and minority shareholders invested by NT\$8,626 thousand and NT\$5,750 thousand, respectively, in proportion to their original shareholdings.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
	December 31	
	2020	2019
Sabah Softwoods Hybrid Fertiliser Sdn. Bhd.	45%	45%

Refer to Table 6 for the information on the principal places of business and the countries of incorporation.

Name of Subsidiary	Profit Allocated to Non-controlling Interests For the Year Ended December 31		Accumulated Non-controlling Interests December 31	
	2020	2019	2020	2019
	Sabah Softwoods Hybrid Fertiliser Sdn. Bhd.	\$ 482	\$ 4,917	\$ 322,657

Summarized financial information of the subsidiary that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

Sabah Softwoods Hybrid Fertiliser Sdn. Bhd.

	December 31	
	2020	2019
Current assets	\$ 530,840	\$ 538,644
Non-current assets	263,445	292,590
Current liabilities	(62,067)	(39,461)
Non-current liabilities	<u>(15,203)</u>	<u>(23,082)</u>
Equity	<u>\$ 717,015</u>	<u>\$ 768,691</u>

(Continued)

	December 31	
	2020	2019
Equity attributable to:		
The Company	\$ 394,358	\$ 422,780
Non-controlling interests of Sabah Softwoods Hybrid Fertiliser Sdn. Bhd.	<u>322,657</u>	<u>345,911</u>
	<u>\$ 717,015</u>	<u>\$ 768,691</u> (Concluded)
	For the Year Ended December 31	
	2020	2019
Revenue	<u>\$ 310,606</u>	<u>\$ 560,767</u>
Profit for the year	\$ 1,072	\$ 10,926
Other comprehensive income for the year	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>\$ 1,072</u>	<u>\$ 10,926</u>
Profit attributable to:		
The Company	\$ 590	\$ 6,009
Non-controlling interests of Sabah Softwoods Hybrid Fertiliser Sdn. Bhd.	<u>482</u>	<u>4,917</u>
	<u>\$ 1,072</u>	<u>\$ 10,926</u>
Total comprehensive income attributable to:		
The Company	\$ 590	\$ 6,009
Non-controlling interests of Sabah Softwoods Hybrid Fertiliser Sdn. Bhd.	<u>482</u>	<u>4,917</u>
	<u>\$ 1,072</u>	<u>\$ 10,926</u>
Cash (outflow) inflow from:		
Operating activities	\$ (20,827)	\$ 218,441
Investing activities	(8,781)	(23,036)
Financing activities	4,233	(49,699)
Effects of foreign currency exchange	<u>(14,225)</u>	<u>(3,245)</u>
Net cash (outflow) inflow	<u>\$ (39,600)</u>	<u>\$ 142,461</u>

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

	December 31	
	2020	2019
Associate that is not individually material Sawit Ecoshield Sdn. Bhd.	<u>\$ 12,717</u>	<u>\$ 14,539</u>

For the Year Ended December 31
2020 **2019**

The Group's share of:

Total comprehensive loss for the year \$ (1,296) \$ (155)

Refer to Table 6 "Information on Investees" for the nature of activities, the principal places of business and the countries of incorporation of the associate.

Investments were accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on financial statements which have not been audited. Management believes there is no material impact on the equity method accounting or the calculation of the share of profit or loss from the financial statements of Sawit Ecoshield Sdn. Bhd. which has not been audited.

13. PROPERTY, PLANT AND EQUIPMENT

Assets Used by the Group

	Building	Machinery and Equipment	Transportation Equipment	Furniture, Fixture and Equipment	Leasehold Improvements	Other Equipment	Property under Construction	Total
Cost								
Balance at January 1, 2020	\$ 344,374	\$ 359,899	\$ 14,239	\$ 5,060	\$ 542	\$ 67,662	\$ 23,518	\$ 815,294
Additions	4,518	5,670	1,608	1,149	124	1,291	16,506	30,866
Disposals	-	(794)	(1,449)	(600)	-	(9)	-	(2,852)
Reclassified (Note)	-	1,794	4,424	-	-	135	(135)	6,218
Effects of foreign currency exchange differences	(12,153)	(12,686)	(465)	(176)	(18)	(2,383)	(695)	(28,576)
Balance at December 31, 2020	<u>\$ 336,739</u>	<u>\$ 353,883</u>	<u>\$ 18,357</u>	<u>\$ 5,433</u>	<u>\$ 648</u>	<u>\$ 66,696</u>	<u>\$ 39,194</u>	<u>\$ 820,950</u>
Accumulated depreciation and impairment								
Balance at January 1, 2020	\$ 58,702	\$ 242,815	\$ 8,474	\$ 3,160	\$ 337	\$ 31,759	\$ -	\$ 345,247
Depreciation expense	6,386	27,761	2,089	581	53	5,843	-	42,713
Disposals	-	(794)	(1,449)	(478)	-	(8)	-	(2,729)
Reclassified (Note)	-	1,256	4,424	-	-	-	-	5,680
Effects of foreign currency exchange differences	(2,025)	(8,359)	(257)	(111)	(11)	(1,076)	-	(11,839)
Balance at December 31, 2020	<u>\$ 63,063</u>	<u>\$ 262,679</u>	<u>\$ 13,281</u>	<u>\$ 3,152</u>	<u>\$ 379</u>	<u>\$ 36,518</u>	<u>\$ -</u>	<u>\$ 379,072</u>
Carrying amount at December 31, 2020	<u>\$ 273,676</u>	<u>\$ 91,204</u>	<u>\$ 5,076</u>	<u>\$ 2,281</u>	<u>\$ 269</u>	<u>\$ 30,178</u>	<u>\$ 39,194</u>	<u>\$ 441,878</u>
Cost								
Balance at January 1, 2019	\$ 342,252	\$ 351,226	\$ 16,822	\$ 4,899	\$ 545	\$ 66,928	\$ 1,849	\$ 784,521
Additions	3,959	7,482	1,525	189	-	1,513	23,859	38,527
Disposals	-	(2,707)	(4,304)	(230)	-	(187)	-	(7,428)
Reclassified (Note)	-	5,878	248	229	-	(229)	(1,865)	4,261
Effects of foreign currency exchange differences	(1,837)	(1,980)	(52)	(27)	(3)	(363)	(325)	(4,587)
Balance at December 31, 2019	<u>\$ 344,374</u>	<u>\$ 359,899</u>	<u>\$ 14,239</u>	<u>\$ 5,060</u>	<u>\$ 542</u>	<u>\$ 67,662</u>	<u>\$ 23,518</u>	<u>\$ 815,294</u>
Accumulated depreciation and impairment								
Balance at January 1, 2019	\$ 52,376	\$ 216,917	\$ 6,247	\$ 2,787	\$ 317	\$ 26,337	\$ -	\$ 304,981
Depreciation expense	6,693	29,458	2,333	442	23	5,866	-	44,815
Disposals	-	(2,039)	(3,946)	(174)	-	(101)	-	(6,260)
Reclassified (Note)	-	-	3,906	125	-	(125)	-	3,906
Effects of foreign currency exchange differences	(367)	(1,521)	(66)	(20)	(3)	(218)	-	(2,195)
Balance at December 31, 2019	<u>\$ 58,702</u>	<u>\$ 242,815</u>	<u>\$ 8,474</u>	<u>\$ 3,160</u>	<u>\$ 337</u>	<u>\$ 31,759</u>	<u>\$ -</u>	<u>\$ 345,247</u>
Carrying amount at December 31, 2019	<u>\$ 285,672</u>	<u>\$ 117,084</u>	<u>\$ 5,765</u>	<u>\$ 1,900</u>	<u>\$ 205</u>	<u>\$ 35,903</u>	<u>\$ 23,518</u>	<u>\$ 470,047</u>

Note: The reclassification of property, plant and equipment included reclassification from right-of-use assets.

The above items of property, plant and equipment used by the Group are depreciated on a straight-line basis over their estimated useful lives as follows:

Building	
Main buildings	50-52 years
Others	50 years
Machinery and equipment	3-10 years
Transportation equipment	5 years
Furniture, fixture and equipment	3-10 years
Leasehold improvements	3-25 years
Other equipment	5-10 years

Property, plant and equipment used by the Group pledged as collateral for bank borrowings are set out in Note 31.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
<u>Carrying amount</u>		
Land	\$ 161,171	\$ 172,826
Buildings	2,640	3,700
Machinery and equipment	-	704
Transportation equipment	<u>362</u>	<u>530</u>
	<u>\$ 164,173</u>	<u>\$ 177,760</u>
	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	<u>\$ 1,409</u>	<u>\$ 2,213</u>
Depreciation charge for right-of-use assets		
Land	\$ 3,930	\$ 4,192
Buildings	2,330	2,067
Machinery and equipment	135	191
Transportation equipment	<u>136</u>	<u>1,000</u>
	<u>\$ 6,531</u>	<u>\$ 7,450</u>

b. Lease liabilities

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Carrying amount</u>		
Current	<u>\$ 2,226</u>	<u>\$ 2,163</u>
Non-current	<u>\$ 671</u>	<u>\$ 1,932</u>

Range of discount rates for lease liabilities was as follows:

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Buildings	1.80%-5.84%	5.54%-5.84%
Transportation equipment	4.00%	4.00%

c. Material leasing activities and terms

The Group leases land for the use of plants and offices with lease terms of 30 to 93 years. The Group does not have bargain purchase options to acquire the leasehold land at the end of the lease terms.

d. Other lease information

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Expenses relating to short-term leases	<u>\$ 2,475</u>	<u>\$ 3,279</u>
Expenses relating to low-value asset leases	<u>\$ 885</u>	<u>\$ 225</u>
Total cash outflow for leases	<u>\$ (6,082)</u>	<u>\$ (46,841)</u>

The Group's leases of certain worker hostels qualify as short-term leases and certain offices qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

Right-of-use assets pledged as collateral for bank borrowings is set out in Note 31.

All lease commitments (the Group as a lessee) with lease terms commencing after the balance sheet dates are as follows:

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Lease commitments	<u>\$ -</u>	<u>\$ 1,522</u>

15. GOODWILL

	For the Year Ended December 31	
	2020	2019
<u>Cost</u>		
Balance at January 1	\$ 5,638	\$ 5,667
Effects of foreign currency exchange differences	<u>(200)</u>	<u>(29)</u>
Balance at December 31	<u>\$ 5,438</u>	<u>\$ 5,638</u>
<u>Accumulated impairment losses</u>		
Balance at January 1	\$ 5,253	\$ -
Impairment losses recognized	-	5,329
Effects of foreign currency exchange differences	<u>(186)</u>	<u>(76)</u>
Balance at December 31	<u>\$ 5,067</u>	<u>\$ 5,253</u>
Carrying amounts at December 31	<u>\$ 371</u>	<u>\$ 385</u>

The Group recognized goodwill on the acquisition of Arif Efektif Sdn. Bhd. and Cosmos Biowood Sdn. Bhd. The cost of investment is higher than the fair value of the identifiable assets and liabilities assumed on the acquisition date.

Because Cosmos Biowood Sdn. Bhd.'s acquisition of right of use of forest plantation was delayed, the Group assessed the recoverable amount of goodwill at \$0 in 2019 and recognized impairment loss on goodwill of Cosmos Biowood Sdn. Bhd. at \$5,329 thousand.

16. OTHER INTANGIBLE ASSETS

	Computer Software	
	For the Year Ended December 31	
	2020	2019
<u>Cost</u>		
Balance at January 1	\$ 4,990	\$ 8,086
Additions	228	142
Disposals	-	(3,240)
Effects of foreign currency exchange differences	<u>(175)</u>	<u>2</u>
Balance at December 31	<u>\$ 5,043</u>	<u>\$ 4,990</u>
<u>Accumulated amortization</u>		
Balance at January 1	\$ 2,918	\$ 5,173
Amortization expense	911	980
Disposals	-	(3,240)
Effects of foreign currency exchange differences	<u>(95)</u>	<u>5</u>
Balance at December 31	<u>\$ 3,734</u>	<u>\$ 2,918</u>
Carrying amount at December 31	<u>\$ 1,309</u>	<u>\$ 2,072</u>

Computer software is amortized over 5 years on a straight-line basis.

	For the Year Ended December 31	
	2020	2019
An analysis of amortization by function		
General and administrative expenses	<u>\$ 911</u>	<u>\$ 980</u>

17. OTHER ASSETS

	December 31	
	2020	2019
<u>Current</u>		
Prepayments		
Prepayments for purchase	\$ 99,083	\$ 9,807
Office supplies	17,635	18,523
Input tax	7,765	5,726
Others	<u>3,082</u>	<u>7,725</u>
	<u>\$ 127,565</u>	<u>\$ 41,781</u>
Refundable deposits	<u>\$ 175</u>	<u>\$ -</u>
<u>Non-current</u>		
Refundable deposits	\$ 11,004	\$ 8,262
Prepayment for equipment	4,952	-
Prepayments	<u>9,190</u>	<u>9,527</u>
	<u>\$ 25,146</u>	<u>\$ 17,789</u>

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2020	2019
<u>Secured borrowings (Note 31)</u>		
Bank loans	<u>\$ 45,944</u>	<u>\$ 9,204</u>

The range of interest rates on bank loans was 1.43%-1.75% and 2.95% per annum as of December 31, 2020 and 2019, respectively.

b. Long-term borrowings

	December 31	
	2020	2019
<u>Secured borrowings (Note 31)</u>		
Bank loans (1)	\$ 3,226	\$ 21,169
<u>Unsecured borrowings</u>		
Others (2)	<u>2,129</u>	<u>-</u>
	5,355	21,169
Less: Current portion	<u>(5,355)</u>	<u>(17,810)</u>
Long-term borrowings	<u>\$ -</u>	<u>\$ 3,359</u>

1) The details of the long-term bank loans are as follows:

	Effective Rate	December 31	
		2020	2019
<u>Variable rate</u>			
AmIslamic Bank medium-term bank loan with a total amount of MYR5,000 thousand, from May 22, 2014 to May 1, 2021, repayable in monthly installments of principal and interest, repaid in advance on June 1, 2020	3.70%	\$ -	\$ 3,662
AmIslamic Bank medium-term bank loan with a total amount of MYR3,580 thousand, from March 31, 2013 to May 1, 2020, repayable in monthly installments of principal and interest, repaid in advance on March 1, 2020	4.45%	-	1,127
AmIslamic Bank medium-term bank loan with a total amount of MYR5,000 thousand, from March 31, 2013 to March 1, 2021, repayable in monthly installments of principal and interest	3.45%	1,383	7,037
AmIslamic Bank medium-term bank loan with a total amount of MYR6,500 thousand, from March 31, 2013 to March 1, 2021, repayable in monthly installments of principal and interest	4.20%	<u>1,843</u>	<u>9,343</u>
		<u>\$ 3,226</u>	<u>\$ 21,169</u>

2) Other borrowing was fixed-rates loan from individuals. Such loan is due on December 31, 2021, and the effective interest rate was 4% per annum as of December 31, 2020.

19. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Current</u>		
Other payables		
Payable for salaries and bonuses (including compensation of employees and remuneration of directors)	\$ 16,214	\$ 14,840
Payable for pension fees	2,327	2,045
Payable for professional service fees	2,633	2,027
Payable for utilities	1,994	2,141
Payable for purchase of equipment	951	134
Payable for taxes	2,038	1,532
Payable for royalties	3,071	906
Payable for marketing expenses	9,864	6,271
Payable for maintenance	5,894	4,101
Payable for freight	18,595	10,894
Payable for welfare	5,434	5,633
Others	<u>8,989</u>	<u>7,591</u>
	<u>\$ 78,004</u>	<u>\$ 58,115</u>
Other liabilities		
Deferred revenue - from government grants (Note)	\$ 1,872	\$ 2,949
Guarantee deposits received	<u>4,326</u>	<u>-</u>
	<u>\$ 6,198</u>	<u>\$ 2,949</u>
<u>Non-current</u>		
Guarantee deposits received	<u>\$ -</u>	<u>\$ 380</u>

Note: The Group applied for a research and development grant sponsored by the Malaysia government. The grant spans over a two-year period and divided into two payments, \$2,715 thousand and \$3,556 thousand in 2014 and 2016, respectively. The associated income was recognized proportionally according to the progress of the research and development project.

20. RETIREMENT BENEFIT PLANS

The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits in accordance with local regulation. Except for the abovementioned, the Group does not have any other retirement or pension plans for employees.

21. EQUITY

a. Share capital

Ordinary shares

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Number of shares authorized (in thousands)	<u>600,000</u>	<u>600,000</u>
Shares authorized	<u>\$ 6,000,000</u>	<u>\$ 6,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>64,034</u>	<u>64,034</u>
Shares issued	<u>\$ 640,340</u>	<u>\$ 640,340</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

b. Capital surplus

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>		
Issuance of ordinary shares	\$ 775,964	\$ 775,964
<u>May be used to offset deficit only</u>		
Exercise of employee share options	2,675	2,675
Forfeited employee share options	2,862	2,862
<u>May not be used for any purpose</u>		
Others	<u>337</u>	<u>337</u>
	<u>\$ 781,838</u>	<u>\$ 781,838</u>

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividends policy

The shareholders of the Company held their regular meeting on June 19, 2019 and in that meeting, resolved the amendments to the Company's Articles of Incorporation (the "Articles"). The amendments explicitly stipulate that the proposal for profit distribution or offsetting of losses should be made at the end of each six months of the fiscal year. The board of directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting.

Under the dividends policy as set forth in the amended Articles, where the Company made a profit each six months of the fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with

any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan. For distribution of dividends and bonus in shares, the distribution plan should be resolved in the shareholders' meeting. As for distribution of dividends and bonus in cash, the board of directors is authorized to adopt a special resolution and a report of such distribution should be submitted in the shareholders' meeting.

Under the dividends policy as set forth in the Articles before the amendments, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the compensation of employees and remuneration of directors paid and the amounts recognized, refer to compensation of employees and remuneration of directors in Note 23 (g).

The Company's Articles also stipulate that dividends can be distributed in shares or in cash. Cash dividends should be no less than 50% of the total dividends distributed.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2019 and 2018, which were approved in the shareholders' meetings on June 16, 2020 and June 19, 2019, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2019	2018
Legal reserve	<u>\$ 3,569</u>	<u>\$ 30,506</u>
Special reserve	<u>\$ 8,221</u>	<u>\$ 1,665</u>
Cash dividends	<u>\$ 64,034</u>	<u>\$ 153,682</u>
Cash dividends per share (NT\$)	\$ 1.00	\$ 2.40

The appropriations of earnings for 2020 which were proposed by the Company's board of directors on March 26, 2021 were as follows:

	For the Year
	Ended
	December 31,
	2020
Legal reserve	<u>\$ 8,220</u>
Special reserve	<u>\$ 77,394</u>
Cash dividends	<u>\$ 64,034</u>
Cash dividends per share (NT\$)	\$ 1.00

The above appropriation for cash dividends had been resolved by the Company's board of directors; the other appropriations will be resolved by the shareholders in their meeting to be held on June 28, 2021.

d. Special reserve

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 312,099	\$ 310,434
Appropriation in respect of Debit to other equity items	<u>8,221</u>	<u>1,665</u>
Balance at December 31	<u>\$ 320,320</u>	<u>\$ 312,099</u>

According to the Articles, special reserve should be appropriated for the amount equal to the difference between net debit balance reserve of other equity items and the balance of special reserve appropriated on the reporting date. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and is thereafter distributed.

e. Other equity items

Exchange differences on translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ (320,320)	\$ (312,099)
Exchange differences on translation to the presentation currency	(75,721)	(9,529)
Exchange differences on translation of the financial statements of foreign operations	(2,201)	1,722
Related income tax	<u>528</u>	<u>(414)</u>
Balance at December 31	<u>\$ (397,714)</u>	<u>\$ (320,320)</u>

f. Non-controlling interests

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 380,181	\$ 363,677
Share in profit for the year	15,964	2,984
Other comprehensive income (loss) during the year		
Exchange differences on translation to the presentation currency	(13,483)	(2,251)
Exchange differences on translation of the financial statements of foreign operations	(330)	307
Cash dividends	(11,414)	-
Non-controlling interests from issuance of ordinary shares	5,750	15,018
Changes in proportions of ownership in subsidiaries (Note 26)	<u>-</u>	<u>446</u>
Balance at December 31	<u>\$ 376,668</u>	<u>\$ 380,181</u>

22. REVENUE

	For the Year Ended December 31	
	2020	2019
Revenue from the sale of goods	<u>\$ 1,642,783</u>	<u>\$ 1,767,699</u>

a. Contract information

Revenue from the sale of goods

The Group's revenue mainly comes from sale of bio-organic and bio-chemical compound fertilizers. All goods are sold at agreed-upon prices.

b. Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Trade receivables (including related parties) (Notes 9 and 30)	<u>\$ 547,834</u>	<u>\$ 329,831</u>	<u>\$ 808,203</u>
Contract liabilities - current	<u>\$ 87</u>	<u>\$ 1,532</u>	<u>\$ 9,867</u>

Revenue recognized in the current year that was included in the contract liability balance at the beginning of the year and from the performance obligations satisfied in the previous periods was summarized as follows:

	For the Year Ended December 31	
	2020	2019
From contract liabilities at the start of the year	<u>\$ 1,532</u>	<u>\$ 9,867</u>

c. Disaggregation of revenue

Refer to Note 36 for details of disaggregation of revenue.

23. NET PROFIT

a. Interest income

	For the Year Ended December 31	
	2020	2019
Bank deposits	\$ 13,388	\$ 12,630
Financial assets at amortized cost	4,914	4,738
Loans to related party (Note 30)	<u>498</u>	<u>-</u>
	<u>\$ 18,800</u>	<u>\$ 17,368</u>

b. Other income

	For the Year Ended December 31	
	2020	2019
Rental income	\$ 31	\$ 33
Others (Note 30)	<u>11,990</u>	<u>16,642</u>
	<u>\$ 12,021</u>	<u>\$ 16,675</u>

c. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Gain on disposal of property, plant and equipment	\$ 151	\$ 385
Net foreign exchange gains (h)	19,084	9,533
Fair values changes of financial assets		
Financial assets mandatorily classified as at FVTPL	2,643	1,587
Impairment loss recognized on goodwill	-	(5,329)
Others	<u>(3)</u>	<u>(29)</u>
	<u>\$ 21,875</u>	<u>\$ 6,147</u>

d. Finance costs

	For the Year Ended December 31	
	2020	2019
Interest on bank loans	\$ 4,165	\$ 9,129
Interest on lease liabilities (Note 30)	191	319
Other interest expenses	<u>84</u>	<u>-</u>
	<u>\$ 4,440</u>	<u>\$ 9,448</u>

e. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
An analysis of depreciation by function		
Operating costs	\$ 33,772	\$ 36,210
Operating expenses	<u>15,472</u>	<u>16,055</u>
	<u>\$ 49,244</u>	<u>\$ 52,265</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 911</u>	<u>\$ 980</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2020	2019
Post-employment benefits		
Defined contribution plan	\$ 8,707	\$ 8,844
Other employee benefits (Note)	<u>132,497</u>	<u>142,909</u>
Total employee benefits expense	<u>\$ 141,204</u>	<u>\$ 151,753</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 47,840	\$ 50,765
Operating expenses	<u>93,364</u>	<u>100,988</u>
	<u>\$ 141,204</u>	<u>\$ 151,753</u>

Note: The Group received grants of \$2,978 thousand related to COVID-19 epidemic in 2020, which was included in the reduction of other employee benefits in each reporting period.

g. Compensation of employees and remuneration of directors

According to the Articles, the Company accrues compensation of employees at rates of no less than 1% and no higher than 10% and remuneration of directors at rates of no higher than 10%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the years ended December 31, 2020 and 2019, which were approved by the Company's board of directors on March 26, 2021 and March 24, 2020, respectively, are as follows:

Accrual rate

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Compensation of employees	3%	3%
Remuneration of directors	2%	2%

Amount

	<u>For the Year Ended December 31</u>			
	<u>2020</u>		<u>2019</u>	
	<u>Cash</u>	<u>Shares</u>	<u>Cash</u>	<u>Shares</u>
Compensation of employees	\$ 2,696	\$ -	\$ 1,128	\$ -
Remuneration of directors	1,797	-	752	-

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gains and losses on foreign currency exchange

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Foreign exchange gains	\$ 49,239	\$ 20,307
Foreign exchange losses	<u>(30,155)</u>	<u>(10,774)</u>
	<u>\$ 19,084</u>	<u>\$ 9,533</u>

24. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follow:

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	\$ 47,171	\$ 71,222
Adjustments for prior year	<u>2,572</u>	<u>(546)</u>
	49,743	70,676
Deferred tax		
In respect of the current year	<u>1,760</u>	<u>(5,536)</u>
Income tax expense recognized in profit or loss	<u>\$ 51,503</u>	<u>\$ 65,140</u>

A reconciliation of accounting profit and income tax expenses is as follows:

	For the Year Ended December 31	
	2020	2019
Profit before tax	<u>\$ 149,671</u>	<u>\$ 103,818</u>
Income tax expense calculated at the statutory rate (24%)	\$ 35,921	\$ 24,916
Nondeductible expenses in determining taxable income	8,565	10,652
Tax-exempt income	(678)	-
Unrecognized loss carryforwards	746	1,623
Unrecognized deductible temporary differences	(140)	(265)
Adjustments for prior years' income tax	2,572	(546)
Effects of different tax rate of entities in the Group operating in other jurisdictions	<u>4,517</u>	<u>28,760</u>
Income tax expense recognized in profit or loss	<u>\$ 51,503</u>	<u>\$ 65,140</u>

The applicable income tax rate used by the Group in Malaysia was both 24% in 2020 and 2019. Tax rates used by other entities operating in other jurisdictions are based on the tax laws in each jurisdiction.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2020	2019
<u>Deferred tax</u>		
In respect of the current year		
Exchange differences on translation of the financial statements of foreign operations	<u>\$ (528)</u>	<u>\$ 414</u>

c. Current tax assets and liabilities

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Current tax assets		
Tax refund receivables	<u>\$ 7,750</u>	<u>\$ 2,446</u>
Current tax liabilities		
Income tax payables	<u>\$ 17,374</u>	<u>\$ 7,977</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Exchange differences on translation of the financial statements of foreign operations	\$ 177	\$ -	\$ 528	\$ (2)	\$ 703
Allowance for impaired receivables	24,192	(3,862)	-	(889)	19,441
Allowance for impaired inventory	3,109	(98)	-	(111)	2,900
Others	-	10	-	-	10
Investments tax credits	<u>12,466</u>	<u>-</u>	<u>-</u>	<u>(441)</u>	<u>12,025</u>
	<u>\$ 39,944</u>	<u>\$ (3,950)</u>	<u>\$ 528</u>	<u>\$ (1,443)</u>	<u>\$ 35,079</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Depreciation of property, plant and equipment	\$ 32,451	\$ (2,602)	\$ -	\$ (1,171)	\$ 28,678
Unrealized exchange gains	<u>36</u>	<u>412</u>	<u>-</u>	<u>2</u>	<u>450</u>
	<u>\$ 32,487</u>	<u>\$ (2,190)</u>	<u>\$ -</u>	<u>\$ (1,169)</u>	<u>\$ 29,128</u>

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Exchange differences on translation of the financial statements of foreign operations	\$ 587	\$ -	\$ (414)	\$ 4	\$ 177
Unrealized exchange losses	107	(107)	-	-	-
Allowance for impaired receivables	13,489	10,930	-	(227)	24,192
Allowance for impaired inventory	1,851	1,286	-	(28)	3,109
Investments tax credits	<u>12,530</u>	<u>-</u>	<u>-</u>	<u>(64)</u>	<u>12,466</u>
	<u>\$ 28,564</u>	<u>\$ 12,109</u>	<u>\$ (414)</u>	<u>\$ (315)</u>	<u>\$ 39,944</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Depreciation of property, plant and equipment	\$ 25,742	\$ 6,941	\$ -	\$ (232)	\$ 32,451
Unrealized exchange gains	<u>401</u>	<u>(368)</u>	<u>-</u>	<u>3</u>	<u>36</u>
	<u>\$ 26,143</u>	<u>\$ 6,573</u>	<u>\$ -</u>	<u>\$ (229)</u>	<u>\$ 32,487</u>

- e. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Deductible temporary differences		
Allowance for impaired inventory	<u>\$ 8,990</u>	<u>\$ 7,943</u>
Loss carryforwards	<u>\$ 8,329</u>	<u>\$ 11,908</u>

- f. Income tax assessments

As of December 31, 2020, except for Sabah Softwoods Hybrid Fertiliser Sdn. Bhd., which filed for correction for its tax credit in 2016 but did not obtain approval, the Group did not have any claim or litigation regarding tax assessment.

25. EARNINGS PER SHARE

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Basic earnings per share	<u>\$ 1.28</u>	<u>\$ 0.56</u>
Diluted earnings per share	<u>\$ 1.28</u>	<u>\$ 0.56</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share calculation were as follows:

Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	2020	2019
Profit for the year attributable to owners of the Company	<u>\$ 82,204</u>	<u>\$ 35,694</u>

Weighted Average Number of Ordinary Shares Outstanding (In Thousand Shares)

	<u>For the Year Ended December 31</u>	
	2020	2019
Weighted average number of ordinary shares used in the computation of basic earnings per share	64,034	64,034
Effects of potentially dilutive ordinary shares		
Compensation of employees	<u>82</u>	<u>67</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>64,116</u>	<u>64,101</u>

The Group may settle compensation of employees in cash or shares; therefore the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On March 25, 2019, the Group subscribed new shares issued by GK Bio International Sdn. Bhd. at a percentage different from its existing ownership percentage, which reduced its continuing interest from 100% to 60%. In addition, on August 23, 2019, the Company subscribed new shares issued by PT All Cosmos Biotek at a percentage different from its existing ownership percentage, which increased its continuing interest from 60% to 83%.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.

	GK Bio International Sdn. Bhd.	PT All Cosmos Biotek
Cash consideration paid	\$ (13,594)	\$ (42,844)
The proportionate share of the carrying amount of the net assets of the subsidiary	<u>13,642</u>	<u>42,350</u>
Differences recognized from equity transactions	<u>\$ 48</u>	<u>\$ (494)</u>

(Continued)

	GK Bio International Sdn. Bhd.	PT All Cosmos Biotek
<u>Line items adjusted for equity transactions</u>		
Capital surplus - changes in percentage of ownership interests in subsidiaries	\$ 48	\$ (48)
Retained earnings	<u>-</u>	<u>(446)</u>
	<u>\$ 48</u>	<u>\$ (494)</u> (Concluded)

27. CASH FLOWS INFORMATION

a. Non-cash transaction

For the years ended December 31, 2020 and 2019, the Group entered into the following non-cash investing and financing activities which were not reflected in the consolidated statements of cash flows:

As of December 31, 2020 and 2019, the payable for purchasing equipment (recognized as other payables) were \$951 thousand and \$134 thousand, respectively.

b. Changes in liabilities from financing activities

For the year ended December 31, 2020

	Opening Balance	Cash Flows	Non-cash Changes				Closing Balance
			New Leases	Interest Expenses	Exchange Differences	Others	
Short-term borrowings	\$ 9,204	\$ 36,733	\$ -	\$ -	\$ 7	\$ -	\$ 45,944
Long-term borrowings	21,169	(14,939)	-	-	(875)	-	5,355
Guarantee deposits received	380	3,927	-	-	19	-	4,326
Lease liabilities	4,095	(2,531)	1,409	191	(76)	(191)	2,897
Other payables to related parties	<u>1</u>	<u>412</u>	<u>-</u>	<u>-</u>	<u>4</u>	<u>-</u>	<u>417</u>
	<u>\$ 34,849</u>	<u>\$ 23,602</u>	<u>\$ 1,409</u>	<u>\$ 191</u>	<u>\$ (921)</u>	<u>\$ (191)</u>	<u>\$ 58,939</u>

For the year ended December 31, 2019

	Opening Balance	Cash Flows	Non-cash Changes				Closing Balance
			New Leases	Interest Expenses	Exchange Differences	Others	
Short-term borrowings	\$ 146,785	\$ (138,873)	\$ -	\$ -	\$ 1,292	\$ -	\$ 9,204
Long-term borrowings	45,212	(24,152)	-	-	109	-	21,169
Guarantee deposits received	22	363	-	-	(5)	-	380
Lease liabilities	43,458	(43,018)	2,213	319	1,442	(319)	4,095
Other payables to related parties	<u>7</u>	<u>(5)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>1</u>
	<u>\$ 235,484</u>	<u>\$ (205,685)</u>	<u>\$ 2,213</u>	<u>\$ 319</u>	<u>\$ 2,838</u>	<u>\$ (320)</u>	<u>\$ 34,849</u>

28. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged.

The management of the Group periodically reviews its capital structure. As part of the review, the management considers the cost of capital, and the risks associated with each borrowings and the financial ratio required to determine the reasonable scale of capital structure of the Group. The Group balances its overall capital structure by distributing dividend, issuing new shares and obtaining loans.

29. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The Group's management believes that the carrying amount of financial assets and financial liabilities that are not measured at fair value approximates the fair value.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

<u>December 31, 2020</u>	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ <u>59,766</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>59,766</u>
<u>December 31, 2019</u>				
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 43	\$ -	\$ 43
Mutual funds	<u>60,466</u>	<u>-</u>	<u>-</u>	<u>60,466</u>
	<u>\$ 60,466</u>	<u>\$ 43</u>	<u>\$ -</u>	<u>\$ 60,509</u>

There were no transfers between Levels 1 and 2 for the years ended December 31, 2020 and 2019.

2) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives - foreign exchange forward contracts	Fair values of foreign exchange derivative contracts are measured on the basis of quotations provided by financial institutions.

c. Categories of financial instruments

	<u>December 31</u>	
	2020	2019
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 59,766	\$ 60,509
Financial assets at amortized cost (1)	1,475,182	1,520,269
<u>Financial liabilities</u>		
Amortized cost (2)	173,678	141,977

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, trade receivables, trade receivables from related parties, other receivables (excluding GST refund receivable), other receivables from related parties, financial assets at amortized cost and refundable deposits.

- 2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, trade payables, trade payables from related parties, other payables (excluding payable for salaries and bonuses, payable for pension fees, payable for taxes, payable for welfare and insurance), other payables to related parties, current portion of long-term borrowings, long-term borrowings, and guarantee deposits received.

d. Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, trade payables, lease liabilities and borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency risk, interest risk and other price risk. The Group entered into forward foreign exchange contracts to hedge the foreign currency risk arising from the importations denominated in United States dollar.

a) Foreign currency risk

The Group's involvement in foreign currency denominated transactions exposed it to excessive risk arising from volatility of the exchange difference. The Group's risk management policy on foreign exchange is within standard, utilizing derivative - foreign currency forward contract - to manage risks.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 34.

Sensitivity analysis

The Group is mainly exposed to the fluctuations of United States dollars (USD).

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies.

The sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates is 5%. The sensitivity analysis included only outstanding foreign currency denominated monetary items (e.g. trade receivables, trade payables and borrowing from external entities), and adjusts their translation at the end of the year for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with functional currency strengthened by 5% against the relevant foreign currency. For a 5% weakening of functional currency against the relevant foreign currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2020	2019
Profit or loss	\$ 6,452 *	\$ 3,925 *

* The result was mainly attributable to the exposure on bank deposits, trade receivables and trade payables in USD that were not hedged at the end of the year.

The Group's sensitivity to foreign currency increased during the current year mainly due to the increases of the foreign financial assets.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows.

	December 31	
	2020	2019
Fair value interest rate risk		
Financial assets	\$ 263,085	\$ 428,566
Financial liabilities	50,441	13,299
Cash flow interest rate risk		
Financial assets	84,492	61,250
Financial liabilities	3,755	21,169

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the year was outstanding for the whole year. Sensitivity rate of 1% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by \$807 thousand and \$401 thousand, respectively, which was mainly a result of the change in floating rate bank borrowings and bank deposits.

The Group's sensitivity to interest rates increased during the current year mainly due to the increases in net financial assets of cash flow interest rate risk.

c) Other price risk

The Group was exposed to price risk through its investments in money market fund instruments which were classified as financial assets at FVTPL. The investments are held for strategic purposes. The Group manages this exposure by maintaining a portfolio of investments with lower risks.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to money market funds price risks at the end of the year.

If money market funds prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by \$598 thousand and \$605 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligations and due to financial guarantees provided by the Group, could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2020 and 2019, the Group had available unutilized short-term bank loan facilities set out in (c) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows.

Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the year.

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 111,235	\$ 7,148	\$ 3,996	\$ -	\$ -
Lease liabilities	220	427	1,657	682	-
Floating interest rate liabilities	1,083	2,693	-	-	-
Fixed interest rate liabilities	-	45,554	2,299	-	-
	<u>\$ 112,538</u>	<u>\$ 55,822</u>	<u>\$ 7,952</u>	<u>\$ 682</u>	<u>\$ -</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 2,304</u>	<u>\$ 682</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 49,601	\$ 58,659	\$ 2,964	\$ 380	\$ -
Lease liabilities	210	436	1,695	1,994	-
Floating interest rate liabilities	2,127	4,253	12,026	3,383	-
Fixed interest rate liabilities	-	-	9,338	-	-
	<u>\$ 51,938</u>	<u>\$ 63,348</u>	<u>\$ 26,023</u>	<u>\$ 5,757</u>	<u>\$ -</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 2,341</u>	<u>\$ 1,994</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The amount included above for floating interest rate instruments for both non-derivative financial assets and liabilities were subject to change if changes in floating interest rates differ from those estimates of interest rates determined at the end of the year.

b) Liquidity and interest rate risk tables for derivative financial liabilities

The following table detailed the Group's liquidity analysis for its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed was determined by reference to the projected interest rates as illustrated by the yield curves at the end of the year.

December 31, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Net settled</u>					
Foreign exchange forward contracts	\$ 21	\$ 22	\$ -	\$ -	\$ -

c) Financing facilities

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Secured bank loan facilities:		
Amount used	\$ 49,170	\$ 30,373
Amount unused	<u>865,916</u>	<u>987,706</u>
	<u>\$ 915,086</u>	<u>\$ 1,018,079</u>

30. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed as follows.

a. Related party names and categories

<u>Related Names</u>	<u>Related Party Categories</u>
Sabah Softwoods Berhad	Related party in substance
Sawit Kinabalu Seeds Sdn. Bhd.	Related party in substance
Borneo Samudera Sdn. Bhd.	Related party in substance
Bongalio Development Sdn. Bhd.	Related party in substance
Kalabakan Plantation Sdn. Bhd.	Related party in substance
Oscar Kinabalu Sdn. Bhd.	Related party in substance
Bagahak Plantation Sdn. Bhd.	Related party in substance
Saplantco Sdn. Bhd.	Related party in substance
Sawit Ecoshield Sdn. Bhd.	Associate
Grape King Bio Ltd.	Related party in substance
Peng Sheng Ching	Related party in substance
Tan Chek Yen	Related party in substance
Peng Shih Hao	Key management personnel

b. Operating revenue

Line Items	Related Party Categories/Name	For the Year Ended December 31	
		2020	2019
Sales	Related parties in substance		
	Sabah Softwoods Berhad	\$ 110,405	\$ 242,482
	Borneo Samudera Sdn. Bhd.	78,939	161,530
	Others	11,701	29,504
	Associate	<u>7,810</u>	<u>2,752</u>
		<u>\$ 208,855</u>	<u>\$ 436,268</u>

The selling price for related parties is calculated with reference to the applicable market price. The credit terms for the related parties are comparable to those for unrelated parties.

c. Purchase of goods

Related Party Category/Name	For the Year Ended December 31	
	2020	2019
Related parties in substance	<u>\$ 14,198</u>	<u>\$ -</u>

Purchases of goods for related parties are calculated with reference to general market conditions. The payment term for the related parties are comparable to those of unrelated parties.

d. Receivables from related parties (excluding loans to related parties)

Line Items	Related Party Categories/Name	December 31	
		2020	2019
Trade receivables	Related parties in substance		
	Borneo Samudera Sdn. Bhd.	\$ 14,883	\$ 7,589
	Sabah Softwoods Berhad	10,062	23,849
	Others	3,161	4,577
	Associate	<u>2,767</u>	<u>2,713</u>
		30,873	38,728
	Less: Allowance for impairment loss	<u>(473)</u>	<u>(2,732)</u>
	<u>\$ 30,400</u>	<u>\$ 35,996</u>	
Other receivables	Associate		
	Sawit Ecoshield Sdn. Bhd.	\$ 518	\$ 7,609
	Key management personnel	<u>-</u>	<u>37</u>
	<u>\$ 518</u>	<u>\$ 7,646</u>	

The outstanding receivables from related parties are unsecured.

The Group measures the loss allowance for trade receivables from related parties at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the debtor and an analysis of the debtor's current financial position. The following table details the loss allowance of trade receivables from related parties based on the Group's provision matrix.

Trade receivables from related parties

December 31, 2020

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	Over 270 Days	Total
Expected credit loss rate	1.32%	4.04%	-	-	100.00%	
Gross carrying amount	\$ 28,475	\$ 2,398	\$ -	\$ -	\$ -	\$ 30,873
Loss allowance (Lifetime ECL)	<u>(377)</u>	<u>(96)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(473)</u>
Amortized cost	<u>\$ 28,098</u>	<u>\$ 2,302</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,400</u>

December 31, 2019

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	Over 270 Days	Total
Expected credit loss rate	1.47%	3.06%	20.86%	-	100.00%	
Gross carrying amount	\$ 25,870	\$ 1,860	\$ 10,997	\$ -	\$ 1	\$ 38,728
Loss allowance (Lifetime ECL)	<u>(380)</u>	<u>(57)</u>	<u>(2,294)</u>	<u>-</u>	<u>(1)</u>	<u>(2,732)</u>
Amortized cost	<u>\$ 25,490</u>	<u>\$ 1,803</u>	<u>\$ 8,703</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,996</u>

The movements of the loss allowance of trade receivables from related parties were as follows:

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 2,732	\$ 602
Add: Net remeasurement of loss allowance	-	2,164
Less: Net remeasurement of loss allowance	(2,143)	-
Foreign exchange losses	<u>(116)</u>	<u>(34)</u>
Balance at December 31	<u>\$ 473</u>	<u>\$ 2,732</u>

e. Payables to related parties (excluding loans from related parties)

Line Items	Related Party Categories/Name	December 31	
		2020	2019
Trade payables	Related parties in substance	<u>\$ 2,348</u>	<u>\$ -</u>
Other payables	Related parties in substance	\$ -	\$ 1
	Key management personnel	<u>417</u>	<u>-</u>
		<u>\$ 417</u>	<u>\$ 1</u>

The outstanding payables to related parties are unsecured.

f. Lease arrangements - Group is lessee

Acquisition of right-of-use assets

Related Party Category/Name	For the Year Ended December 31	
	2020	2019
Related parties in substance	\$ <u> -</u>	\$ <u> 422</u>

Line Items	Related Party Categories/Name	December 31	
		2020	2019
Lease liabilities	Related parties in substance	\$ <u> -</u>	\$ <u> 127</u>

Related Party Category/Name	For the Year Ended December 31	
	2020	2019

Interest expense

Related parties in substance	\$ <u> -</u>	\$ <u> 16</u>
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Lease expense

Related parties in substance	\$ <u> 172</u>	\$ <u> -</u>
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The Group leased an employees' dormitory from related parties in substance with rentals paid monthly.

g. Loans to related parties

Related Party Category/Name	December 31	
	2020	2019
<u>Associate</u>		
Sawit Ecoshield Sdn. Bhd.	\$ <u> 14,190</u>	\$ <u> 14,711</u>

Interest income

Related Party Category/Name	December 31	
	2020	2019
<u>Associate</u>		
Sawit Ecoshield Sdn. Bhd.	\$ <u> 498</u>	\$ <u> -</u>

The Group provided its associate with unsecured short-term loans at rates comparable to market interest rates.

h. Other transactions with related parties

In 2019, ACI entered into an agreement with its associate to purchase machinery on its behalf and provide related technical consulting. For the year ended December 31, 2019, the service revenue was \$6,673 thousand (recognized as other income).

i. Remuneration of key management personnel

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	\$ <u>27,459</u>	\$ <u>32,492</u>

The remuneration of directors and key executives, as determined by the remuneration committee, was based on the performance of individuals and market trends.

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31	
	2020	2019
Right-of-use assets	\$ 113,229	\$ 119,464
Financial assets at amortized cost- current	-	9,204
Financial assets at amortized cost - non-current	106,670	128,257
Buildings, net	<u>273,676</u>	<u>285,672</u>
	\$ <u>493,575</u>	\$ <u>542,597</u>

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group at December 31, 2020 and 2019 were as follows:

	December 31	
	2020	2019
Acquisition of property, plant and equipment	\$ <u>13,260</u>	\$ <u>12,131</u>

33. OTHER ITEMS

The COVID-19 pandemic in January 2020 caused the Malaysian government to impose national prevention measures to prevent the spread of the pandemic, suspending all business and religion events from March 18, 2020 to April 14, 2020. However, All Cosmos Industries Sdn. Bhd. and Sabah Softwoods Hybrid Fertiliser Sdn. Bhd. were granted permission to continue their operations, and the overall operation of the Group was not significantly affected.

Sabah Softwoods Hybrid Fertiliser Sdn. Bhd. was notified by the Sabah State Government to suspend work for disinfection and to conduct screening of all employees from November 9, 2020 due to exposure of employees to confirmed cases of COVID-19. During the suspension, the Company coordinated with its customers on the timing of shipment and All Cosmos Industries Sdn. Bhd. assisted in the shipment of inventory and, therefore, there was no significant impact on the overall operation.

In January 2021, due to an employee's confirmed diagnosis of COVID-19, the production department of All Cosmos Industries Sdn. Bhd. was spontaneously suspended from January 21, 2021 to January 26, 2021. In response to the regulation of COVID-19 prevention issued by the health bureau, the production department extended the suspension of work and to resume work on January 29, 2021. During the suspension, the company conducted disinfection and comprehensive inspection. At the same time, All Cosmos Industries Sdn. Bhd. continued to ship products; therefore, there was no significant impact on the operations.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2020

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 4,859	4.13 (USD:MYR)	\$ 142,390
USD	9	14,441 (USD:IDR)	260

Financial liabilities

Monetary items			
USD	464	4.13 (USD:MYR)	13,603

December 31, 2019

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 3,048	4.171 (USD:MYR)	\$ 93,506
USD	14	14,139 (USD:IDR)	425

Financial liabilities

Monetary items			
USD	677	4.171 (USD:MYR)	20,756

The significant realized and unrealized foreign exchange gains (losses) were as follows:

Foreign Currency	<u>For the Year Ended December 31, 2020</u>		<u>For the Year Ended December 31, 2019</u>	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	4.1997 (USD:MYR)	<u>\$ 15,739</u>	4.1409 (USD:MYR)	<u>\$ 9,879</u>

35. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least \$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
- 9) Trading in derivative instruments (Notes 7 and 29)
- 10) Intercompany relationships and significant intercompany transactions (Table 5)

b. Information on investees (Table 6)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area. (None)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (None):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.

- e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.
- d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 7)

36. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments were All Cosmos Industries Sdn. Bhd. (ACI), Sabah Softwoods Hybrid Fertiliser Sdn. Bhd. (SSHF) and others.

The details of the Group's reportable segments were as follows:

a. Segment revenues and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments.

	Segment Revenue		Segment Income	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2020	2019	2020	2019
ACI	\$ 1,172,851	\$ 1,105,819	\$ 72,482	\$ 57,464
SSHF	310,366	560,215	1,454	13,196
Others	159,566	101,665	46,257	22,428
Continuing operations	\$ 1,642,783	\$ 1,767,699	120,193	93,088
Interest income			18,800	17,368
Other income			12,021	16,675
Other gains and losses			21,875	6,147
Finance costs			(4,440)	(9,448)
Share of loss of associates			(1,296)	(155)
General administration costs and remuneration of directors			(17,482)	(19,857)
Profit before tax (continuing operations)			\$ 149,671	\$ 103,818

Segment revenue reported above represents revenue generated from external customers. The inter-segment sales for the years ended December 31, 2020 and 2019 have both been eliminated.

Segment profit represents the profit before tax earned by each segment without allocation of central administration costs and remuneration of directors, share of loss of associates, interest income, other income, other gains and losses, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

Segment total assets and liabilities are not provided to the chief operating decision maker and thus not required to be disclosed.

c. Revenue from major products

The following is an analysis of the Group's revenue from continuing operations from its major products.

	For the Year Ended December 31	
	2020	2019
Bio-chemical fertilizers	\$ 1,611,967	\$ 1,766,668
Others	<u>30,816</u>	<u>1,031</u>
	<u>\$ 1,642,783</u>	<u>\$ 1,767,699</u>

d. Geographical information

The Group operates mainly in Malaysia.

The Group's revenue from continuing operations from external customers by location of customers and information about its non-current assets by location of assets is detailed below.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2020	2019	2020	2019
Malaysia	\$ 1,434,500	\$ 1,605,877	\$ 571,349	\$ 605,065
Others	<u>208,283</u>	<u>161,822</u>	<u>50,524</u>	<u>54,726</u>
	<u>\$ 1,642,783</u>	<u>\$ 1,767,699</u>	<u>\$ 621,873</u>	<u>\$ 659,791</u>

Non-current assets exclude investments accounted for using the equity method, financial assets at amortized cost- non-current, deferred tax assets and refundable deposits.

e. Information about major customers

Single customers contributing 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31			
	2020		2019	
	Amount	%	Amount	%
Group A	NA (Note)	-	\$ 242,884	14
Group B	NA (Note)	-	193,786	11
Group C	\$ 255,996	16	NA (Note)	-

Note: Annual revenue less than 10% of the Group's gross revenue

ALL COSMOS BIO-TECH HOLDING CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance (Note 2)	Actual Borrowing Amount (Note 2)	Interest Rate %	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
1	Sabah Softwoods Hybrid Fertiliser Sdn. Bhd.	Sawit Ecoshield Sdn. Bhd.	Other receivables from related parties	Yes	\$ 14,190 (MYR 2,000)	\$ 14,190 (MYR 2,000)	\$ 14,190 (MYR 2,000)	3.11	Short-term financing	\$ -	Operating capital	\$ -	\$ -	\$ -	\$ 215,105 (Note 1)	\$ 286,806 (Note 1)

Note 1: The amount of loans to companies with short-term liquidity needs shall not aggregate more than 40% of SSHF's net asset value; loans to individual borrower shall not exceed 30% of SSHF's net asset value.

Note 2: The highest balance for the period, the ending balance and the actual borrowing amount were recognized at the exchange rate at the end of the reporting period.

ALL COSMOS BIO-TECH HOLDING CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020

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

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period (Note 2)	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 1)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Company	All Cosmos Industries Sdn. Bhd.	The Company directly and indirectly hold more than 50% voting share of the investee company.	\$ 1,291,232	\$ 829,967	\$ 829,967	\$ 111,596	\$ -	42	\$ 1,986,510	Yes	No	No

Note 1: The amount of endorsements/guarantee provided shall not aggregate more than 100% of the Company's net asset value. The total amount of the endorsement/guarantee provided by the Company to any individual subsidiary shall not exceed 65% of the Company net asset value.

Note 2: The transactions were eliminated in the consolidated financial statements.

Note 3: The maximum amount for the period, the ending balance for the period and the actual borrowing amount were recognized at the exchange rate at the end of the reporting period.

ALL COSMOS BIO-TECH HOLDING CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars, Unless Number of Shares and Shareholding Ratio Otherwise Stated)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
All Cosmos Industries Sdn. Bhd.	<u>Mutual Fund</u>							
	Affin Hwang Enhanced Deposit Fund	None	Financial assets at FVTPL - current	2,800,049	\$ 23,275	-	\$ 23,275	Note
	Affin Hwang Aiiman Money Market Fund	None	Financial assets at FVTPL - current	9,606,126	36,491	-	36,491	Note

Note: There is no restriction due to collateral, pledge loan or other arrangement.

ALL COSMOS BIO-TECH HOLDING CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2020

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

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Sabah Softwoods Hybrid Fertiliser Sdn. Bhd.	Sabah Softwoods Berhad	Substantive related party	Sale	\$ (110,405)	(36)	60 days	NA (Same as the Group's usual list prices)	NA (Same as the Group's usual payment terms)	\$ 10,062	24	

ALL COSMOS BIO-TECH HOLDING CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars and Malaysian Ringgit)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details				
				Financial Statement Accounts	Amount in MYR	Amount in NT\$	Payment Terms	% to Total Sales or Assets
0	The Company	All Cosmos Industries Sdn. Bhd.	a	Endorsement/guarantee	\$ 116,978	\$ 829,967	Cash dividend	32
			a	Investments accounted for using the equity method	10,000	70,090		3
		Sabah Softwoods Hybrid Fertiliser Sdn. Bhd.	a	Investments accounted for using the equity method	1,980	13,878		1
1	All Cosmos Industries Sdn. Bhd.	PT All Cosmos Indonesia	c	Sales	12,862	90,497	Sales price is based on market price and transfer pricing within the Group; payment terms is net 120 days	6
				Trade receivables	6,783	48,129		2
2	Arif Efektif Sdn. Bhd.	All Cosmos Industries Sdn. Bhd.	c	Sales	6,610	46,506	Sales price is based on market price and transfer pricing within the Group; payment terms is net 60 days	3

Note 1: Business relationship between the parent company and its subsidiaries are coded as follows:

- The Company (parent company) is "0".
- Coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The relationship between transaction company and counterparty is classified into the following three categories:

- The Company to subsidiary.
- Subsidiary to the Company.
- Subsidiary to subsidiary.

Note 3: For balance sheet items, the percentage column shows the percentage of ending balance of the item to the consolidated total assets; for income statement items, this column shows the percentage of the accumulated amount of the transactions in the reporting period to the consolidated total operating revenue for the reporting period.

Note 4: Except for investments accounted for using the equity method recognized at historical exchange rate, all assets and liabilities were recognized at the exchange rate (MYR1=NT\$7.095072) at the end of the reporting period. All net income statement items were recognized at the average exchange rate (MYR1=NT\$7.036024).

Note 5: The transactions were eliminated in the consolidated financial statements.

Note 6: This table disclosed significant transactions with amounts of at least NT\$10 million.

ALL COSMOS BIO-TECH HOLDING CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2020

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares	%	Carrying Amount			
The Company	All Cosmos Industries Sdn. Bhd.	Johor Bahru, Malaysia	Manufacturing and sales of Bio-organic and Bio-chemical compound fertilizers	\$ 292,969 (MYR 30,000)	\$ 292,969 (MYR 30,000)	30,000,000	100	\$ 1,480,370 (MYR 208,648)	\$ 90,807 (MYR 12,906)	\$ 88,681 (MYR 12,604)	Notes 1 and 2
	Sabah Softwoods Hybrid Fertiliser Sdn. Bhd.	Lahad Datu, Malaysia	Manufacturing and sales of Bio-organic and Bio-chemical compound fertilizers	292,053 (MYR 33,000)	292,053 (MYR 33,000)	33,000,000	55	394,358 (MYR 55,582)	1,072 (MYR 152)	590 (MYR 84)	Notes 1 and 3
	PT All Cosmos Indonesia	North Sumatra, Indonesia	Sales of Bio-organic and Bio-chemical compound fertilizers	9,925 (IDR 3,960,000)	9,925 (IDR 3,960,000)	79,200	99	23,640 (MYR 3,332)	9,976 (MYR 1,418)	9,876 (MYR 1,404)	Note 1
	PT All Cosmos Biotek	North Sumatra, Indonesia	Manufacturing and sales of Bio-organic and Bio-chemical compound fertilizers	61,693 (IDR28,280,000)	61,693 (IDR28,280,000)	28,280	83	50,564 (MYR 7,127)	(5,171) (MYR -735)	(4,316) (MYR -613)	Note 1
	GK Bio International Sdn. Bhd.	Kuala Lumpur, Malaysia	Wholesale of probiotics	13,594 (MYR 1,800)	13,594 (MYR 1,800)	1,800,000	60	14,763 (MYR 2,068)	5,606 (MYR 797)	3,363 (MYR 478)	Notes 1
All Cosmos Industries Sdn. Bhd.	PT All Cosmos Indonesia	North Sumatra, Indonesia	Sales of Bio-organic and Bio-chemical compound fertilizers	102 (IDR 40,000)	102 (IDR 40,000)	800	1	96 (MYR 14)	9,976 (MYR 1,418)	100 (MYR 14)	Note 1
	Arif Efektif Sdn. Bhd.	Johor Bahru, Malaysia	Research and development of effective microorganisms for Bio-organic and Bio-chemical compound fertilizers	2,349 (MYR 245)	2,349 (MYR 245)	245,000	49	20,821 (MYR 2,935)	26,296 (MYR 3,737)	11,931 (MYR 1,696)	Notes 1 and 2
	Kinabalu Life Sciences Sdn. Bhd.	Lahad Datu, Malaysia	Research and development of effective microorganisms for waste disposal of oil-palm	17,559 (MYR 2,400)	8,933 (MYR 1,200)	2,400,000	60	18,031 (MYR 2,541)	1,624 (MYR 231)	974 (MYR 138)	Note 1
	Cosmos Biowood Sdn. Bhd.	Johor Bahru, Malaysia	Forest plantation and research	3,015 (MYR 400)	3,015 (MYR 400)	400,000	80	(1,901) (MYR -268)	168 (MYR 24)	134 (MYR 19)	Note 1
Sabah Softwoods Hybrid Fertiliser Sdn. Bhd.	Sawit Ecoshield Sdn. Bhd.	Lahad Datu, Malaysia	Manufacturing and sales of biological vaccines	14,788 (MYR 2,000)	14,788 (MYR 2,000)	2,000,000	40	12,717 (MYR 1,792)	(3,240) (MYR -460)	(1,296) (MYR -184)	

Note 1: The transactions were eliminated in the consolidated financial statements.

Note 2: Realized/unrealized gross profit on intercompany transactions were included.

Note 3: A subsidiary with a material non-controlling interest.

TABLE 7**ALL COSMOS BIO-TECH HOLDING CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2020**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
All Cosmos Investment Ltd.	22,500,001	35.13
Oil Palm Plantation Ltd.	7,500,000	11.71
Maxtrength Corp.	4,500,000	7.02

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.