

STOCK CODE 1457



Yi Jinn Industrial Co., Ltd.

Annual Report 2020

Taiwan Stock Exchange Market Observation Post

System : <https://mops.twse.com.tw>

Website : <https://www.yjinn.com.tw>

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I. Letter to Shareholders

I. 2020 Business Results

(1) 2020 Business plan implementation result :

For a long time, the textile industry of Taiwan has constantly utilized the advantages of research and development, innovation, and flexible production to become the important city of research and development and production of functional fabrics; however, encountering the pursuit of technologies and price competition from China, and it still has world leadership. Since the end of the year 2019, the epidemic of COVID-19 broke out, and rapidly spread in January of the year 2020, and the influence of global textile industry was gradually enlarged, mainly affected the production side and the demand side, further influenced the overall textile supply chain, consequently the negative influence of the textile industry of Taiwan was substantially more far-reaching. To confront the current trend of the industry, the Company strengthens its competitive advantages to develop the production model of small-volume, large-variety, and actively develop differential products.

The inventory of Tainan factory was completely sold out in the third quarter of the year 2020, and the Company's main production business focused on the production of polyester filament yarn (chip) from the subsidiary of Hung Chou Fiber Industry Co., Ltd., and the production of drawn textured yarn from Kwang Ming Silk Mill Co., Ltd., the operating revenue of the parent company "YI JINN INDUSTRIAL CO., LTD" was focused on high gross profit of industrial webbing, and the stable rent revenue.

(2) Budget implementation: there's no budget information reported by the Company in 2020.

(3) Financial receipts and expenditures and profitability analysis :

		Unit: NT\$1,000	
Item		2019	2020
Financial receipts and expenditures	Operating revenue	4,071,473	2,707,215
	Operating costs	3,516,265	2,501,874
	Income from continuing operations before income tax	650,647	810,287
	Net profit after tax	570,685	556,686
Profitability	Return on assets (%)	3.96	3.67
	Return on equity (%)	7.80	7.34
	Pre-tax net profit to paid-in capital ratio (%)	21.57	26.86
	Net profit rate (%)	14.02	20.56
	Earnings per share (dollar)	1.02	2.89

(4) Status of research and development :

Fiber type	Composition	Usage	Feature
Fiber 37.5™ technology textile	Volcanic rock (Active carbon)	Professional sports clothing and sportswear	Use electrostatic attraction to absorb the body's evaporating water, at the same time, the infrared radiation emitted from the human body is used to heat the particles to accelerate the evaporation of water, so it can keep the body surface dry faster, and also help to store energy to keep the body at a certain temperature.
Antibacterial Fiber with Cupric Nano-particles	Obtained the key nano-refinement technology to refine copper into fiber master batch raw material, and then used to produce yarn.	Medical disposables, infant supplies, women's supplies and other antibacterial apparel.	Copper ion antibacterial fiber has the effect of blocking disease transmission, eliminating peculiar smell and repairing skin, it is a new type of antibacterial textile. Textiles containing Copper can enhance the activity of skin growth factor, stimulate skin to generate new capillary, and the use of containing copper medical wound dressing can accelerate the healing speed of wound.
Biopro biodegradable fiber	By incorporating biodegradable BioSphere Additive and PET in the process of spinning, to produce a new type of spinning dope, which is used to produce hydrophilic polyester fiber.	Biopro fibers can be made into clothing, hats, backpacks and shoes.	It can decompose the surface and internal structure of polyester fiber. Microbial enzyme can decompose the C-C polymer chain in the fiber, and make PET fiber break down into the simpler monomer structure, which can be further decomposed by bacteria. By increasing the hydrophilicity of the product, to enhance biodegradability of polyester fiber.
Graphene Fiber	Graphene is evenly dispersed to make nanoscale masterbatches, then further is used to make yarns	Smart clothing and wearable device applications.	Antistatic : graphene conductivity can reduce the surface electrical resistivity of cloth. At the same time, the surface lubrication can reduce the coefficient of friction, inhibit and reduce generating electric current, and to help prevent skin itches.

II. The overview of business operations :

The main production businesses of the company are : the subsidiaries Hung Chou Fiber Industry Co., Ltd. produces polyester yarn (chips) and Kwang Ming Silk Mill Co., Ltd. produces textured yarn, and the parent company Yi Jinn's operating income is mainly high gross profit industrial ribbon and stable rental income.

(1) Guideline for Management

1. In the man-made fibers industry in 2020, the price of raw materials (MEG, PTA) fluctuates greatly, which makes the price of chemical fiber and textured yarn products using petrochemical products as raw materials fluctuate, because the sharp price change is not a good thing for production. On the other hand, the adjustment of the brand purchasing base and the change of the production base of the supply chain make it more difficult for Taiwan's man-made fibers industry. When the production base leaves Taiwan, the domestic demand drops, which urges our company to develop differentiated goods more actively, and appeal for the advantages of stable quality and rapid response, so as to grasp the market opportunities.
2. In the international competitive environment, the management team has Hung Chou Fiber Industry Co., Ltd., the polyester yarn production manufacturing factory, and Kwang Ming Silk Mill Co., Ltd., the textured yarn manufacturing factory. They use the advantages of each company to integrate the operation competitiveness, improve the company's physique and expand the development and production of special products, stand out from the competitors, and push the product specifications to specialization, customization and internationalization, so as to meet the changing needs of market and customers. Only in this way can we cope with the shorter product life cycle, and give priority to market orientation as the most important production direction.
3. Strengthen the promotion of new products and after-sales service, improve customer satisfaction and the stable growth of the supply chain.
4. Continuous and stable growth of industrial ribbon and development of special yarn, high gross profit for the company to bring the best interests.

(2) Expected sales volume and its basis

According to the production capacity and market demand of the company, it is estimated that in 2021, the sales volume of polyester yarn will be about 59,000 tons (including 9,000 tons for the subsidiary company's own use), polyester chip will be about 11,000 tons, polyester textured yarn will be about 18,000 tons, and outsourcing industrial ribbon will be about 180,000 thousand meters.

(3) Important production and marketing policies

1 . Production policy

The company produces polyester yarn from Hung Chou Fiber and textured yarn from Kwang Ming Silk Mill, focusing on the production of differentiated innovative products and customized products. The vertical integration of upstream and downstream makes the company have advantages in reducing the purchase cost of raw materials and arranging the production line. In addition, the company is able to obtain a leading position in the source of POY raw materials, stabilize the supply system, provide diversified innovative product marketing, and enhance the competitiveness of the company.

2 . Sales policy

- (1) Stabilize excellent customers and develop potential customers with forward-looking prospects.
- (2) In response to the demand of emerging markets, strengthening the expansion of differentiated products in foreign markets.
- (3) Improve the salesperson's sales skills and professional knowledge of related fields.
- (4) Combining the upstream, middle and downstream strategic alliance and establishing marketing mechanism, we can play a complementary role in improving the operating performance and market share.

III. The future development strategy of the company, impact from the external competitive environment, regulatory environment and overall business environment

- (1) The company's mid- and long-term business development strategy, the integration of upper, middle and lower streams, from polymerization, spinning, false twisting to weaving and knitting, integrated into a chemical fiber factory production line. Besides improving the production of raw materials and having reduced costs, the control of downstream suppliers and shorten the market response time, all have significantly raised the company's acuity of market demand, therefore in the production and sales forecasting process, when the market demands begin to appear, it can keep the supply of specifications and quantities of the products demanded by the market running smoothly, and in the meantime, can also reduce production capacity when the market demand decreases, reduce the inventory to the minimum volume and avoid inactive inventory to happen.
- (2) Global environmental issues still a hot topic, focusing on reducing environmental impact. The production of Dope Dye filament yarn is also the market demand trend. No matter outdoor fabrics or sports products, including car interiors, all because of eco concepts, large number of fiber yarns which do not need dye process have been used. Among them, black yarn has been our company's long-term developing specifications. When other false twist factories still continue to produce general specifications products due to equipment cost considerations, our company has foreseen the future of the demand of environmental materials, utilize the existing machinery and equipment for development and modification, put all efforts into the development and production of various specifications of Dope Dye, is one of the largest suppliers create popular eco-friendly raw dyed yarn materials in the market.
- (3) The brand customers have an increasing demand for eco polyester yarn and is proactive in integrating the upstream and downstream supply chains to meet customers 'demands.
- (4) The company's exporting products to Europe not applicable to the provision of the regulation of Restriction of the use of Hazardous Substance (RoHS), also no impacts of other environmental regulations.

Chairman : Chan, Cheng-Tien

General Manager : Weng, Mao-Cheng

II. Company Profile

1. Date of incorporation : March 24, 1981

2. A brief of the company :

- 1 . The company was established in March 1981 by co-founders Yu De Shu, Chan Cheng Tien, Liu Shan Ming, Zheng Chao Yang etc. Paid in capital was NT\$16 million. The company type was Company Limited by shares. Yu De Shu has been elected as chairman. Start up a factory to manufacture products in Hukou Industrial Park. Major business including man-made and natural fibers and false twist textured yarn textile manufacturing process and trading business.
- 2 . To strengthen business structure and improving operating efficiency, the company merged by absorption on December 15, 1990, issued 6,000,000 new shares, and in the meantime, resolution for cash capital increase of NT\$60,000,000 to improve the capital structure. At that time, the capital had reached NT\$ 180 million.
- 3 . To keep up with economic market trends and achieving industrial upgrading through production automation to add value to products and ensure advantages of local and global markets. After careful evaluation, the company has purchased approximately 6,000 pings of land and approximately 2,000 pings of factory next to Provincial Highway 1 in Huatan Township, Changhua County, 80 of the newest Belgian airjet weaving machines and 40 rapier loom machines all were imported. Has begun mass-production since 1992.
- 4 . To reduce production costs and make the production process more efficient and reasonable cost, the company passed the resolution at the special shareholders' meeting on October 29, 1991, merged by absorption of the upstream I Jin Industrial Co., Ltd. The company is the surviving company, with special approval from the authority in charge of the industry. And from the record date of the merger on December 17, 1991, issued 19,600,000 new shares, merged by absorption of I Jin Industrial Co., Ltd. In the meantime, resolution for cash capital increase of NT\$ 124,000,000 to improve the capital structure. Paid in capital had reached NT\$500 million, issued 50 million shares, and has become a public company. Factories 1 and 2 built in Chang Hwa, received the award-winning trophy for the most important investment and best Automate Production Line demonstration factory in textile industry from Ministry of Economic Affairs in 1992. Having great significance.
- 5 . The company has become one of the few factories in domestic specialized in line production process of polyester filament yarn and man-made fiber weaving in 1992. It can produce 3,000 tons of processed yarn and 5 million yards of plain weave fabrics per month. It owns 5 factories in Taoyuan, Hsinchu and factory 1 and 2 in Changhua and Yuanlin respectively. In 1992, the revenue has grown to NT\$2.572 billion, became the 213th largest companies in Taiwan.
- 6 . In May 1993, capital increase of NT\$75,000,000 from earning and Capital surplus transferred to capital increase of NT\$25,000,000, capital had been increased up to NT\$0.6 billion.
- 7 . In June 1993, Brand Name 『 Sea Gull 』 received "Private Branding" Minister Award from Ministry of Economic Affairs.
- 8 . In August 1993, due to the Business performance was recognized by the Society, received the top winning trophy for the 2nd National SME outstanding Award. And chairman of the company was summoned by President Lee personally.
- 9 . In 1993, added 2 more additional high-speed friction false twisting machines, increased the capacity for the production of yarns processing to 3,250 tons per month, also imported Japan's latest T2 computer tension monitoring system and received the counseling on ISO quality management system certification, expected to lead the industry upgrading into the top industrial automation filed.
- 10 . In May 1994, applied for capital increase of NT\$120,000,000 from earning, capital had been increased up to NT\$0.72 billion.
- 11 . On October 20, 1994, the company received the approval from Taiwan Stock Exchange and have become a Public Stock Listed Company.

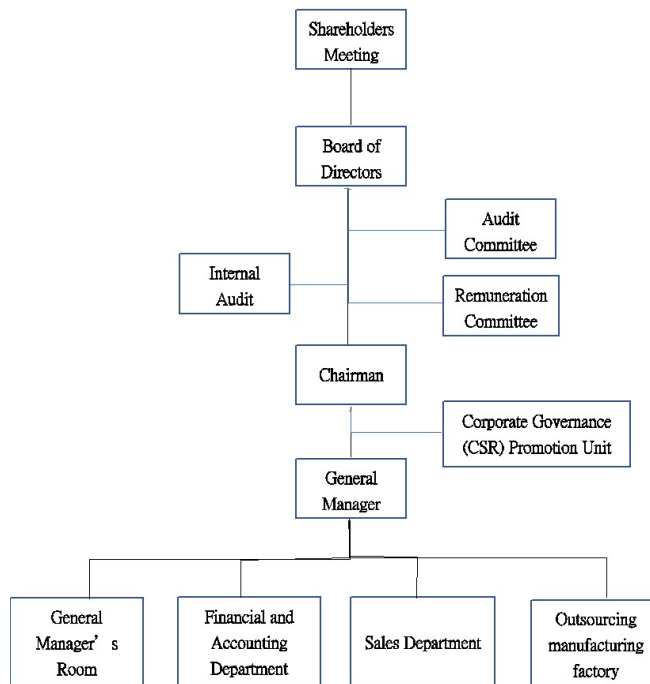
12. In April 1995, received ISO 9002 approval.
13. In 1995, applied for cash capital increase of NT\$0.18 billion, built Factory 2 in ChangHua, and added 15 high-speed friction false twisting machines, in the same year applied for capital increase from earning and capital surplus transferred to capital increase of NT\$225,000,000, capital had been increased up to NT\$1.125 billion.
14. In 1996, applied for cash capital increase of NT\$0.45 billion, added 15 high-speed friction false twisting machines, in the same year applied for capital increase from earning and capital surplus transferred to capital increase of NT\$225,000,000, capital had been increased up to NT\$1.8 billion.
15. In 1997, applied for cash capital increase of NT\$0.54 billion, purchased another 15 high-speed friction false twisting machines, in the same year applied for capital increase from earning and capital surplus transferred to capital increase of NT\$360,000,000, capital had reached to NT\$2.7 billion.
16. In 1998, applied for capital increase from earning and capital surplus transferred to capital increase of NT\$540,000,000, capital had been increased to NT\$3.24 billion.
17. In 1999, applied for capital increase from earning and capital surplus transferred to capital increase of NT\$583,200,000, capital had been increased to NT\$3.24 billion.
18. In 2001, buyback company stocks reduced capital of NT\$100,000,000, capital had been decreased to NT\$3.24 billion.
19. In 2003, buyback company stocks reduced capital of NT\$70,000,000, capital had been decrease to NT\$3.6532 billion.
20. In 2008, buyback company stocks reduced capital of NT\$1,095,960,000, capital had been decreased to NT\$2.55724 billion.
21. In 2008, buyback company stocks reduced capital of NT\$187,240,000, capital had been decreased to NT\$2.37 billion.
22. In 2009, buyback company stocks reduced capital of NT\$118,490,000, capital had been decreased to NT\$2.25151 billion.
23. In 2010, applied for cash capital increase of NT\$0.5 billion, repay the company's bank loan. Capital had been reached to NT\$2.75151 billion.
24. In 2011, applied for cash capital increase of NT\$0.5 billion and issued first unsecured convertible domestic bond, converted into capital of NT\$300,000,000, purchased lands and factories etc. equipment. Capital had been reached to NT\$3.25151 billion.
25. In 2011, applied for capital increase from earning of NT\$88,048,200 and converted bond into capital of NT\$39,187,600, capital had been reached to NT\$3.378746 billion.
26. In 2012, buyback company stocks reduced capital of NT\$200,000,000, capital had been decreased to NT\$3.178746 billion.
27. In 2014, applied for capital increase from earning of NT\$127,149,840 and converted bond into capital of NT\$45,744,680, capital had been reached to NT\$3.35164044 billion.
28. In 2016, applied for cash capital reduced of NT\$335,164,040, after reduction capital was NT\$3.0164764 billion.

- (1) The most recent fiscal year as well as the current fiscal year up to the date of publication of the annual report, information on the company merger and acquisition activities : None.
- (2) Investments in affiliated enterprises; corporate reorganization : None.
- (3) A major quantity of shares belonging to directors, supervisors, or shareholders holding greater than a 10 percent stake in the company is transferred or otherwise changes hands : None.
- (4) Any change in managerial control : None.
- (5) Any material change in operating methods or type of business : None.
- (6) Any other matters of material significance that could affect shareholders' equity : None.

III. Corporate Governance Report

1. Organizational System

(1) Organizational Chart :



(2) Department functions :

1. General Manager's Room : Company policy's plan, established, information, personnel administration, general affairs and leasing assets management, etc.
2. Financial and Accounting Department : Company cash management, financial management, capital movement and accounting treatment, public information disclosure, etc.
3. Sales Department : All kinds of man-made fibers products purchases and sales, and sales of vehicle webbing and export business.
4. Outsourcing manufacturing factory : Procuring raw materials of vehicle webbing, outsourcing manufacturing management, products research and development, after sales service, quality management and outgoing management control, etc.

2. Information on the company's directors, supervisors, general manager, assistant general managers, deputy assistant general managers, and the supervisors of all the company's divisions and branch units :

(1) Board director and supervisor :

Date : March 31, 2021

Title	Nationality	Name	Gender	Date Elected	Term (years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Current Shareholding		Current Shareholding in the name of others		Main Experience(Education)	Current Positions at the Company and Other Company	Executives, Director or Supervisors who are spouses or within two degree of kinship			Remark
							Share	%	Share	%	Share	%	Share	%			Title	Name	Relation	
Chairman	ROC	Chan, Cheng-Tien	Male	2018 06 01	3	1991 01 07	27,010,494	8.95%	25,010,494	8.29%	2,053,074	0.68%	0	0	High School	1.Yi Jinn Industrial Co. Ltd. Chairman 2.Kwang Ming Silk Mill Co. Ltd. Chairman 3.Yi Tong Fiber Co. Ltd. Chairman 4.Hung Chou Fiber Co. Ltd. Chairman 5. Datian International Development Co., Ltd. Chairman 6. Dayi International Development Co., Ltd Chairman 7. Xinmao investment Co., Ltd. Chairman 8. Oriental Union Chemical Corporation Independent Director	Director	Cheng Yu Jing Chan Yi Chin	Spouse Father& daughter	None
Director	ROC	Chan, Yi-Chin	Female	2018 06 01	3	2011 06 10	2,916,961	0.97%	2,916,961	0.97%	0	0	0	0	Collage	1. Yi Jinn Industrial Co. Ltd. Director 2. Kwang Ming Silk Mill Co. Ltd. Supervisor 3. Hung Chou Fiber Co. Ltd. Director	Chairman Director	Chan Cheng Tien Cheng Yu Jing	Father&d daughter Mother& daughter	None
Director	ROC	Cheng, Yu-Jing	Female	2018 06 01	3	2016 06 09	2,053,074	0.68%	2,053,074	0.68%	25,010,494	8.29%	0	0	Collage	1. Yi Jinn Industrial Co. Ltd. Director 2. Xinmao investment Co., Ltd. Supervisor 3. Yi Tong Fiber Co. Ltd. Director 4. Hung Chou Fiber Co. Ltd. Director 5. Kwang Ming Silk Mill Co. Ltd. Director 6. Datian International Development Co., Ltd. Supervisor 7. Dayi International Development Co., Ltd Supervisor	Chairman Director	Chan Cheng Tien Chan Yi Chin	Spouse Mother& daughter	None
Director	ROC	Lai, Yu-Min	Female	2018 06 01	3	2016 06 09	266,916	0.09%	445,916	0.15%	0	0	0	0	Junior Collage	1. Yi Jinn Industrial Co. Ltd. Deputy General Manager 2. Xinmao investment Co., Ltd. Director 3. Datian International Development Co., Ltd Director 4. Dayi International Development Co., Ltd. Director 5. Nice Plaza Co., Ltd. Director	None	None	None	None
Director	ROC	Weng, Mao-Cheng	Female	2018 06 01	3	2014 01 01	277,343	0.09%	433,343	0.14%	0	0	0	0	Collage	1. Yi Jinn Industrial Co. Ltd. General Manager 2. Xinmao investment Co., Ltd. Director	None	None	None	None

Title	Nationality	Name	Gender	Date Elected	Term (years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Current Shareholding		Current Shareholding in the name of others		Main Experience (Education)	Current Positions at the Company and Other Company	Executives, Director or Supervisors who are spouses or within two degree of kinship			Remark
							Share	%	Share	%	Share	%	Share	%			Title	Name	Relation	
Director	ROC	Chen, Meng-Wu	Male	2018 06 01	3	2010 12 06	0	0%	0	0%	0	0%	0	0%	Master's Degree	None	None	None	None	None
Independent Director	ROC	Chen, Shiou- Chung	Male	2020 06 11	3	2020 06 11	0	0%	0	0%	0	0%	0	0%	Collage	1. Tah Tong Textile Co., Ltd. Chairman 2. Everest Textile Co., Ltd. Independent Director 3. Great Bell Printing & dyeing Co., Ltd. Director	None	None	None	None
Independent Director	ROC	Lai, Sun-Quae	Male	2018 06 01	3	2017 06 16	0	0%	0	0%	0	0%	0	0%	phD	1. PhytoHealth Corporation Independent Director 2. Topco Quartz products Co., Ltd. legal representative director 3. LEATEC Fine Ceramics Co., Ltd. Independent Director 4. SYSAGE Technology Co., Ltd. Independent Director	None	None	None	None
Independent Director	ROC	Huang, Tien-Chang	Male	2018 06 01	3	2018 06 01	0	0%	0	0%	0	0%	0	0%	Master's Degree	1. Heran Co., Ltd. Independent Director 2. Concord Securities Co., Ltd. Independent Director	None	None	None	None

June 11, 2020 Chen Shiou Chung was elected as new member of Audit Committee and Independent Director.

Directors and Supervisors(2)

Name (Note 1)	Criterial	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Attribute (Note 2)												Number of Holding Concurrent Independent Director Position in Other Public Companies
		An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Chan, Cheng-Tien			✓							✓		✓	✓		✓	✓	1
Chan, Yi-Chin			✓							✓		✓	✓		✓	✓	-
Chen, Meng-Wu		✓	✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Lai, Yu-Min			✓				✓	✓		✓		✓	✓	✓	✓	✓	-
Weng, Mao-Cheng			✓				✓	✓		✓		✓	✓	✓	✓	✓	-
Cheng, Yu-Jing			✓							✓		✓	✓		✓	✓	-
Chen, Shiou-Chung			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Huang, Tien-Chang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Lai, Sun-Quae	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3

Note 1 : The number of fields is adjusted according to the actual number.

Note 2 : Please tick the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the term of office.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the Company or any of its affiliates. (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the Company holds, directly or indirectly.)
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of those listed in the above three items.
- (5) (Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company or who holds shares ranking in the top five holdings.
- (6) Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution which has a financial or business relationship with the Company.
- (7) Not a professional individual who provides services or consultation in business, legal, finance, or accounting to the Company or its any related companies, nor an owner, partner, director, supervisor, officer or spouse of a sole proprietorship, partnership.
- (8) Not a director (or governor), supervisor, manager, or shareholders who holds 5% or more in a specified company or institution that has a financial or business relationship with the company. (does not apply to the company or institution it holds 20% or more and no more than 50% of the total number of issued shares of the public company; where an independent director of a public company has served as an independent director of the company or any of its affiliates).
- (9) A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
- (11) Not been a person of any conditions defined in Article 30 of the Company Act.
- (12) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.

(2) The composition of the board of directors shall be determined by taking diversity

The composition of the board of directors of the company shall consider diversification. In addition to the fact that the number of directors who are also managers of the company shall not exceed one-third of the seats of the board of directors, an appropriate diversification policy shall be formulated according to their own operation, operation pattern and development needs. It shall include but not be limited to the following two major criteria :

1. Basic conditions and values : gender, age, nationality and culture, etc.
2. Professional knowledge and skills : professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industrial experience, etc. The board members shall have the knowledge, skills and qualities necessary for performing their duties. In order to achieve the ideal goal of corporate governance, the board of directors shall have the following abilities : 1. Operational judgment ability. 2. Accounting and financial analysis ability 3. Management administration ability. 4. Conduct crisis management ability. 5. Industrial knowledge. 6. Perspective of international market. 7. Leadership. 8. Decision making ability.

Name	Nationality	Gender	Operational judgment ability	Accounting and financial analysis ability	Management administration ability	Conduct crisis management ability	industrial knowledge	Perspective of international market	Leadership	Decision making ability
Chan, Cheng-Tien	ROC	Male	V	V	V	V	V	V	V	V
Chan, Yi-Chin	ROC	Female	V		V	V		V	V	V
Lai, Yu-Min	ROC	Female	V		V	V		V	V	V
Weng, Mao-Cheng	ROC	Male	V	V	V	V		V	V	V
Cheng, Yu-Jing	ROC	Female	V		V	V	V	V	V	V
Chen, Meng-Wu	ROC	Male	V	V	V	V		V	V	V
Lai, Sun-Quae	ROC	Male	V	V	V	V		V	V	V
Chen, Shiou-Chung	ROC	Male	V	V	V	V		V	V	V
Huang, Tien-Chang	ROC	Male	V	V	V	V	V	V	V	V
Diversified policy objectives (seats)		2	8	4	8	8	3	6	6	6
Achievement of diversification policy		qualify	qualify	qualify	qualify	qualify	qualify	qualify	qualify	qualify

In order to improve the above-mentioned diversified professional knowledge and skills of directors, the company will give priority to recommend or enroll the above courses for directors when handling three-hour continuing education plan annually for directors, and the cost of the courses will be paid by the company in full.

(3) Information of general manager, deputy general manager, associate manager, managers of departments and branches :

March 31, 2021

Title (Note 1)	Nationality	Name	Gender	Inauguration date	Shareholding		Spouses & Minor Shareholding		Current Shareholding in the name of others		Experience (Education) (Note 2)	Current Positions at Other Companies	Managers who are spouses or within two degrees of kinship			Remark (Note 3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
General Manager	R.O.C.	Weng, Mao-Cheng	Male	2015.03.26	433,343	0.14%	0	0%	0	0%	Collage	Xinmao investment Co., Ltd. Director	None	None	None	None
Deputy General Manager	R.O.C.	Chang, Heng- Chia	Male	2020.11.12	149,417	0.05%	0	0%	0	0%	Junior Collage	1.Hung Chou Fiber Co. Ltd. Director 2.Dayi International Development Co., Ltd. Director	None	None	None	None
Deputy General Manager	R.O.C.	Lai, Yu- Min	Female	2020.11.12	445,916	0.15%	0	0%	0	0%	Junior Collage	1. Xinmao investment Co., Ltd. Director 2. Datian International Development Co., Ltd Director 3. Dayi International Development Co., Ltd. Director 4. Nice Plaza Co., Ltd. Director	None	None	None	None

On November 12, 2020, Chang Heng Chia was newly appointed as Deputy General Manager, Lai Yu Min was newly appointed as Deputy General Manager.

Note1: The information on the company's general manager, deputy general managers, deputy assistant general managers, and the supervisors of all the company's divisions and branch units, and someone of an equivalent post shall be disclosed.

Note 2 : The experience related to the current position, if the person has worked in a CPA firm or affiliated company during the previous disclosure period, shall state the job title and the responsible position.

Note3 : Where the general manager or person of an equivalent post (the highest level manager) and the chairperson of the board of directors of a company are the same person, spouses, or relatives within the first degree of kinship, the information shall be given.

(4). Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto
: None

3. Remuneration paid during the most recent fiscal year to directors, supervisors, the general manager, and assistant general managers

(1) Remunerations of Directors and Independent Directors

Title	Name	Remuneration of Director								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)(Note 10)		Remuneration from other jobs								The sum of A, B, C, D, E, F and G as a percentage of after-tax net profit (Note 10)		Remuneration from re-invested businesses other than subsidiaries (Note 11)
		Remuneration (A) (Note 2)		Retirement pension (B)		Director remuneration (C) (Note 3)		Business execution expenses (D) (Note 4)				Remuneration, bonus and special fees (E) (Note 5)		Retirement pension (F)		Employee remuneration (G) (Note 6)						
		The Company	All Companies in the consolidated financial statement (Note 7)	The Company	All Companies in the consolidated financial statement (Note 7)	The Company	All Companies in the consolidated financial statement (Note 7)	The Company	All Companies in the consolidated financial statement (Note 7)	The Company	All Companies in the consolidated financial statement (Note 7)	The Company	All Companies in the consolidated financial statement (Note 7)	The Company	All Companies in the consolidated financial statement (Note 7)	The Company		All Companies in the consolidated financial statement (Note 7)		The Company	All Companies in the consolidated financial statement	
																Cash	Share	Cash	Share			
Director	Chan, Cheng-Tien	4,872	8,072	0	0	3,076	3,667	180	627	1.26%	1.92%	0	1,700	0	0	0	0	245	0	1.26%	2.22%	None
Director	Chan, Yi-Chin	0	0	0	0	1,025	1,025	180	483	0.19%	0.23%	0	642	0	0	0	0	200	0	0.19%	0.36%	None
Director	Cheng, Yu-Jing	0	0	0	0	1,025	1,225	180	627	0.19%	0.29%	0	691	0	0	0	0	200	0	0.19%	0.43%	None
Director	Weng, Mao-Cheng	0	0	0	0	1,025	1,025	180	180	0.19%	0.19%	1,075	1,075	0	0	800	0	800	0	0.48%	0.48%	None
Director	Lai, Yu-Min	0	0	0	0	1,025	1,025	180	180	0.19%	0.19%	1,309	1,309	0	0	600	0	600	0	0.48%	0.48%	None
Director	Chen, Meng- Wu	0	0	0	0	1,025	1,025	180	180	0.19%	0.19%	0	0	0	0	0	0	0	0	0.19%	0.19%	None
Independent Director	Chen, Shiou-Chung	0	0	0	0	0	0	370	370	0.06%	0.06%	0	0	0	0	0	0	0	0	0.06%	0.06%	None
Independent Director	Lai, Sun-Quae	0	0	0	0	0	0	640	640	0.10%	0.10%	0	0	0	0	0	0	0	0	0.10%	0.10%	None
Independent Director	Huang, Tien-Chang	0	0	0	0	0	0	640	640	0.10%	0.10%	0	0	0	0	0	0	0	0	0.10%	0.10%	None
Please describe the compensation policy, system standards/packages, procedures and the linkage to operating performance and future risk exposure to the Independent directors The total compensation paid to the Independent director is decided based on each Independent director's participation in company operations, contribution and take into consideration of company performance. It is reviewed by the Compensation Committee then submitted to the Board of Directors for approval. Except for the disclosure in the table above, the remuneration received by the directors of the company for services to all companies in the financial report in the most recent year (such as non-employee consultants) : NT\$ 0.																						

Range of Remunerations

Range of remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies in the consolidated financial statement (Note 9) H	The Company (Note 8)	All companies in the consolidated financial statement (Note 9) I
Lower than NT\$ 1,000,000	Huang, Tien-Chang, Lai, Sun-Quae, Chen, Shiou-Chung	Huang Tien Chang, Lai Sun Quae, Chen Shiou Chung	Huang Tien Chang, Lai Sun Quae, Chen Shiou Chung	Huang Tien Chang, Lai Sun Quae, Chen Shiou Chung
NT\$ 1,000,000 (included) ~NT\$ 2,000,000 (excluded)	Chan Yi Chin, Cheng Yu Jing, Chen Meng Wu, Lai Yu Min, Weng Mao Cheng	Chan Yi Chin, Cheng Yu Jing, Chen Meng Wu, Lai Yu Min, Weng Mao Cheng	Chan Yi Chin, Cheng Yu Jing, Chen Meng Wu	Chen Meng Wu
NT\$ 2,000,000 (included) ~NT\$ 3,500,000 (excluded)			Lai Yu Min, Weng Mao Cheng	Chan Yi Chin, Cheng Yu Jing, Lai Yu Min, Weng Mao Cheng
NT\$ 3,500,000 (included) ~NT\$ 5,000,000 (excluded)				
NT\$ 5,000,000 (included) ~NT\$ 10,000,000 (excluded)	Chan Cheng Tien		Chan Cheng Tien	
NT\$ 10,000,000 (included) ~NT\$ 15,000,000 (excluded)		Chan Cheng Tien		Chan Cheng Tien
NT\$ 15,000,000 (included) ~NT\$ 30,000,000 (excluded)				
NT\$ 30,000,000 (included) ~NT\$ 50,000,000 (excluded)				
NT\$ 50,000,000 (included) ~NT\$ 100,000,000 (excluded)				
NT\$ 100,000,000 or more				
Total	9 people	9 people	9 people	9 people

Note 1 : The Directors' names shall be listed separately (if a corporate shareholder, the corporate name and the representative's name should be listed separately), and the payments shall be consolidated for disclosure. If the director is also the general manager or deputy general manager, shall fill in this table and table (3-1), or table (3-2) and (3-2-1) and (3-2-2).

Note 2 : The Director's remuneration for the most recent year (including salary, job allowances, severance payment, various bonuses and incentives).

Note 3 : The latest amount of Director's remuneration as passed by the board of directors.

Note 4 : The latest annual business execution expenses of the Director (including transportation costs, special expenses, various subsidies, dormitory expenses, car expenses and other physical provisions).
In case of the provision of expenses for housing, cars and other means of transportation or exclusive personal expenses, please disclose the nature and cost of the assets provided, the actual or

fair market price of the rent, gasoline and other payments. If a driver is provided, please indicate the Company's relevant remuneration to the driver, but the amount shall not be included in the remuneration.

Note 5 : The latest salary, job allowances, severance payment, various bonuses, incentives, car expenses, special expenses, various subsidies, dormitory expenses, car expenses and other physical provisions for the Director's other jobs (including the positions of General Manager, Deputy General Manager, Manager and other positions). In case of the provision of expenses for housing, cars and other means of transportation or exclusive personal expenses, please disclose the nature and cost of the assets provided, the actual or fair market price of the rent, gasoline and other payments. If a driver is provided, please indicate the Company's relevant remuneration to the driver, but the amount should not be included in the remuneration. According to IFRS 2's recognition of remuneration in "Share-Based Payments", the remuneration shall include employee stock options, restricted-right employee shares and share subscription from participation in cash capital increase.

Note 6 : If a Director receives employee remuneration (including stock and cash) on his/her other job(s) (including the positions of General Manager, Deputy Manager, Manager and other positions) in the latest year, please disclose the amount of employee remuneration as passed by the board of directors in the latest year. If the amount cannot be estimated, it shall be calculated based on the percentage of the actual amount distributed last year, and Appendix 1-3 shall be filled out.

Note 7 : The total remuneration paid by all the companies (including the Company) in the consolidated report to the Company's Director shall be disclosed.

Note 8 : The total remuneration paid by the Company to each Director; the Director's name shall be disclosed in the respective tier.

Note 9 : The total remuneration paid by all the companies (including the Company) in the consolidated report to each of the Company's Directors shall be disclosed, and the Director's name s shall be disclosed in the respective tier.

Note 10 : Net profit after tax refers to the net after-tax profit for the latest year. If the International Financial Reporting Standards have been adopted, then it is the net after-tax profit of the individual company or the respective financial statement.

Note 11 : a. In this field the amount of remuneration paid to the Director by the Company's re-invested businesses other than the subsidiaries shall be clearly indicated.

b. If the Director receives remuneration from the Company's re-invested businesses other than the subsidiaries, such remuneration should be incorporated into column I of the Remuneration Tiers Table, and the name of the field shall be changed to "All re-invested businesses".

c. Remuneration refers to the compensation, reward (including that for an employee, director or supervisor) and business execution expenses received by the Company's Director for acting as a director, supervisor or manager of the Company's re-invested businesses other than the subsidiaries.

* The contents of the remuneration disclosed in this table are different from those in the Income Tax Law. Therefore, this statement is for the purpose of disclosure but not for taxation.

(2) Remunerations of general manager and deputy general managers

Title	Name	Salary (A) (Note 2)		Retirement pension (B)		Bonus and special fees (C) (Note 3)		Employee remuneration (D) (Note 4)				The sum of A, B, C and D as a percentage of after-tax net profit(%) (Note 8)		Remuneration from reinvested businesses other than subsidiaries (Note 9)
		The Company	Companies in the consolidated financial statements (Note 5)	The Company	Companies in the consolidated financial statements (Note 5)	The Company	Companies in the consolidated financial statements (Note 5)	The Company		Companies in the consolidated financial statements (Note 5)		The Company	Companies in the consolidated financial statements (Note 5)	
								Cash	Stock	Cash	Stock			
General Manager	Weng Mao Cheng	1,075	1,075	0	0	0	0	800	0	800	0	0.29%	0.29%	None
Deputy General Manager	Chang Heng Chia	1,451	1,451	0	0	0	0	600	0	600	0	0.32%	0.32%	None
Deputy General Manager	Lai Yu Min	1,309	1,309	0	0	0	0	600	0	600	0	0.30%	0.30%	None

Note : The company shall not require to disclose the 5 highest remunerations paid to top managers.

Range of Remuneration

Range of Remuneration (NT\$)	Name of General Manager and Deputy General Manager	
	The Company (Note 6)	Companies in the consolidated financial statements (Note 7) E
Lower than NT\$ 1,000,000		
NT\$1,000,000 (included) ~NT\$2,000,000 (excluded)	Weng Mao Cheng, Chang Heng Chia, Lai Yu Min	Weng Mao Cheng, Chang Heng Chia, Lai Yu Min
NT\$2,000,000 (included) ~NT\$3,500,000 (excluded)		
NT\$3,500,000 (included) ~NT\$5,000,000 (excluded)		
NT\$5,000,000 (included) ~NT\$10,000,000 (excluded)		
NT\$10,000,000 (included) ~NT\$15,000,000 (excluded)		
NT\$15,000,000 (included) ~NT\$30,000,000 (excluded)		

NT\$30,000,000 (included) ~ NT\$50,000,000 (excluded)		
NT\$50,000,000 (included) ~ NT\$100,000,000 (excluded)		
NT\$100,000,000 or more		
Total	3 people	3 people

Note 1 : The General Manager's and the Deputy General Managers' names shall be listed separately, and the payments should be consolidated for disclosure. If the director is also the general manager or deputy general manager, shall fill in this table and table (1-1), or table (1-2-1) and (1-2-2).

Note 2 : The latest amount of the General Manager's and the Deputy General Managers' salary, job allowances and severance payment.

Note 3 : The latest annual business execution expenses of the General Manager and the Deputy General Managers (including transportation costs, special expenses, various subsidies, dormitory expenses, car expenses and other physical provisions). In case of the provision of expenses for housing, cars and other means of transportation or exclusive personal expenses, please disclose the nature and cost of the assets provided, the actual or fair market price of the rent, gasoline and other payments. If a driver is provided, please indicate the Company's relevant remuneration to the driver, but the amount shall not be included in the remuneration. According to IFRS 2's recognition of remuneration in "Share-Based Payments", the remuneration shall also include employee stock options, restricted-right employee shares and share subscription from participation in cash capital increase.

Note 4 : The employee remuneration (including stock and cash) distributed to the General Manager or Deputy General Manager as approved by the board of directors in the latest year. If the amount cannot be estimated, it shall be calculated based on the percentage of the actual amount distributed last year, and Appendix 1-3 should be filled out.

Note 5 : The total remuneration paid by all the companies (including the Company) in the consolidated report to the Company's General Manager and Deputy General Managers shall be disclosed.

Note 6 : The total remuneration paid by the Company to each General Manager and Deputy General Manager; the General Manager's and the Deputy General Managers' names are disclosed in the respective tiers.

Note 7 : The total remuneration paid by all the companies (including the Company) in the consolidated report to each of the Company's General Manager and Deputy General Managers should be disclosed, and the General Manager's and the Deputy General Managers' names shall be disclosed in the respective tier.

Note 8 : Net profit after tax refers to the net after-tax profit for the latest year.

Note 9 : a. In this field the amount of remuneration paid to the General Manager or the Deputy General Managers by the Company's re-invested businesses other than the subsidiaries shall be clearly indicated. (If none, please fill in "None")

b. If the General Manager and Deputy General Managers receive remuneration from the Company's re-invested businesses other than the subsidiaries, such remuneration shall be incorporated into column E of the Remuneration Tiers Table, and the name of the field shall be changed to "All re-invested businesses".

c. Remuneration refers to the compensation, reward (including that for an employee, director or supervisor) and business execution expenses received by the Company's General Manager or Deputy General Manager for acting as a director, supervisor or manager of the Company's re-invested businesses other than the subsidiaries.

* The contents of the remuneration disclosed in this table are different from those in the Income Tax Law. Therefore, this statement is for the purpose of disclosure but not for taxation.

(3) Managers with Employee Remuneration Distribution

Managers with Employee Remuneration Distribution

March 31, 2021

	Title (Note 1)	Name (Note 1)	Stock Bonus	Cash Bonus	Total	Ratio of Total Amount to Net Income (%)
Manager	General Manager	Weng Mao Cheng	0	2,000,000	2,000,000	0.31%
	Deputy General Manager	Chang Heng Chia				
	Deputy General Manager	Lai Yu Min				

Note 1 : The names and titles shall be listed separately, and the remuneration distribution may be consolidated for disclosure.

Note 2 : The latest amount of the manager's employee remuneration as passed by the board of directors (including shares and cash) in the latest year. If the amount cannot be estimated, it shall be calculated based on the percentage of the actual amount distributed last year. Net profit after tax refers to the net after-tax profit for the latest year. If the International Financial Reporting Standards have been adopted, then it is the net after-tax profit of the individual company or the respective financial statement.

Note 3 : The definition of manager, as governed by the letter of the SFC on March 27, 2003 with a reference no. of Tai-Tsai-Cheng III 0920001301, is as follows:

- (1) General manager and equivalent.
- (2) Deputy general manager and equivalent.
- (3) Associate and equivalent.
- (4) Head of financial department.
- (5) Head of accounting department
- (6) Other people who have the right to manage the company's affairs and are the company's authorized signatories.

Note 4 : If the director, general manager and deputy general manager receive employee remuneration (including shares and cash), except fill in Appendix 1-2, shall also fill in this table.

- (4). Analysis of the proportion of the total remuneration of directors, supervisors, general managers and deputy general managers of the Company paid by the Company and all companies in the consolidated financial statement to net profit after tax in individual financial statements of the recent two years. Explanation of remuneration policies, standards and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

1. Analysis of the ratio of total remuneration paid to the Directors, Supervisors, General Manager and Deputy General Managers of the Company by the Company and all the companies in the consolidated statements in the last two years to net profit after tax:

Year Title	Ratio of total remuneration to net profit after tax (%)			
	2019	2019 consolidated	2020	2020 consolidated
Director	5.88%	12.07%	3.04%	4.42%
General Manager and Deputy General Managers	0.64%	0.64%	0.91%	0.91%

The Company's net profit after tax increased in 2020 compared to 2019, but the amount of directors' remuneration decreased compared to 2019, while the ratio of general manager and deputy general manager increased compared to 2019 due to the increase in the number of two associates who were promoted to deputy general manager. The remuneration of the directors and managers of the Company is approved by the remuneration committee and shall be reasonable.

2. The correlation among the remuneration payment policy, standards and combinations, the procedures for setting the remuneration and the business performance :
- (1) Remuneration to directors and supervisors is in accordance with Article 17 of the Company's Articles of Incorporation, authorizes the board meeting refer to the industrial level to pay to.
 - (2) The remunerations paid to general managers and deputy general managers including salary and bonus etc. are based on their responsibility and contribution to the Company. The calculation is also referred to the industrial level.
 - (3) The remunerations paid to the directors, general manager and deputy general manager are well-considered the Company's revenues and correlation of operation performance.
 - (4) The company has established the remuneration committee on December 27, 2011. Regular review and set the salary and remuneration of directors, supervisors and managers.

4. Implementation of Corporate Governance :

(1) Board of Directors :

7 Board meetings (A) were held in most recent year (2020). Directors and Independent Directors attendance was as follows :

Title	Name (Note 1)	Attendance in Person (B)	By Proxy	Attendance rate (%) (B/A) (Note 2)	Remarks
Chairman	Chan, Cheng-Tien	7	0	100.00%	
Director	Chan, Yi-Chin	1	0	14.28%	
Director	Chen, Meng-Wu	7	0	100.00%	
Director	Weng, Mao-Cheng	7	0	100.00%	
Director	Lai, Yu-Min	7	0	100.00%	
Director	Cheng, Yu-Jing	7	0	100.00%	
Independent Director	Lai, Sun-Quae	7	0	100.00%	
Independent Director	Huang, Tien-Chang	7	0	100.00%	
Independent Director	Chen, Chung-Shiou	3	0	100.00%	2020/6/11 By-election was elected, attend 3 meetings in 2020.

Other matters to be recorded :

1. If there are the circumstances referred to the following issue, the Company shall specify the dates of meetings, sessions, contents of motions, all independents' opinion and the Company's response to independent directors' opinion :
 - (1) The matters listed in Article 14-3 of the Securities Exchange Act :

Date of meeting	Session	Contents of motions and resolution result
2020/01/15	2020-1	<p>* Discussion on the capacity transfer of Yucheng section of Nangang to be jointly constructed by the company.</p> <p>Opinions of independent directors : No objection or unqualified opinion The company's handling of the opinions of independent directors : not applicable Resolution : All the directors present raised no objection and pass the resolution.</p>
2020/03/19	2020-2	<p>* Discussion on the distribution of employees' and directors' remuneration of the company in 2019 Director Chan Cheng Tian, director Cheng Yu Jing, director Chen Meng Wu, director Weng Mao Cheng and director Lai Yu Min of the company are the interested parties in this case. When requesting to discuss the remuneration of individual directors, they recuse the discussion and resolution. * *</p> <p>Opinions of independent directors : No objection or unqualified opinion The company's handling of the opinions of independent directors : not applicable Resolution : The chairman recusal from the case, and acting chairman of the board of directors Lai Sun Quae is invited to discuss and resolve the case. Except that the individual directors who shall recuse from the discussion and voting according to law, the rest directors present raised no objection and passed the resolution.</p> <p>* Discussion on the amendment of the company's 'Articles of Incorporation', 'Operational Procedure for Lending Funds to Other Parties', 'Operational Procedure for Endorsement and Guarantees', 'Rules of Procedure for Shareholders' Meeting', 'Rules of Procedure for Board of Directors', 'Audit Committee Charter', and 'Remuneration Committee Charter'</p> <p>Opinions of independent directors : No objection or unqualified opinion The company's handling of the opinions of independent directors : not applicable Resolution : The chairman consulted all the directors present and agreed to pass the resolution as proposed and submitted it to the shareholders' meeting for discussion.</p>
2020/05/14	2020-3	<p>* Discussion on the case that the company plans to dispose of the real estate of section 4, Zhongxiao East Road in order to activate assets and enrich working capital</p> <p>Opinions of independent directors : No objection or unqualified opinion The company's handling of the opinions of independent directors : not applicable Resolution : After all the directors present raised no objection, the resolution shall be passed as proposed, and the chairman shall be authorized to handle relevant matters.</p>
2020/6/3	2020-4	<p>* Discussion on the case of the company's disposal of part of company's land and housing (No.2, Daying, Xinshi District, Tainan City) in order to activate assets and enrich working capital.</p> <p>Opinions of independent directors : No objection or unqualified opinion The company's handling of the opinions of independent directors : not applicable Resolution: : After all the directors present raised no objection, the resolution shall be passed as proposed, and the chairman shall be authorized to handle relevant matters.</p>
2020/8/11	2020-5	<p>* The company intends to acquire and dispose of the listed shares in the centralized securities exchange market. (It is proposed to ask the board of directors to authorize the chairman to acquire or dispose of the following subject matter in the centralized market within the limit of NT \$100 million)</p> <p>Opinions of independent directors : No objection or unqualified opinion The company's handling of the opinions of independent directors : not applicable Resolution : After all the directors present raised no objection, the resolution shall be passed as proposed, and the chairman shall be authorized to handle relevant matters.</p>
2020/11/12	2020-6	<p>* Discussion on the Company's proposed participation in the cash capital increase and subscription of its subsidiary Dayi International Development Co., Ltd.</p> <p>Opinions of independent directors : No objection or unqualified opinion The company's handling of the opinions of independent directors : not applicable Resolution : All the directors present raised no objection to pass the resolution.</p> <p>* Discussion on the company's manager position adjustment. Lai Yu Min, director of the company, an interested party in this case, shall take the initiative to recuse discussion and resolution when submitting for discussion.</p>

		<p>Opinions of independent directors : No objection or unqualified opinion</p> <p>The company's handling of the opinions of independent directors : not applicable</p> <p>Resolution : Except that the directors who preventing conflict of interest did not participate in the discussion and voting in accordance with the law, after consulting all the directors present raised no objection to pass the resolution.</p>
2020/12/24	2020-7	<p>* Discussion on the Company's donation of charitable funds.</p> <p>Opinions of independent directors : No objection or unqualified opinion</p> <p>The company's handling of the opinions of independent directors : not applicable</p> <p>Resolution : Except that Director Chan Cheng Tian, director Cheng Yu Jing, director Lai Yu Min, director Weng Mao Cheng are the interested parties in this case, shall recuse discussion in accordance with the law. The rest of the directors present raised no objection to pass the resolution.</p> <p>* Discussion on the proposal on the remuneration of directors and managers deliberated at the 5th meeting of the 4th Remuneration Committee of the company.</p> <p>Director Chan Cheng Tian, director Cheng Yu Jing, director Weng Mao Cheng (also the manager of the company), director Lai Yu Min (also the manager of the company) are the interested parties in this case, shall recuse discussion in accordance with the law.</p> <p>* Discussion on the company's plan to purchase the real estate of Tongxin section and Haotian section (Farglory U-TOWN), Xizhi District of New Taipei City.</p> <p>Opinions of independent directors : No objection or unqualified opinion</p> <p>The company's handling of the opinions of independent directors : not applicable</p> <p>Resolution : The chairman consulted all the directors present raised no objection to pass the resolution.</p>

(2) In addition, any resolution matters of Board of Directors with records or statement in writing that independent director has a dissenting opinion or qualified opinion : None.

2. Recusal of directors from motions that may have concerns of conflict of interests, shall specify the name of director, contents of motions, the reason for recuse, and the resolution of voting shall be stated :

(1). Content of motion : 2020.03.19 Discuss the distribution of employees' and directors' remuneration of the company in 2019

Directors Recusal : Chan Cheng Tian, Cheng Yu Jing, Chen Meng Wu, Weng Mao Cheng and Lai Yu Min.

Reason for recusal and the resolution of voting : Director Chan Cheng Tian, director Cheng Yu Jing, director Chen Meng Wu, director Weng Mao Cheng and director Lai Yu Min of the company are the interested parties in this case. When requesting to discuss the remuneration of individual directors, they recuse the discussion and resolution.

Except that the chairman shall recuse from this case, acting chairman of the board of directors Lai Sun Quae is invited to discuss and resolve the relevant part of the chairman's motion.

Except that individual directors shall recuse the discussion and voting in accordance with the law, after the acting chairman and other directors present made a resolution on the chairman's relevant motion, the chairman was invited to return to conducting the meeting, and the subsequent relevant directors recusal from the meeting, and the resolution was discussed and passed without objection.

(2). Content of motion : 2020.11.12 Discussion of the company's manager position adjustment.

Director Recusal : Lai Yu Min.

Reason for recusal, and the resolution of voting : Director of the company Lai Yu Min, is an interested party in this case, shall recuse from discussion and resolution when submitting for discussion.

Except that director Lai Yu Min is an interested party in the case and recuse according to law, the rest directors present have no objection to pass the case.

(3). Content of motion : 2020.12.24 Discussion of the Company's donation of charitable funds.

Directors Recusal : Chan Cheng Tian, Cheng Yu Jing, Lai Yu Min, Weng Mao Cheng

Reason for recuse, and the resolution of voting : Director Lai Yu Min is an interested party in the case and recuse himself according to law.

Except that director Chan Cheng Tian, director Cheng Yu Jing, director Lai Yu Min, director Weng Mao Cheng are interested party in the case and recuse themselves according to law, the rest directors present raised no objection to pass the case.

(4). Content of motion : 2020.12.24 Discussion of the proposal on the remuneration of directors and managers deliberated at the 5th meeting of the 4th Remuneration Committee of the company.

Directors Recusal : Chan Cheng Tian, Cheng Yu Jing, Weng Mao Cheng, Lai Yu Min.

Reason for recusal, and the resolution of voting : Director Chan Cheng Tian, director Cheng Yu Jing, director Weng Mao Cheng (also the manager of the company), director Lai Yu Min (also the manager of the company) are interested parties in the case and recuse themselves according to law.
Except that the director who is an interested party in the case and recuse himself according to law, the rest directors present raised no objection to pass the case.

3. The objectives of strengthening the functions of the board of directors in the current year and the most recent year (such as the establishment of an audit committee, the enhancement of information transparency, etc.) and the evaluation implementation status :

(1). According to the results of the performance evaluation of the board of directors' in 2020, the average score of the self-evaluation of the board of directors' was 4.9, which was close to excellent. The average score of 'the self-evaluation of board members' was 4.8, which was close to excellent. The average score of 'performance evaluation of functional committees 'was 4.9, which was close to excellent. (Out of 5 points)

(2). Evaluation implementation status of the Board of Directors

No.	Method (Note 1)	Period (Note 2)	Scope (Multiple-choice)	Evaluation content (Note 3)	Result (Note 4)	Remarks (Note 5)
1	Internal evaluation of the Board	2020.1.1~ 2020.12.31	The board of directors	The criteria for the board of directors performance evaluation : The degree of participation in the Company's operations. Improvement in the quality of decision making by the board of directors. The composition and structure of the board of directors. The election of the directors and their continuing education. Internal controls.	The average score was 4.9, which was close to excellent.	None
2	Self-evaluation of Director	2020.1.1~ 2020.12.31	Individual board members	The criteria for evaluating the performance of the board members : Understanding of the Company's goals and missions. Knowledge about director's duties. The degree of participation in the Company's operations. Internal relation building and communication. Directors' professionalism and continuing education. Internal controls.	The average score was 4.8, which was close to excellent.	None
3	Evaluation of peers	2020.1.1~ 2020.12.31	Functional committees	The criteria for functional committees' performance evaluation cover the following five aspects : (The degree of participation in the Company's operations. Recognition of duties of the functional committees. Improvement of the decision-making quality of the functional committees. Composition and appointment of members of the functional committees. Internal controls.	The average score was 4.9, which was close to excellent.	None

4. To strengthen competency of the Board of Directors in current and recent years (e.g. to set up an Audit Committee, to enhance transparency of information, etc.) and assessment of implementation :

(1) The operation of the board of directors of the company is in accordance with the provisions of laws and regulations, the articles of incorporation and the resolutions of the shareholders' meeting. All directors have the necessary professional knowledge, skills and accomplishment to perform their duties, and the principle of good faith and the obligation to do their best to create the maximum benefits for all shareholders.

- (2) The company has elected independent directors. The board of directors is also committed to establishing a good corporate governance system, improving the supervision function and strengthening the management function. In accordance with the provisions of the competent authority, it formulates the rules of procedure of the board of directors, including the main discussion contents, operating procedures, matters to be specified in the minutes, announcements and other matters to be followed, all of which shall be handled in accordance with the provisions.
- (3) The company shall conduct annual performance evaluation of the board of directors, and strengthen the function of the board of directors. The internal audit unit shall conduct audit and prepare an audit report according to the annual audit plan. The monthly audit report shall be submitted to independent directors and supervisors for review by the end of the next month, and reports to the board of directors on a quarterly basis.
- (4) On December 17, 2011, the board of directors of the company passed the resolution to set up the Remuneration Committee (the first session). On June 1, 2018, the board of directors elected the fourth session of the Remuneration Committee. The new three remuneration committee members is all independent directors. Two meetings have been held in 2020 to review the remuneration policies of directors and managers and implementation of corporate governance
- (5) On June 1, 2018, the company established an audit committee to replace the supervisor. In 2020, the company held seven meetings and submitted the resolutions to the board of directors for resolution to implement the corporate governance.

(2) The operation of the audit committee or the participation of supervisors in the operation of the board of directors :

1. The operation of the audit committee :

The company set up an audit committee to replace the supervisor on June 1, 2018. The three audit committee members is all independent directors. Their term of office is from June 1, 2018 to May 31, 2021. From January 1, 2020 to December 31, 2020, the audit committee held seven meetings (A). The attendance of the audit committee is as follows :

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A) (Note)	Remarks
Convener	Lai Sun Quae	7	0	100	
Committee member	Huang Tien Chang	7	0	100	
Committee member	Chen Shiou Chung	3	0	100	2020/6/11 By-election was elected, attend 3 meetings in 2020.

Other matters to be recorded :

A. Operation of the Audit Committee shall, if any of the following, specify date of meeting, period, contents of motions, resolution of Audit Committee and handling against opinions of Audit Committee. :

(1) The matters listed in Article 14-5 of the Securities Exchange Act.

1. The 15th meeting of the first session of the Audit Committee on January 15, 2020.

(1) Content of motion : Discussion of the capacity transfer of Yucheng section of Nangang to be jointly constructed by the company.

Resolution of Audit Committee : The matter is approved by Committee members Lai Sun Quae and Huang Tien Chang raised no objection, the proposal shall be submitted to the board of directors for resolution.

2. The 16th meeting of the first session of the Audit Committee on March 19, 2020.

(1) Content of motion : Discussion on the company's financial statements and business report for 2019.

Resolution of Audit Committee : The matter is approved by Committee members Lai Sun Quae and Huang Tien Chang raised no objection, the proposal shall be submitted to the board of directors for resolution.

(2) Content of motion : Discussion on the company's earnings distribution in the second half of 2019.

Resolution of Audit Committee : The matter is approved by Committee members Lai Sun Quae and Huang Tien Chang raised no objection, the proposal shall be submitted to the board of directors for resolution.

(3) Content of motion : Discussion on the amendment of the company's 'Operational Procedure for Lending Funds to Other Parties', 'Operational Procedure for Endorsement and Guarantees'

Resolution of Audit Committee : The matter is approved by Committee members Lai Sun Quae and Huang Tien Chang raised no objection, the proposal shall be submitted to the board of directors for resolution.

3. The 17th meeting of the first session of the Audit Committee on May 14, 2020.

(1) Content of motion : Discussion on the case that the company plans to dispose of the real estate of section 4, Zhongxiao East Road in order to activate assets and enrich working capital.

Resolution of Audit Committee : The matter is approved by Committee members Lai Sun Quae and Huang Tien Chang raised no objection, the proposal shall be submitted to the board of directors for resolution.

4. The 18th meeting of the first session of the Audit Committee on June 3, 2020.

(1) Content of motion : Discussion on the case of the company's disposal of part of company's land and housing (No.2, Daying, Xinshi District, Tainan City) in order to activate assets and enrich working capital.

Resolution of Audit Committee : The matter is approved by Committee members Lai Sun Quae and Huang Tien Chang raised no objection, the proposal shall be submitted to the board of directors for resolution.

5. The 19th meeting of the first session of the Audit Committee on August 11, 2020.

(1) Content of motion : Discussion on the 2019 second quarter financial statements of the company and the quarterly financial statements and business report reviewed by CPA.

Resolution of Audit Committee : The matter is approved by Committee members Lai Sun Quae, Huang Tien Chang and Chen Shiou Chung raised no objection, the proposal shall be submitted to the board of directors for resolution.

(2) Content of motion : Discussion on the company's earnings distribution for the first half of 2019.

Resolution of Audit Committee : The matter is approved by Committee members Lai Sun Quae, Huang Tien Chang and Chen Shiou Chung raised no objection, the proposal shall be submitted to the board of directors for resolution.

(3) Content of motion : The company intends to acquire and dispose of the listed shares in the centralized securities exchange market. (it is proposed to ask the board of directors to authorize the chairman to acquire or dispose of the following subject matter in the centralized market within the limit of NT \$100 million)

Resolution of Audit Committee : The matter is approved by Committee members Lai Sun Quae, Huang Tien Chang and Chen Shiou Chung raised no objection, the proposal shall be submitted to the board of directors for resolution.

7. The 20th meeting of the first session of the Audit Committee on November 12, 2020.

(1) Content of motion : Discussion on the Company's proposed participation in the cash capital increase and subscription of its subsidiary Dayi International Development Co., Ltd.

Resolution of Audit Committee : The matter is approved by Committee members Lai Sun Quae, Huang Tien Chang and Chen Shiou Chung raised no objection, the proposal shall be submitted to the board of directors for resolution.

(2) Content of motion : Discussion on the company's manager position adjustment.

Resolution of Audit Committee : The matter is approved by Committee members Lai Sun Quae, Huang Tien Chang and Chen Shiou Chung raised no objection, the proposal shall be submitted to the board of directors for resolution.

8.The 21st meeting of the first session of the Audit Committee on December 24, 2020.

(1) Content of motion : Discussion on the Company's donation of charitable funds.

Resolution of Audit Committee : The matter is approved by Committee members Lai Sun Quae, Huang Tien Chang and Chen Shiou Chung raised no objection, the proposal shall be submitted to the board of directors for resolution.

(2) Content of motion : Discussion on the company's plan to purchase the real estate of Tongxin section and Haotian section (FargloryU-TOWN), Xizhi District of New Taipei City.

Resolution of Audit Committee : The matter is approved by Committee members Lai Sun Quae, Huang Tien Chang and Chen Shiou Chung raised no objection, the proposal shall be submitted to the board of directors for resolution.

B. If there is Independent Directors' avoidance of motions in conflict of interest, the Independent Directors' names, contents of motions, causes for avoidance and voting should be specified : None

C. Communications between the independent directors, the Company's Chief Internal Auditor and CPAs (including the items, methods and results of audits of corporate finance or operations, etc.) : The Company's independent directors are the Audit Committee members, so the Company's Chief Internal Auditor and CPAs mainly use the time after the board of directors meeting or audit committee meeting to communicate with the Audit Committee members (independent directors).

1. Communications between the Audit Committee members (independent directors) , the Company's Chief Internal Auditor and CPAs

1. The audit unit shall send a monthly internal audit report to the independent director for review.
2. Report the implementation of the quarterly internal audit plan to the board of directors. In the meeting, the directors (including independent directors) shall give full explanation immediately if they have any problems.
3. Each quarter / year, the CPA shall issue the written document of the financial statements review / audit report, and communicate with the Audit Committee (independent director) on the overall audit status, internal control audit status and recent amendments of relevant laws and regulations of the parent company and its subsidiaries.
4. The CPA will issue an annual statement of independence and competence, and communicate with the Audit Committee (independent director) in accordance with relevant regulations.
5. At the end of each Board of Directors meeting or Audit Committee meeting, the Chief Auditor communicates with Audit Committee members (Independent Director) the findings of the internal audit and the follow-up after the period, and listens to the opinions and instructions of the Audit Committee members (Independent Director).

Date	Object	Issues to Communicate	Result
2020/1/15 (2020 1 st time)	Audit Committee members (Independent Director) : Lai Sun Quae, Huang Tien Chang	The implementation of the internal audit plan in 2019 fourth quarter. (Audit)	The Audit Committee (independent director) has no dissenting opinion
2020/3/19 (2020 2 nd time)	Audit Committee members (Independent Director) : Lai Sun	1. 2019 annual risk report. (Audit) 2. Ability to prepare financial statements by oneself. (Audit) 3. The performance evaluation results of the board of directors in 2019. (Audit) 4. The company's 2020 insider trading and prevention	The Audit Committee (independent director) has

		Quae, Huang Tien Chang	<p>propaganda. (Audit)</p> <p>5. Directors, supervisors and managers' liability insurance renewal in 2020. (Audit)</p> <p>6. Statement of internal control in 2019. (Audit)</p> <p>7. The company's financial statements and business report for 2019. (Accounting)</p> <p>8. Amendment of the company's articles of incorporate. (Accounting)</p> <p>9. Amendment of the company's 'Operational Procedure for Lending Funds to Other Parties' (Accounting)</p> <p>10. Amendment of the company's 'Operational Procedure for Endorsement and Guarantees' (Accounting)</p> <p>11. Amendment of the company's 'Rules of Procedure for Shareholders' (Accounting)</p> <p>12. Amendment of the company's 'Rules of Procedure for Board of Directors' (Audit)</p> <p>13. Amendment of the company's 'Audit Committee Charter' (Audit)</p> <p>14. Amendment of the company's 'Remuneration Committee Charter' (Audit)</p> <p>15. The company's 2019 operational objectives. (Accounting)</p> <p>16. Evaluation of the independence and competence of the CPAs of the company. (Accounting)</p>	no dissenting opinion
	2020/5/14 (2020 3 rd time)	Audit Committee members (Independent Director) : Lai Sun Quae, Huang Tien Chang	<p>1. The implementation of the internal audit plan in 2020 first quarter (Audit)</p> <p>2. Corporate governance evaluation results of 2019. (Audit)</p> <p>3. Corporate social responsibility report of 2020. (Audit)</p> <p>4. The company's consolidated financial statements for 2020 first quarter and the draft of the consolidated financial quarterly report reviewed by accountants. (Accounting)</p>	The Audit Committee (independent director) has no dissenting opinion
	2020/8/11 (2020 5 th time)	Audit Committee members (Independent Director) : Lai Sun Quae, Huang Tien Chang	<p>1. The implementation of the internal audit plan in 2020 second quarter. (Audit)</p> <p>2. The company's ability to prepare financial statements by itself. (Accounting / Audit)</p> <p>3. The company's consolidated financial statements for 2020 second quarter and the draft of the consolidated financial quarterly report reviewed by accountants. (Accounting)</p> <p>4. The proposal on surplus distribution in the first half of 2020. (Accounting)</p>	The Audit Committee (independent director) has no dissenting opinion
	2020/11/12 (2020 6 th time)	Audit Committee members (Independent Director) : Lai Sun Quae, Huang Tien Chang and Chen Shiou Chung	<p>1. The implementation of the internal audit plan in 2020 third quarter. (Audit)</p> <p>2. The company's consolidated financial statements for 2020 third quarter and the draft of the consolidated financial quarterly report reviewed by accountants. (Accounting)</p> <p>3. The implementation of the internal audit plan in 2021. (Audit)</p> <p>4. Amendment of 'Self-Evaluation or Peer Evaluation of the Board of Directors'</p>	The Audit Committee (independent director) has no dissenting opinion

	2021/1/7	Audit Committee members (Independent Director) : Lai Sun Quae, Huang Tien Chang and Chen Shiou Chung CPA : Zhang Shu Ying	Communication between the CPAs and the company's corporate governance unit: 1. Independence 2. The auditor's responsibility for auditing financial statements 3. Profit and loss of by department in 2020 first three quarters. 4. Annual audit scope and plan 5. Concerns of competent authorities 6. Other considerations 7. Update of important accounting standards or explanatory letter, Securities Regulatory Act and Tax Act	The Audit Committee (independent director) has no dissenting opinion
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Note :

* If an independent director resigns before the end of the year, the date of his resignation shall be indicated in the remarks column. The actual attendance rate (%) shall be calculated based on the number of meetings of the audit committee and his actual attendance during his / her tenure.

* Before the end of the year, if there is re-election of an independent director, the new and former independent directors shall be filled in, and the date of former, new or re-election of the independent director shall be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of meetings and actual attendance of the Audit Committee during his / her tenure.

2. The state of participation in board meetings by the supervisors : Not applicable

Note 1 : If the supervisor is a legal person, the name of the legal person shareholder and the name of its representative shall be disclosed.

Note 2 :

(1) If a supervisor resigns before the end of the year, the date of resignation shall be indicated in the remarks column, and the actual attendance rate (%) shall be calculated based on the actual attendance times during the period of service.

(2) If a supervisor is re-elected before the end of the year, both the new and former supervisors shall be filled in and the date of re-election shall be indicated in the remarks column. The actual attendance rate (%) is calculated based on the actual attendance times during the period of service.

(3) Corporate Governance Implementation Status and any difference from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies “and the reasons :

Evaluation Item	Status of Implementation (Note 1)			Any difference from the ‘Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies ‘and the reasons
	Yes	No	Summary	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on the ‘Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies’?”	v		<p>The company passed the ‘Corporate Governance Best-Practice Principles ‘on December 16, 2014 and disclosed it on the company's website.</p> <p>The company amended the company's the ‘Corporate Governance Best-Practice Principles ‘with reference to the updated the ‘Corporate Governance Best-Practice Principles ‘of TWSE, which was submitted to the board of directors for approval on March 25, 2021 and publicly disclosed on the company's website.</p>	It complies with Articles 1~2 of the ‘Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies’. In order to meet the actual situation of the company, the content is slightly amended.
2.. Shareholding structure & shareholders’ rights (1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		<p>1. The general manager's office has full-time staff, spokesmen and acting spokesmen to deal with shareholders' suggestions, doubts and disputes. The company's website, corporate responsibility report and annual report all announce the telephone number, address and email of the contact person.</p> <p>The company's internal operating procedures for handling shareholders' suggestions, doubts, disputes and litigation matters are set out in Articles 4~13 of Chapter II ‘protection of shareholders' rights and interests ‘of the ‘Corporate Governance Best-Practice Principles’, and the spokesperson or acting spokesperson shall response orally or in writing</p>	It complies with Articles 13 of the ‘Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies’.
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		<p>2. The company entrusts a special stock affairs agency to handle the company's stock affairs. The company can know the increase, decrease, mortgage or change of the shares held by the shareholders holding more than 5% of the shares, directors, supervisors and managers at any time. The list of directors, supervisors, managers and shareholders holding more than 10% of the shares shall be entered into the information application website designated by the competent authority every month according to the regulations, or can be inquired in the annual report of the company or the company's website.</p>	It complies with Articles 19 of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies’.
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	V		<p>3. The company and related enterprises are independent individual legal persons, whose assets, finance and accounting are independent, and their profits and losses and risks are borne by themselves.</p> <p>The company's financial transactions with related enterprises are interest- bearing at the market interest rate, and the amount and necessity of capital loans are reassessed annually according to the capital demand. There is also an evaluation mechanism for endorsements and guarantees of a single enterprise.</p>	It complies with Articles 4~19 of the ‘Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies’.

Evaluation Item	Status of Implementation (Note 1)			Any difference from the 'Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies' and the reasons
	Yes	No	Summary	
(4) Does the company establish internal rules against insiders trading with undisclosed information?	V		<p>The management of its affiliates transactions, endorsements and guarantees, and capital loans between the company and its affiliates shall be controlled in accordance with the provisions of the Securities Exchange Act. And formulate the operation of "supervision and management of subsidiaries", and implement the risk control mechanism of subsidiaries. For details, please refer to articles 14~19 of section 3 "governance relationship between the Company and its affiliates" in Chapter II of the company's 'Corporate Governance Best-Practice Principles'.</p> <p>The directors, supervisors and management teams of its affiliates are all appointed by the company to control or participate in the operation of its affiliates, review the operating performance of its affiliates on a quarterly basis, and prepare the consolidated financial statements accordingly.</p> <p>4. The company has established 'Procedures for Handling Material Inside Information (prevention of insider trading management)' to regulate and urge insiders not to trade securities by using undisclosed information on the market. On March 19, 2020 in the board of directors to report the company's 2020 insider trading and prevention propaganda.</p>	It complies with paragraph 2 of Articles 10 of the 'Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies'.
3. Composition and Responsibilities of the Board of Directors (1) Does the Board develop and implement a diversified policy for the composition of its members?	V		1. Article 20 of the company's 'Corporate Governance Best-Practice Principles' stipulates that the composition of the board of directors should be diversified. The company elected three independent directors and three female directors at the shareholders' meeting in 2018. The current directors have multiple professional backgrounds and extensive business experience in management, leadership and decision-making, industrial knowledge, international perspective, financial analysis, etc., as well as their educational background, experience, gender and professional qualifications. Please refer to page 12 of this annual report.	It complies with Articles 20 of the 'Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies'.
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	V		2. The company established a Remuneration Committee on December 27, 2011, and elected three independent directors to form an audit committee at the shareholders' meeting on June 1, 2018 (independent director Sheu Her Jiun resigned as independent director and audit committee member of the company on December 30, 2019, and by-election Chen Shiou Chung as independent director and audit committee member of the company on June 11, 2020). There is no consideration for the establishment of other functional committees in the company. In the future, it will be set according to the government regulations and the trend of corporate governance to assess the needs of the company. Relevant provisions are recorded in the company's compliance with articles 27~30, Section 3 of	It complies with paragraph 2 of Articles 28 and 28~1 of the 'Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies'.

Evaluation Item	Status of Implementation (Note 1)			Any difference from the 'Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies' and the reasons
	Yes	No	Summary	
<p>(3) Does the company establish a standard to measure the performance of the Board, implement it annually, report the results of the performance appraisal to the board of directors and apply the results for reference regarding individual directors' remuneration and re-appointments?</p> <p>(4) Does the company regularly evaluate the V independence of CPAs</p>	V		<p>Chapter III, functional committees of the 'Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies'.</p> <p>3. The company has formulated a performance evaluation method for the board of directors. The members of the board of directors regularly conduct the 'self-evaluation of the board of directors', 'the self-evaluation of board members' and 'performance evaluation of functional committees' every year, and submit a self-evaluation result report at the next board of directors (March 25, 2021 of the first board meeting in 2021). According to the results of the performance evaluation of the board of directors in 2020, the average score of 'the self-evaluation of the board meeting unit' was 4.9, which was close to excellent. The average score of 'the self-evaluation of board members' is 4.8, which is close to excellent performance. The average score of 'performance evaluation of functional committees' is 4.9, which is close to excellent. (Out of 5 points) The board of directors of the company has included the evaluation results for reference when deciding on the payment of directors' remuneration and nominating directors for further appointment.</p> <p>4. The company's accountants issue a statement of "compliance with the relevant independence requirements of the Norm of Professional Ethics for CPA" every year and send it to the board of directors to discuss and evaluate the independence and competence of the CPA. The independence evaluation of the CPA in 2019 was discussed and passed on (March 25, 2021 of the 1st board meeting in 2021).</p>	<p>It complies with paragraph 3~4 of Articles 37 of the 'Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies'.</p> <p>It complies with Articles 29 of the 'Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies'.</p>
4. Has the TWSE/TPEX listed company been equipped with competent and appropriate numbers of corporate governance personnel, and designated a CGO responsible for corporate governance-related affairs (including but not limited to providing directors and supervisors with the information required for business execution, assisting directors and supervisors with legal compliance, handling matters related to board meetings and shareholders meetings in accordance with the law, and producing meeting minutes for board of directors meetings and shareholders meetings)?	V		<p>The general manager's office has dedicated staff to collect, organize and handle corporate governance matters, and is responsible for matters related to the shareholders' meeting, the Board of Directors, the Audit Committee and the remuneration Committee, including but not limited to providing information necessary for directors, audit committee members and remuneration committee members to perform their business, handling meetings notices of the Board of Directors, the audit committee, the remuneration Committee and the shareholders' meeting, compiling meeting information and preparing and sending out minutes of meetings.</p> <p>Company registration and change of registration are handled by the finance department in consultation with the competent authorities.</p> <p>The disclosure and declaration of information on internal audit, finance, material information, and corporate governance, as well as the public disclosure of information on the company's website are handled by the</p>	It complies with Articles 3~1 of the 'Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies'.

Evaluation Item	Status of Implementation (Note 1)			Any difference from the 'Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies' and the reasons
	Yes	No	Summary	
			<p>undertaking unit on its own, while stock affairs such as changes in shareholders' shareholdings and transfers are handled by the stock affairs department of Grand Fortune Securities.</p> <p>The board of directors of the company (March 25, 2021 of the 1st board meeting in 2021) approved Lai Yu Min, deputy general manager of finance, as the chief governance officer of the company.</p>	
5. Does the company establish a communication channel and build a designated section on its website for involved parties (including but not limited to shareholders, employees, customers and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		<p>The general manager's office of the company has dedicated staff (spokesperson) to handle responses from stakeholders such as investors, shareholders, banks, employees, customers and suppliers, so as to maintain a smooth communication channel. In addition, the company's website has a special area for interested parties, and the name, telephone number and email address of the contact person (spokesman) are posted on the website. All questions responded are answered by the contact person (spokesman) in person.</p> <p>The company will also respond to the concerns of stakeholders through the following channels :</p> <ol style="list-style-type: none"> 1. Shareholders : Annual shareholders' meetings are held and shareholders can exercise their voting rights through electronic means. The company issues annual report and corporate responsibility report every year, publishes monthly revenue and self closing financial report each quarter to facilitate shareholders to understand the company's operation. 2. Employees : Employee benefit, occupational safety and health, gender equality and prevention of sexual harassment, labor employment relations and other issues can be communicated with employees through meetings and bulletin boards at each factory. 3. Suppliers : The company adheres to the principle of ethic operation and sustainable development, abides by the principle of fair trade, and requires manufacturers to pay attention to the protection of environmental protection, industrial safety and labor rights and interests. and strengthen communication between the two sides through annual supplier evaluation and regular visits to suppliers. 4. Customers : Through visiting customers, participating in exhibitions and customer satisfaction surveys, and analyzing the causes of customer complaints, respond to customer concerns about quality and after-sales service. We also set up a dedicated customer contact channel on company website, provide customer phone numbers and email addresses, and collect valuable feedback from customers. 	It complies with Articles 47 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies'.
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The company appointed the stock affairs department of Grand Fortune Securities to handle.	It complies with paragraph 1 of Articles 7 of the

Evaluation Item	Status of Implementation (Note 1)			Any difference from the 'Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies' and the reasons
	Yes	No	Summary	
				'Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies'.
<p>7. Information Disclosure</p> <p>(1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?</p> <p>(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?</p> <p>(3) Does the Company announce and report the annual financial report as early as possible within two months after the end of the fiscal year, and announce and report the first, second and third quarter financial reports and the operating status of each month as early as possible before the required deadlines?</p>	<p>V</p> <p>V</p>		<p>1. The company has set up a corporate website www.yijinn.com.tw to disclose the financial, business and corporate governance information of the company, and report the financial, business and corporate governance information on the website designated by the competent authority (the Market Observation Post System).</p> <p>2. The general manager's office, finance department and other units of the company have designated personnel to collect and disclose the company's information, and the spokesperson will uniformly release the company's information to the public. And participate in the Institutional Investor Conference (2020/12/21) held by Grand Fortune Securities. The briefing materials and the video link of institutional investor conference will be posted on the website for investors to watch after the conference.</p> <p>3. The Company shall make an announcement in accordance with the law and report to the competent authorities, but has not announced and reported the first, second and third quarter financial reports in advance.</p>	<p>It complies with paragraph 1 of Articles 57 of the 'Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies'.</p> <p>It complies with Articles 55~58 of the 'Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies'.</p>
<p>8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?</p>	V		<p>Through the Market Observation Post System (http://mops.twse.com.tw/) Corporate Governance section, stock code 1457, to understand the Company's corporate governance-related business operations, or through the company's spokesman to consult the Company's corporate governance disclosure information, other important information to help understand the operation of the Company's corporate governance is as follows :</p> <p>1. Employee rights and interests : The company has always attached importance to the harmony of labor relations. In order to encourage employees to express their opinions, the company has set up an employee suggestion box and a special complaint hotline in the factory, and an online suggestion box on the company's website. The employee suggestion box and the special complaint hotline have designated personnel to be responsible for investigation and reply, so as to smooth the communication channel of employees' opinions. In addition, the company holds quarterly labor-management meetings, attended by relevant supervisors, to communicate with employee representatives, so as to promote harmonious labor relations and corporate sustainable development.</p> <p>2. Investor Relations : The company's spokesperson (or acting spokesperson) shall uniformly accept the inquiries from shareholders, potential investors</p>	<p>It complies with Articles 28~2, 51~54 of the 'Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies'.</p>

Evaluation Item	Status of Implementation (Note 1)			Any difference from the ‘Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies’ and the reasons								
	Yes	No	Summary									
			<p>and stakeholders, and suggestions from all sectors of society, and provide explanations for them. There is an "investor section" on the company's website to provide investor-related information to establish a good relationship with investors.</p> <p>3. Supplier relationship : The company selects suppliers based on the quality, quantity, schedule and competitive price of the products delivered. In response to the expectation of corporate social responsibility, the company also requires suppliers to pay attention to occupational safety, working environment, supply chain management and hardware and equipment safety, etc. through annual supplier evaluation, code of corporate integrity and contractor safety education training to communicate.</p> <p>4. Rights of Stakeholders : The Company's measures to respond to the rights of stakeholders include :</p> <p>Neighboring communities : Sponsor community activities, subsidize activities funds and gifts, and provide social relief supplies.</p> <p>Non-governmental organizations and civil groups : Irregularly participate in civil groups activities and interactions, to appropriately demonstrate the company's good management, image, and to participate and share sustainability issues.</p> <p>Industry : Participate in Industry Association, exchange industry information, etc.</p> <p>Government : Comply with the relevant laws and regulations of the governmental authorities, respond to government policies and topics, and fulfill the responsibilities of good corporate citizens.</p> <p>5. The status of the company purchasing liability insurance for directors and supervisors : The company has renewed the liability insurance policy for directors, supervisors and managers with Cathay Century Insurance Co., Ltd. ,with the insured amount of US \$3 million, effective from April 1, 2020 to April 1, 2021. After the expiration of the policy, the company also applies for the liability insurance for directors, supervisors and important employees with Tokio Marine Newa Insurance Co., Ltd., effective from April 1, 2021 to April 1, 2022.</p> <p>6. Directors' continuing education : (in accordance with articles 40 and 50 of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies) all participated in the courses organized by the Securities and Futures Institute.</p> <table><tr><th>Title</th><th>Name</th><th>Period</th><th>Course Hours</th></tr><tr><td>Director</td><td>Chan Cheng</td><td>2020/10/08</td><td>3</td></tr></table>	Title	Name	Period	Course Hours	Director	Chan Cheng	2020/10/08	3	<p>It complies with Articles 40 and 50 of the ‘Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies’.</p> <p>It complies with Articles 39, 49 of the ‘Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies’.</p>
Title	Name	Period	Course Hours									
Director	Chan Cheng	2020/10/08	3									

Evaluation Item	Status of Implementation (Note 1)						Any difference from the ‘Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies’ and the reasons		
	Yes	No	Summary						
					Tien	2020/08/19	3		
				Director	Chan Yi Chin	2020/10/08	3		
						2020/09/24	3		
				Director	Cheng Yu Jing	2020/10/08	3		
						2020/09/24	3		
				Director	Lai Yu Min	2020/10/06	3		
						2020/09/23	3		
				Director	Weng Mao Cheng	2020/09/17	3		
						2020/09/17	3		
				Director	Chen Meng Wu	2020/10/16	3		
						2020/09/18	3		
				Independent Director	Chen Shiou Chung	2020/12/09	3		
						2020/07/22	3		
				Independent Director	Lai Sun Quae	2020/08/18	3		
						2020/08/04	3		
				Independent Director	Huang Tien Chang	2020/09/18	3		
						2020/09/18	3		
			7. The company submits the risk report (including the identification of significant non-financial ESG topics) annually on the board of directors (March 19, 2020).						
9. Please describe improvements in accordance with corporate governance assessment results issued by the Corporate Governance Center, TWSE in the most recent year, and provide priority emphasizes and action plans for items that have not yet improved. (Those who are not included in the list are not required to fill in)	V		1. The Company's 6 th Corporate Governance evaluation (2019) score was 71.85, with a ranking scale of 36% to 50%. 2. Improvement for the items that failed to score this time : (1) Strengthen corporate governance disclosure to gain points : 2.2, 2.13, 2.17, 2.20, 2.21, 2.23, 3.12, 3.14, 3.17, 4.1, 4.2, 4.3, 4.6, 4.9, 4.10, 4.17 (2) Further improvement at the next the board of directors ' re-election : None : (3) No urgency of improvement : 1.6, 1.9, 1.10, 1.11, 2.4, 2.7, 2.9, 2.14, 2.30, 3.2, 3.4, 3.5, 3.6, 3.8, 3.18, 3.20, 4.5, 4.7, 4.13						It complies with Articles 59 of the ‘Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies’.

Note : The implementation status shall be described in the summary description field, regardless of whether "Yes" or "No" is checked.

(4) Composition, Responsibilities and Operations of the Remuneration Committee :

1. Professional Qualifications and Independence Analysis of Remuneration Committee Members

Title (Note 1)	Criteria	Meets One of the Following Professional Qualification Requirements, Together with at Least Five Years' Work Experience			Independence Criteria (Note 2)								Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member	Note
		An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A judge, public prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8		
Independent Director	Sheu Her Chung	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓		2018/6/22 elected
Independent Director	Lai Sun Quae			✓	✓	✓	✓	✓	✓	✓	✓	✓		2018/6/22 elected
Independent Director	Huang Tien Chang			✓	✓	✓	✓	✓	✓	✓	✓	✓		2018/6/22 elected

Note 1 : Please select the identification field as from one of the following titles : director of the board, independent director, or other.

Note 2 : “✓”denotes meeting the conditions during the tenure and a two-year duration prior to the tenure specified below :

- (1) Not an employee of the Company or its affiliated companies.
- (2) Not a director or supervisor of the Company or any of its affiliates. (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the Company holds, directly or indirectly.)
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
- (4) Not a spouse, relative of second degree or closer, or direct blood relative of third degree or closer to the managers listed in (1) and persons listed in (2) or (3).
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds more than 5% of the total issued shares of the Company, a top-five shareholder, or authorized representative to be a director or supervisor of the Company in accordance with Article 27, Paragraph 1 or 2 of the Company Act (however, this does not apply when serving concurrently and mutually as independent director established by the Company and its parent company, subsidiary, or subsidiary of the same parent company in accordance with provisions hereof or local laws and regulations).
- (6) Not a director, supervisor, or employee of another company where more than half of the director positions or voting shares of that other company and the Company are controlled by the same person (however, this does not apply when serving concurrently and mutually as independent director established by the Company or its parent company, subsidiary, or subsidiary of the same parent company in accordance with provisions hereof or local laws and regulations).
- (7) Not a director (managing director), supervisor (managing supervisor) or employee of another company or institution where any of its chairmen, presidents, or other equivalent positions are served by the same person or is the spouse of the Company's chairmen, presidents, or other equivalent positions (however, this does not apply when serving concurrently and mutually as independent director established by the Company and its parent company, subsidiary, or subsidiary of the same parent company in accordance with provisions hereof or local laws and regulations).
- (8) Not a director (or governor), supervisor, manager, or shareholders who holds 5% or more in a specified company or institution that has a financial or business relationship with the company. (does not apply to the company or institution it holds 20% or more and no more than 50% of the total number of issued shares of the public company; where an independent director of a public company has served as an independent director of the company or any of its affiliates).
- (9) A professional individual who, or an owner, partner, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
- (10) Not been a person of any conditions defined in Article 30 of the Company Act.

2. Remuneration Committee Operation Status

(1) The Remuneration Committee is composed of three people.

(2) Current member's tenure : June 01, 2018 ~ May 31, 2021. In 2020, the Remuneration Committee held two meetings (A), and the members qualifications and attendance were as follows :

Title	Name	Actual no. of meeting attended (B)	By Proxy	Actual Attendance rate (%)(B / A)(Note)	remarks
Convener	Lai Sun Quae	2	0	100	
Committee Member	Sheu Her Jiun	0	0	0	
Committee Member	Huang Tien Chang	2	0	100	

Other matters to be recorded :

1. If the board of directors did not adopt or amend the suggestion of the remuneration committee, please indicate the date and session number of the board meeting, the contents of the motion, the result of the resolution and the company's handling of the suggestion of the remuneration committee (if the remuneration passed by the board is better than the suggestion of the remuneration committee, please state the difference and the reasons) : None.
2. If any member had objections or reservations about the resolution of the remuneration committee and there is a record or a written statement, please indicate the date and session number of the remuneration committee meeting, the contents of the motion, all the opinions of the members and how the opinions were handled : None.

Note : * If any remuneration committee member leaves the company before the end of the year, please state in the remarks column the departure date, the actual attendance rate (%) calculated based on the number of remuneration committee meetings and the number of actual meetings attended during the tenure.

* If there is a remuneration committee member re-election before the end of the year, please list both the new and the former members, and indicate in the remark column whether the member is former, new or re-elected and the date of re-election. The actual attendance rate (%) is calculated based on the number of remuneration committee meetings held and the actual number of meetings attended during the tenure.

Remuneration Committee

Composition	<p>The established of the Company's remuneration committee was approved by the board of directors. There are three remuneration committee members with professional qualifications and work experience. The term of office is the same as that of the board of directors. The Company re-elected directors at the shareholders' meeting on June 1, 2018. The new board of directors passed a resolution on June 22, 2018 to appoint three independent directors as the remuneration committee members (with Lai Sun Quae, the independent director as the convener), all the members meet the qualification requirements of the Securities and Exchange Act and the 'Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange'. (Sheu Her Jiun resigned as an independent director on 2019/12/30)</p>
Scope of duties	<ol style="list-style-type: none"> 1. The functions and duties of the Remuneration Committee shall be handled in accordance with the Remuneration Committee Charter of the company. 2. Establishing and periodically reviewing the performance assessment, and the policies, systems, standards, and structure for the remuneration of the directors, supervisors, and managerial officers of the company. 3. Periodically assessing and setting the remuneration of directors, supervisors and managers. 4. The Remuneration Committee shall make recommendations and improvement plans to the board of directors on matters decided by it.
Implementation	<ol style="list-style-type: none"> 1. In 2020, the company's Remuneration Committee held two meetings. 2. The third session of the 4th remuneration committee was held on March 19, 2020 (members present: Lai Sun Quae and Huang Tien Chang). Discussion on the distribution of the company's employees' compensation and directors' and supervisors' remuneration in 2019. Resolution : The proposal is appropriate and reasonable. After the chairman consulted all members present, the proposal was passed without objection, and the proposal was submitted to the board of directors for reference and discussion. 3. The fourth session of the 5th remuneration committee was held on December 24, 2020 (members present : Lai Sun Quae and Huang Tien Chang) Discussion on "the remuneration of directors and managers of the company". Resolution : The proposal is appropriate and reasonable. After the chairman consulted all the members present, the proposal was passed without objection, and the proposal was submitted to the board of directors for reference and discussion Discussion on "distribution of remuneration for individual employees and managers of our company in 2019". Resolution : The proposal is appropriate and reasonable. After the chairman consulted all the members present, the proposal was passed without objection, and the proposal was submitted to the board of directors for reference and discussion.

(5) Corporate Social Responsibility :

Evaluation Item	Implementation Status (Note 1)			Differences with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
1. Does the Company conduct risk assessments of environmental, social, and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note 3)	V		The company has formulated a "risk management policy". Each year, based on the significance of the impact, the supervisor of the factory Department of the company conducts a risk assessment on issues related to the environment, society and corporate governance of the company, so as to assess the probability and significance of the risk impact and decide whether to adopt the policy or strategy of risk management. The company's 2020 annual risk report was submitted to the board of directors on March 19, 2020.	Consistent with Corporate Social Responsibility Best Practice Principles
2. Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	V		The company's corporate governance (corporate social responsibility) promotion team is convened by the deputy general manager of the general manager's office to convene environmental safety specialists in each factory every year, to collect, compile and review the effectiveness of the implementation of various data on the issues of "environment and occupational health", "quality and environmental safety and health management", "environmental and occupational health and safety performance", "sustainable development" and "social responsibility" and prepare the Company's Corporate Responsibility Report and send it to the board of directors on the implementation results and handling situation each year.	Consistent with Corporate Social Responsibility Best Practice Principles
3. Environmental issues				
(1) Does the company establish proper environmental management systems based on the characteristics of their industries?	V		1. The production department of the company reviews the efficiency of energy use every month. In addition to reusing resources such as separating garbage and reusing envelopes, and reusing other resources, we also produce recycled yarn from recycled PET bottles to reduce energy consumption. (For details, please refer to our CSR report)	Consistent with Corporate Social Responsibility Best Practice Principles.
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		2. The company attaches great importance to industrial safety and hygiene, to reduce the emission of pollutants. The waste and pollutants generated during the manufacturing process are collected and disposed by professional and qualified companies to avoid polluting water, air and land. In 2020, due to the shutdown of Tainan factory, the demolition of factory and the disposal of old equipment, the quantity of business waste recycled and disposed of increased by 155 metric tons and the disposal amount increased by 1,117,018.	
(3) Does the Company assess the potential risks and opportunities climate change brings to the Company, now and in the future, and take measures to respond to climate-related issues?	V		3. The company regularly evaluates the production capacity, implements seasonal water and electricity regulation to reduces greenhouse gas emissions, and achieve energy saving and carbon reduction. According to the "Greenhouse Gas Emissions Inventory Guidelines" compiled by the Environmental Protection Administration of the Executive Yuan in 2016, the Company conducted a greenhouse gas emissions inventory. The greenhouse gas emission from the company's Tainan factory in 2020 was 404 metric tons, a reduction of 14,721 metric tons of carbon emissions compared to 2019 (15,125 metric tons).	
(4) Has the Company compiled statistics on greenhouse gas emissions, water consumption, and total weight of waste in the past two years, and does it formulate policies on energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction, or other waste management?	V		4. The company discloses the greenhouse gas emissions, water consumption and the total weight of waste for three consecutive years in the CSR report, and sets annual energy saving and carbon reduction and reduces the amount of water consumption and waste production.	

Evaluation Item	Implementation Status (Note 1)			Differences with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons																																																																						
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			<table><tr><td></td><td>2018</td><td>2019</td><td>2020</td></tr><tr><td>Greenhouse gas emissions (tons)</td><td>16,908</td><td>15,125</td><td>404</td></tr><tr><td>Tap water (1000M³)</td><td>4,737</td><td>5,328</td><td>2</td></tr><tr><td>Groundwater (1000M³)</td><td>31,960</td><td>36,935</td><td>0</td></tr></table> <p>Yi Tainan's waste recovery and disposal cost calculation</p> <table><tr><th rowspan="2">Item</th><th colspan="2">2018</th><th colspan="2">2019</th><th colspan="2">2020</th></tr><tr><th>Waste In (ton)</th><th>Waste Out (ton)</th><th>Waste In (ton)</th><th>Waste Out (ton)</th><th>Waste In (ton)</th><th>Waste Out (ton)</th></tr><tr><td>General waste</td><td>18,841</td><td>20,400</td><td>43,732</td><td>44,713</td><td>1,082</td><td>1,264</td></tr><tr><td>Industrial waste</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td></tr><tr><td>Construction waste</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td></tr><tr><td>Household waste</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td></tr><tr><td>Other waste</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td></tr><tr><td>Total</td><td>18,841</td><td>20,400</td><td>43,732</td><td>44,713</td><td>1,082</td><td>1,264</td></tr></table> <p>Note: In 2020, due to the discontinuation of operations of the Tainan factory, the amount of waste recovered and disposed was zero.</p> <p>(1) The company's strategy for climate change or greenhouse gas management The company's Tainan factory is limited by old machinery and equipment, and has been losing money for years. The board of directors discussed and approved on October 31, 2019 to cease the production of Tainan factory effective January 1, 2020, and the revocation of the factory registration certificate was completed on November 9, 2020 in accordance with the law.</p> <p>1. The company will continue to promote greenhouse gas inventory so that all departments know the results of energy saving and carbon reduction promotion.</p> <p>2. Continue to discuss the way of introducing energy-saving equipment in the head office and conduct benefit evaluation.</p> <p>3. We will continue to advocate and promote energy saving and carbon reduction activities.</p> <p>4. Actively cooperate with green energy (solar energy) equipment manufacturers to obtain the carbon rights of green energy.</p> <p>5. Comply with environmental regulations, customer requirements and relevant regulations.</p> <p>(2) The target of reducing the emission of greenhouse gases. in Enterprises</p> <p>1. The company implemented the greenhouse gas (carbon dioxide) reduction plan in 2020, which effectively reduced 14,721 metric tons of carbon dioxide compared to 2019, and the carbon emission was 404 metric tons. The energy saving and carbon reduction targets for 2021 are as follows :</p> <p>(1) Electricity saving : 150,000 kwh.</p>		2018	2019	2020	Greenhouse gas emissions (tons)	16,908	15,125	404	Tap water (1000M³)	4,737	5,328	2	Groundwater (1000M³)	31,960	36,935	0	Item	2018		2019		2020		Waste In (ton)	Waste Out (ton)	Waste In (ton)	Waste Out (ton)	Waste In (ton)	Waste Out (ton)	General waste	18,841	20,400	43,732	44,713	1,082	1,264	Industrial waste	0	0	0	0	0	0	Construction waste	0	0	0	0	0	0	Household waste	0	0	0	0	0	0	Other waste	0	0	0	0	0	0	Total	18,841	20,400	43,732	44,713	1,082	1,264
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Evaluation Item	Implementation Status (Note 1)			Differences with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
			<p>(2) CO2 reduction : 75 metric tons. (3) Energy saving benefit : \$ 400,000.</p> <p>2. Adopting the energy saving target and implementation plan of the Energy Management Act of the Ministry of Economic Affairs, the total annual electricity saving target is 20%.</p> <p>(3) Enterprise greenhouse gas emissions reduction budget. and plans 1.The estimated input budget of the company in 2021 is as follows : Estimated input amount is 150,000. Estimated electricity saving : 150,000 kWh Electricity saving rate : 20% The greenhouse gas reduction-related programs under implementation and planning for 2021 are as follows : A. Replace energy-saving lamps. ° B. The air conditioner can only be turned on when the indoor temperature exceeds 30 °C, and set the air conditioner temperature at 27 °C.</p> <p>(4) The carbon reduction effect of enterprise products or services to customers or consumers 1. Meet the demand of downstream brand manufacturers for green environmental protection. 2. To fulfill the responsibility of green production for the earth's climate change.</p>	
<p>4. Social issues</p> <p>(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p>	V		<p>1.1 The company complies with the government labor regulations and policies, formulates or amended personnel system, provides employees with stable salaries, accommodation, education and training, and improves safety and health, and ensures employees' rights and interests and develops a working environment with multiple professional capabilities.</p> <p>1.2 In accordance with the principles of the United Nations Sustainable Development Indicators and the international labor human rights convention, foreign workers are employed legally and appropriately, and foreign labor agents are regularly assigned to act as interpreters to communicate with foreign workers in order to take care of their lives, cultural and recreational activities, and two-way communication, etc.</p> <p>1.3 We recognize and abide by the spirit and basic principles of human rights protection as outlined in the UN Universal Declaration of human rights, the UN Global Compact, the UN Guiding Principles on Business and Human Rights, and the Declaration on Fundamental Principles and Rights at Work of the International Labor Organization and other international human rights conventions, put an end to any abuses and violations of human rights, and make a clear oath to treat and protect human rights in a fair and equitable manner and respect all colleagues.</p> <p>2.1 According to the labor standards Act, the company sets the days of employees' attendance and leave, and formulates employee welfare programs to promote</p>	Consistent with Corporate Social Responsibility Best Practice Principles.
<p>(2) Does the Company formulate and implement reasonable employee benefits measures (including compensation, leaves and other benefits), and appropriately reflect operational performance or achievement in</p>	V			

Evaluation Item	Implementation Status (Note 1)			Differences with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
<p>employee compensation?</p> <p>(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?</p> <p>(4) Does the company provide its employees with career development and training sessions?</p> <p>(5) Does the Company comply with relevant laws, regulations and international standards with respect to customer health and safety, customer privacy, marketing and labeling of products and services, and develop relevant consumer interests protection policies and complaint procedures?</p> <p>(6) Does the Company formulate a supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and its implementation situation?</p>	<p>V</p> <p>V</p> <p>V</p> <p>V</p>		<p>employee welfare measures. In accordance with the Company's Articles of Incorporation, if there is profit in the annual settlement, the company shall distribute employee dividends, so that employees can share the company's operating performance or achievements.</p> <p>3.1 The company provides leisure facilities, so that employees have a sound and good working environment.</p> <p>4. The company has a set of education and training rules. According to the annual education and training, the company carries out internal training and expatriate education training to help employees develop career planning and training. Supervisors at each level will also deliberately rotate training according to their employees' expertise, so as to give full play to their talents and assist employees in their career planning.</p> <p>5.1 After the Tainan factory ceased production in January 2020, our main production business is the production of polyester yarn (chip) by its subsidiaries Hung Chou fiber industry Co., Ltd. and textured yarn produced by Kwang Ming Silk Mille Co., Ltd. The company's operating income is mainly from high margin industrial ribbon and rental income from investment real estate. The product quality of the company and its subsidiaries are in compliance with the CNS national standards and the labeling of the products is also in compliance with the Trademark Act. When exporting, the products should be marked according to the customer's demand and the customs requirements of the importing country, or the certificate of origin should be provided truthfully. In order to meet the non-toxic certificate of EU customs products, the products of our subsidiary company have also obtained the Oeko-Tex certificate</p> <p>5.2 The company has set up a customer contact e-mail and telephone on the company's website to accept consumer rights policies and complaint procedures.</p> <p>6.1 The company has formulated a supplier management policy, requires cooperation with suppliers to comply with relevant regulations on environmental protection, safety or health issues, and conduct regular annual supplier evaluation on the suppliers regularly. The historical records of negative impact on environmental and social of manufacturers are included in the evaluation items.</p> <p>6.2 Those with better environmental protection and labor conditions will be given priority to be included in the reviewers 'purchase list. Those with negative records will suspend trading before there are still doubts, in order to guard against the impact of negative social evaluation.</p> <p>6.1 The company conducts regular (at least once a year) evaluation on suppliers. If the supplier violates the corporate social responsibility policy and has a significant impact on the environment and society, it will be judged as unqualified and lose the opportunity to trade.</p>	

Evaluation Item	Implementation Status (Note 1)			Differences with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
5. Does the Company refer to internationally accepted reporting standards or guidelines when compiling reports on the Company's non-financial information such as the corporate social responsibility reports? Have the aforementioned reports been verified or certified by a third-party verification unit?	V		On May 4, 2020, Yi Jin issued "2019 corporate social responsibility report", which is the fourth corporate social responsibility report of the company. Its content structure is based on the core options of the Global Reporting Initiative (GRI) Sustainability Reporting Standards with appropriate adjustments to meet industry differences and characteristics. It is hereby declared that the company's "2019 corporate social responsibility report " was compiled by the company itself and has not been certified by a third party or expressed an opinion by an accountant.	Consistent with Corporate Social Responsibility Best Practice Principles.
<p>6. If the Company has established the corporate social responsibility principles based on the "Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the Principles and their implementation :</p> <p>Description : The Company established the corporate social responsibility principles on December 6, 2014, and on March 25, 2021, the Board of Directors approved the amendment of corporate social responsibility principles in accordance with the competent authority's letter order. The corporate governance (Corporate social responsibility) promotion team is convened by the deputy general manager of the general manager's office to convene environmental safety specialists in each factory every year, to collect, compile and review the effectiveness of the implementation of various data on the issues of "environment and occupational health", "quality and environmental safety and health management", "environmental and occupational health and safety performance", "sustainable development" and "social responsibility" and prepare the Company's Corporate Responsibility Report (2019 report issued on May 4, 2020) and send it to the board of directors (May 14, 2020) on the implementation results and handling situation each year. The company will continue to promote the process in 2021. For information on the Company's corporate social responsibility, please refer to the annual corporate social responsibility reports available on the Company's website.</p>				

Evaluation Item	Implementation Status (Note 1)			Differences with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
7. Other important information to facilitate better understanding of the company's corporate social responsibility practices (For example, the company's systems and measures for environmental protection, community participation, social contribution, social services, social welfare, consumer rights and interests, human rights, safety and health and other social responsibility activities and the status of their implementation : Description : The company gives back to local community, and makes annual planned donations to social welfare institutions. Provide relief to low-income households through social welfare institutions so that needy families can receive timely care. Please refer to the company's "2019 corporate social responsibility report " (issued on May 4, 2020) on the company's website for investors to understand the Company's corporate social responsibility operations. The implementation of the ethical management of Yi Jin in 2020 : 1. Compliance with laws and regulations is the basic prerequisite for the implementation of ethical management : 1 hour of "Legal Compliance Education" was conducted with 10 people attended. 2. One hour of education and training on "Code of Integrity and Ethical Conduct" was conducted with 10 people attended. 3. Any violation of ethical management : 0 cases. 4. Stakeholder protection and interest recusal : Employee communication (held 4 times Labor-Management meeting), shareholder/investor communication (held 1 time investor conference), and interest recusal (4 cases of director interest recusal).				

Note 1 : If "Yes" is checked, please describe the important policies, strategies, measures and implementation status; If "No" is checked, please explain the reasons and state the plan of adopting relevant policies, strategies and measures in the future.

Note 2 : If the company has prepared the corporate social responsibility (CRS) report, the implementation status may be indicated the method of consulting the corporate social responsibility report and the index page to replace it.

Note 3 : The principle of materiality refers to the environmental, social and corporate governance issues that have a significant impact on the company's investors and other stakeholders.

(6) Ethical corporate management and Status of implementation :

Item	Status of implementation (Note 1)			Any discrepancies and reasons for Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
<p>1. Adoption of an ethical management policy and action plan</p> <p>(1)Has the company implemented a board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices as well as the commitment of the board of directors and the executive management to enforcement of the ethical corporate management policy?</p>	V		<p>1.1 The Company's Ethical corporate management Principles was formulated in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and approved by the Board of Directors at its 2nd meeting of (April 17, 2013).</p> <p>1.2 On March 25, 2021, the board of directors of the company approved the amendment of Ethical corporate management Principles in accordance with the letter from the competent authority.</p> <p>1.3 In Chapter I of the corporate responsibility report of the company, the management statement and the company profile and other external documents, " Since its establishment in the 1981, the company Yi Jin, adheres to the business philosophy of" innovation, integrity, growth and collaboration "and the work attitude of" sincerity and pragmatism", all of which indicate the company's integrity management policy.</p> <p>1.4 The company abides by the contracts signed and promises made by the company, including the terms and conditions of the transactions, methods of payment and interest payment, The products sold by the company are truthfully labeled in terms of name, specification and quantity, and the cheque issued are cashed on schedule.</p>	<p>Comply with Article 4 and 5 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies".</p>
<p>(2)Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of the risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least those described in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/ GTSM Listed Companies?</p>	V		<p>2.1 For the directors, audit committee members and managers of the company, the company has formulated the code of ethical conduct, which was approved by the board of directors (the board of directors of the company approved the amendment of the code of ethical conduct on March 25, 2021). The board of directors and the management also committed to actively implement and supervise the implementation of the Ethical Corporate Management policy. Please refer to the Company's website at http://www.yijinn.com.tw.</p> <p>2.2 The company has stipulated in the Personnel Management Regulations, that the managers, employees or persons with the ability to control within their authority are prohibited from accepting any improper benefits directly or indirectly, or committing other acts that violate integrity, lawlessness and breach of fiduciary duties, in order to prevent dishonest acts such as fraud, misappropriation of public funds, bribery, leaking secrets, profiting others, and false reporting, etc., which are included in the employees reward and punishment performance appraisal items.</p> <p>A. For those who hold sales, purchasing, contracting, supervision and budgeting positions, as well as other positions with interest relationship with the manufacturers, they are not allowed to accept bribes and bribery from manufacturers, provide illegal political contributions, improper charitable donations or sponsorship, or provide or accept unreasonable gifts, hospitality or other improper benefits. The company expressly prohibit them, and violators shall be given heavier punishment to prevent the occurrence of various kinds of</p>	<p>Comply with Article 2 and 6 and 10~14 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies".</p> <p>Comply with Article 7 of the " Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies".</p>

Item	Status of implementation (Note 1)			Any discrepancies and reasons for Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against dishonest conducts, and enforce the programs effectively and perform regular reviews?	V		<p>misconduct.</p> <p>B. On March 25, 2021, the board of directors of the company approved the addition of " Ethical Management Procedures and Conduct Guidelines"</p>	
<p>2. Implementation of Ethical Management</p> <p>(1) Does the Company evaluate the records of ethical conduct of its business counterparties and include integrity clauses in its contracts with business counterparties?</p> <p>(2) Does the company have a unit that supports ethical corporate management practices on a full-time basis under the board of directors, and reports the ethical management policy and programs against unethical conduct regularly (at least once a year) to the board of directors and oversees the operations?</p> <p>(3) Does the Company adopt a policy for avoiding conflicts of interest, provide appropriate means for reporting on any such conflict, and implement them without fail?</p>	<p>V</p> <p>V</p> <p>V</p>		<p>1. The company's business philosophy is innovation, integrity, growth and collaboration. Suppliers or customers who are known to have a history of unethical behavior, will try to avoid trading, so as to avoid unethical behavior damaging the company's rights and interests.</p> <p>2.1 The general manager's office is the unit that promotes integrity management, and reports annually to the board of directors along with the "Corporate Social Responsibility Report" on the implementation of the Company's efforts to promote corporate integrity management.</p> <p>2.2 The company's audit unit and Audit Committee are independent and detached, directly under the board of directors, and report to the board of directors on a regular basis. The audit unit sends monthly internal audit reports to the independent directors of the audit committee for review and reports to the board of directors on a regular basis.</p> <p>3.1 The general manager's office is the unit that accepts and reports the violation of integrity management to prevent the conflict of interest, and establishes a statement channel on the company's website.</p> <p>3.2 The directors of the company follow the " Rules of Procedure for Board of Directors Meetings" (please refer to the company's website http://www.yijinn.com.tw) The board of directors shall adhere to a high degree of self-discipline, and shall state their interests and important contents of the motions listed in the Board of Directors' Meeting if they have an interest in themselves or the legal persons on their behalf. In addition, the related party shall recuse himself/herself from the discussion and voting, and shall not appoint another director to exercise his/her vote on his/her behalf.</p> <p>3.3 The company has stipulated in the "personnel management measures", "Procedures for Handling Material Inside Information and Procedures for Prevention of Insider Trading Management" that employees should strictly observe the act of avoidance of interests and take the initiative to report matters of conflict of interest, and has stipulated the relevant clauses of prohibition of competition to prevent conflicts of interests.</p> <p>3.4 In accordance with the "Stakeholder Reporting and Complaint Handling Mechanism", the company provides employees or internal and external stakeholders with the opportunity to report or complain about any illegal or improper conduct.</p>	<p>Comply with Article 9 of the " Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies".</p> <p>Comply with Article 17 of the " Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies".</p> <p>Comply with Article 19 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies".</p>

Item	Status of implementation (Note 1)			Any discrepancies and reasons for Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
<p>(4) Does the company have effective accounting and internal control systems in place to enforce ethical management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct or hire outside accountants to perform the audits?</p> <p>(5) Does the Company offer internal and external training with regard to ethical management on a regular basis?</p>	V		<p>4.1 Through the accounting system and internal control and audit system, the company has been able to effectively supervise the implementation of the Integrity Management.</p> <p>4.2 The company has established a sound accounting system and internal control internal audit system. based on the sales cycle, procurement, production, financing, real estate, plant and equipment, investment, R&D and computer information. At the first level, the supervisors at each level conduct their own checks during the review and approval process in their daily operations; at the second level, the accounting unit conducts certificate reviews; at the third level, the auditing unit conducts routine audits and project audits according to the annual audit plan, and at the fourth level, each department conduct annual internal control self-assessment to implement internal control system to all departments and handling personnel of the company. In addition, the external accountants will also conduct annual internal control inspection, randomly check and audit the original forms, and issue an internal control system inspection report to the company in view of the audit situation of the accountants.</p> <p>5.1 The company irregularly sends internal e-mails to employees to educate them on cases of Integrity Management cases.</p> <p>5.2 The chairman of the board of directors has repeatedly publicizes the company's business philosophy of "innovation, integrity, growth and collaboration" and the work attitude of "sincerity and pragmatism" at various meetings and public occasions of the company. The company will also encourage and provide directors to participate in continuing education courses for directors and supervisors organized by external organizations.</p>	<p>Comply with Article 23 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies".</p> <p>Comply with Article 20 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies".</p>
<p>3. Status of the Company's implementation of its mechanism for whistle-blowing :</p> <p>(1)Whistleblowing system : Does the Company establish a mechanism that incentivizes informants to report any wrongdoing, put in place channels convenient for taking such action and assign appropriate personnel to handle such cases?</p> <p>(2)Does the company have in place standard operating procedures for investigating reports and taking follow-up actions and the necessary confidentiality measures?</p>	V		<p>1.1 The general manager's office will handle the report box and receive disciplinary actions and complaints for violation of integrity management. There was no violation or report in 2020.</p> <p>1.2 The company has established a "Stakeholder Complaint Handling Mechanism" and designated Deputy General Manager Chang of the general manager's office as the dedicated person for handling complaints (Tel : 26575859, ext. 530, email : albert@yijinn.com.tw)</p> <p>2.1. The company has established a "Stakeholder Reporting and Complaint Handling Mechanism", which specifies the standard operating procedures for the investigation of reported matters and the relevant confidentiality mechanism and transfer the matter to the auditing unit for special investigation, and the report/ complaint will be investigated and appropriate measures will be taken.</p> <p>2.2. The Company has established procedures for investigation and grievance handling in the Personnel Management Regulations, and the receiving unit shall maintain confidentiality without the approval of the</p>	<p>Comply with Article 23 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies".</p>

Item	Status of implementation (Note 1)			Any discrepancies and reasons for Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
(3) Does the Company adopt measures to make sure that informants do not receive improper treatment because of their report?	V		<p>authority in charge.</p> <p>3. The acceptance person of the report is the general manager's office deputy general manager Chang, and the investigation unit is the audit unit of the company. The company shall keep confidential the information about the contents of the report and complaint, the identity of the parties and personal information. Except to necessity of investigation, handling and contact and the requirements of laws and regulations, it shall not be disclosed to any third party. The company will protect the whistleblower, the persons who cooperate and participate in the investigation process to avoid unfair retaliation or treatment.</p>	
4. Improvement of information disclosure (1) Does the Company disclose the content and implementation status of its Principles for Ethical Management on its own website and the TWSE's Market Observation Post System website?	V		<p>The company has set up a website, disclosed the Code of Conduct on Ethical management on the company's website and the Market Observation Post System in accordance with the regulations, and disclosed the company's relevant information on the conduct of Ethical management in the annual report.</p> <p>The company's website designates personnel from relevant business departments to collect and update information. Financial information and material information are disclosed by the financial unit staff on the Market Observation Post System, and the disclosed information is presented to the Company's spokesperson.</p> <p>The company provides a Chinese version of the shareholders' meeting handbook for the convenience of domestic investors, investment trusts and other institutions or individuals.</p>	Comply with Article 25 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies".
<p>5. If the Company has established its own ethical corporate management principles based on the Ethical Corporate Management Best Practice Principles for TWSE/ GTSM Listed Companies, please describe the Company's implementation of the principles and any discrepancy therein and explain why :</p> <p>The company's ethical corporate management principles were approved at the second board of directors' meeting in 2013 (April 17, 2013) and the "Ethical Management Procedures and Conduct Guidelines" was approved at the first board of directors' meeting in 2021 (March 25, 2021). As mentioned above, the actual implementation is no different from that of the company's code of conduct. Ethical management and sincerity and pragmatism are the company's business philosophy and work attitude. In order to maintain this corporate culture, the company will continue to promote and refine the Ethical corporate management Principles.</p>				
<p>6. Other information to understand more about the Company's Ethical Corporate Management practice (For example, the company reviews and amends the Ethical Management principles) :</p> <p>The company arranges and encourages directors and managers to take continuing education courses on corporate governance every year to enhance their corporate governance and supervisory capabilities, and hopes to enhance the effectiveness of corporate governance and the implementation of ethical management through the operation of the Board of Directors. We will irregularly inform the suppliers by letter to publicize the company's ethical management policy.</p> <p>The "Ethical Management Procedures and Conduct Guidelines" was approved at the first board of directors' meeting in 2021 (March 25, 2021).</p>				

Note 1 : Whether "Yes" or "No" is checked, the implementation status shall be described in the summary description field.

(7) If a company has formulated a code of corporate governance and related rules and regulations, it shall disclose its inquiry method :

The company has formulated the code of corporate governance and related regulations. Please refer to the corporate governance section of the Company's website (www.yijinn.com.tw).

(8) Other important information that would enhance the understanding of the implementation state of corporate governance shall be disclosed together with :

The Company will publish its 2020 annual Corporate Social Responsibility Report by June 30, 2021. Please refer to the Corporate Social Responsibility section of the Company's website (www.yijinn.com.tw).

(9) Internal Control System Execution Status shall disclose the following items :

1 . Statement of Internal Control System

Date : March 25, 2021

Based on the findings of a self-assessment, the company states the following with regard to our Internal Control System during 2019 :

1. The board of directors and managers of the company are responsible for establishing, implementing, and maintaining an adequate internal control system. The system aims to provide reasonable assurance for the achievement of the objectives of operation effect and efficiency (including profit, performance and asset security), reliability, timeliness, transparency and compliance with relevant regulations and laws.
2. An internal control system has inherent limitation. No matter how perfectly designed, an effective internal control system can only provide a reasonable assessment of its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to environment, condition. However, the internal control system of the company has a self-monitoring mechanism. Once the lack is identified, the company will take corrective action.
3. The company assesses whether the design and implementation of the internal control system are effective according to the judgment items of the effectiveness of the internal control system specified in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "guidelines"). According to the process of management control, the internal control system is divided into five elements : 1. Control environment, 2. Risk assessment, 3. Control activities, 4. Information and communications, and 5. Monitoring activities. Each element includes several items. Please refer to the "guidelines" for the above items.
4. The company has adopted the above internal control system to assess the project and evaluate the effectiveness of the design and implementation of the internal control system.
5. Based on the assessment results mentioned in the preceding paragraph, the company considers that the internal control system (including supervision and management of subsidiaries) of the company on December 31, 2020 is effective, including the understanding of the operation effect and the extent to which the efficiency objectives have been achieved, the reliability, timeliness, transparency and compliance with relevant regulations and laws, and the design and implementation of the internal control system, It can reasonably ensure the achievement of the above goals.
6. This statement will be the main content of the company's annual report and prospectus and will be made public. If there are false, concealed and other illegal things in the above disclosure, the legal liabilities of Articles 20, 32, 171 and 174 of the Securities and Exchange Act will be involved.
7. This statement was approved by the board of directors of the company on March 25, 2021. None of the 8 directors present held any objection. The rest agreed with the contents of this statement and hereby declare.

Yi Jinn Industrial Co., Ltd.

Chairman : Chan Cheng Tien

General Manager : Weng Mao Cheng

- 2 . If CPA was engaged to conduct a Special Audit of Internal Control System, shall disclose CPA's Audit Report : None

(10) For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose any sanctions imposed in accordance with the law upon the company or its internal personnel, any sanctions imposed by the company upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements. : None

(11) Material resolutions of a shareholders meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report. :

Date	Material resolutions of a shareholders meeting	Implementation status
2020/06/11	<p>Total shares represented by shareholders present : 162,735,119 shares, 53.94%</p> <p>Directors present : Directors Chan Cheng Tian, Weng Mao Cheng, Lai Yu Min, Chen Meng Wu and Independent director Lai Sun Quae</p> <p>CPA present : Zhang Shu Ying</p> <p>Matters to Discuss :</p> <ol style="list-style-type: none"> 1.Ratification of the 2019 Business Report and Financial Statements of the Company. 2.Ratification of the Company's 2019 earnings distribution. 3.Approval of the amendment to the Company's "Articles of Incorporation". 4.Approval of the amendment to the Company's "Operational Procedure for Lending Funds to Other Parties" 5.Approval of the amendment to the Company's "Operational Procedure for Endorsement and Guarantees" 6.Approval of amendments to the Company's "Rules of Procedure for Board of Directors" 7.By-election of one independent director seat 8.Approval of release the prohibition on new appointed independent directors from participation in competitive business. 	<ol style="list-style-type: none"> 1.Ratify the 2019 Business Report and Financial Statements, in which the consolidated revenue for the year was NT\$4,071,472 thousand, net income after tax was NT\$570,685 thousand, and earnings per share was NT\$1.02. 2. Ratify the distribution of cash dividends of NT\$1 per share. Cash dividends of NT\$0.50 each were paid on August 12, 2019 and August 5, 2020, respectively. 3. The change of registration was approved by the shareholders' meeting and approved by the competent authority on June 19, 2020. 4. Passed by the shareholders' meeting as approved. 5. Passed by the shareholders' meeting as approved. 6. Passed by the shareholders' meeting as approved. 7. Passed by the shareholders' meeting as approved. The elected independent director is Director Chen Shiou Chung. 8. Passed by the shareholders' meeting as approved.

Date of Board Meeting	Session	Material matters discussed by the Board	Resolution
2020/01/15	1	<p>Directors present : Chan Cheng Tien, Chen Meng Wu, Lai Yu Min, Huang Tien Chang, Lai Sun Quae, Weng Mao Cheng, Cheng Yu Jing, Chan Yi Chin</p> <p>Director absent : None.</p> <p>Matters to Discuss :</p> <ol style="list-style-type: none"> 1.Discussion on the capacity transfer of Yucheng section of Nangang to be jointly constructed by the company. 2.Discussion on the Company's proposal to apply for a bank loan for working capital requirements. 	<ol style="list-style-type: none"> 1. The chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved. 2. The chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved, and authorizes the Chairman to handle related matters.
2020/03/19	2	<p>Directors present : Chan Cheng Tien, Chen Meng Wu, Lai Yu Min, Huang Tien Chang, Lai Sun Quae, Weng Mao Cheng, Cheng Yu Jing</p> <p>Director absent : Chan Yi Chin</p> <p>Matters to Discuss :</p> <ol style="list-style-type: none"> 1. Discussion on the Company's Statement of Internal Control System for 2019. 2.Discussion on the distribution of employees' and directors' remuneration of the company in 2019. 3. Discussion on the company's 2019 Annual Financial Statements and Business Report 4.Discussion on Motion for the company's earnings distribution in the Second Half of 2019. 5. Discussion on setting the base date for distribution of cash dividends. 6. Discussion on the amendment to the Company's "Articles of Incorporation". 	<ol style="list-style-type: none"> 1. The chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved. 2. Except that the chairman and above mentioned directors shall recuse from this case, acting chairman of the board of directors Lai Sun Quae is invited to discuss and resolve the relevant part of the chairman's motion. 3. The chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved, and proposed to the shareholders' meeting for ratification. 4. The chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved, and submit it to the shareholders' meeting. 5. The chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved.

		<p>7. Discussion on the amendment to the Company's "Operational Procedure for Lending Funds to Other Parties".</p> <p>8. Discussion on the amendment to the Company's "Operational Procedure for Endorsement and Guarantees".</p> <p>9. Discussion on the amendments to the Company's "Rules of Procedure for Shareholders' Meeting".</p> <p>10. Discussion on the amendments to the Company's "Rules of Procedure for Board of Directors".</p> <p>11. Discussion on the amendments to the Company's "Audit Committee Charter".</p> <p>12. Discussion on the amendments to the Company's "Remuneration Committee Charter".</p> <p>13. Discussion on By-election of one independent director seat.</p> <p>14. Discussion of the nomination and review of the list of independent director candidates.</p> <p>15. Discussion on release the prohibition on new appointed independent directors from participation in competitive business.</p> <p>16. Discussion of matters relating to the proposed convening of the Company's 2020 Annual General Shareholders' Meeting.</p> <p>17. Discussion of the Company's 2020 operating plan.</p> <p>18. Discussion on the independence and suitability assessment of the Company's CPA.</p> <p>19. Discussion on the Company's proposal to apply for a bank loan for working capital requirements.</p>	<p>6. The chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved, and proposed to the shareholders' meeting for discussion.</p> <p>7. The chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved, and proposed to the shareholders' meeting for discussion.</p> <p>8. The chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved, and proposed to the shareholders' meeting for discussion.</p> <p>9. The chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved, and proposed to the shareholders' meeting for discussion.</p> <p>10. The chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved.</p> <p>11. The chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved.</p> <p>12. The chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved.</p> <p>13. The chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved, and proposed for election at the shareholders' meeting.</p> <p>14. The chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved.</p> <p>15. The chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved, and proposed to the shareholders' meeting for discussion.</p> <p>16. The chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved, and announced in accordance with the law.</p> <p>17. The chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved.</p> <p>18. The chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved.</p> <p>19. The chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved, and authorizes the Chairman to handle related matters.</p>
2020/05/14	3	<p>Directors present : Chan Cheng Tien, Chen Meng Wu, Lai Yu Min, Huang Tien Chang, Lai Sun Quae, Weng Mao Cheng, Cheng Yu Jing</p> <p>Director absent : Chan Yi Chin</p> <p>Matters to Discuss :</p> <p>1. Discussion on the case that the company plans to dispose of the real estate of section 4, Zhongxiao East Road in order to activate assets and enrich working capital.</p> <p>2. Discussion on the Company's proposal to apply for a bank loan for working capital requirements.</p>	<p>1. The chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved, and authorizes the Chairman to handle related matters.</p> <p>2. The chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved, and authorizes the Chairman to handle related matters.</p>
2020/06/03	4	<p>Directors present : Chan Cheng Tien, Chen Meng Wu, Lai Yu Min, Huang Tien Chang, Lai Sun Quae, Weng Mao Cheng, Cheng Yu Jing</p> <p>Director absent : Chan Yi Chin</p> <p>Matters to Discuss :</p> <p>1. Discussion of the proposed disposal of certain land and buildings of the Company for the purpose of revitalization of assets and enriching working capital</p>	<p>1. The chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved, and authorizes the Chairman to handle related matters.</p>
2020/08/11	5	<p>Directors present : Chan Cheng Tien, Chen Meng Wu, Lai Yu Min, Huang Tien Chang, Lai Sun Quae, Weng Mao Cheng, Cheng Yu Jing, Chen Shiou Chung</p> <p>Director absent : Chan Yi Chin</p> <p>Matters to Discuss :</p>	<p>1. The chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved,</p> <p>2. The chair puts the matter before all directors present at the meeting and none voices an objection, the matter is</p>

		<p>1. Discussion of the Company's consolidated financial statements for the second quarter of 2020 and the quarterly financial statements and operating reports reviewed by the CPA.</p> <p>2. Discussion on Motion for the company's earnings distribution in the first half of 2020.</p> <p>3. Discussion on the company intends to acquire and dispose of the listed shares in the centralized securities exchange market.</p> <p>4. Discussion on the Company's proposal to apply for a bank loan for working capital requirements.</p>	<p>deemed approved, and authorizes the Chairman to handle related matters.</p> <p>3. The chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved, and authorizes the Chairman to handle related matters.</p> <p>4. The chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved, and authorizes the Chairman to handle related matters.</p>
2020/11/12	6	<p>Directors present : Chan Cheng Tien, Chen Meng Wu, Lai Yu Min, Huang Tien Chang, Lai Sun Quac, Weng Mao Cheng, Cheng Yu Jing, Chen Shiou Chung</p> <p>Director absent : Chan Yi Chin</p> <p>Matters to Discuss :</p> <p>1. Discussion on the Company's proposed participation in the cash capital increase and subscription of its subsidiary Dayi International Development Co., Ltd.</p> <p>2. Discussion on the company's manager position adjustment.</p> <p>3. Discussion of the Company's "2021 Implementation Rules of Internal Audit System"</p> <p>4. Discussion on the amendment of the company's Self-Evaluation or Peer Evaluation of the Board of Directors'</p> <p>5. Discussion on the Company's proposal to apply for a bank loan for working capital requirements.</p>	<p>1. The chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved.</p> <p>2. Except for the directors who are required by law to recuse themselves from the discussion and voting, the chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved.</p> <p>3. The chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved.</p> <p>4. The chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved.</p> <p>5. The chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved, and authorizes the Chairman to handle related matters.</p>
2020/12/24	7	<p>Directors present : Chan Cheng Tien, Chen Meng Wu, Lai Yu Min, Huang Tien Chang, Lai Sun Quac, Weng Mao Cheng, Cheng Yu Jing, Chen Shiou Chung</p> <p>Director absent : Chan Yi Chin</p> <p>Matters to Discuss :</p> <p>1. Discussion on the Company's donation of charitable funds.</p> <p>2. Discussion of the proposal on the remuneration of directors and managers deliberated at the 5th meeting of the 4th Remuneration Committee of the company.</p> <p>3. Discussion on the company's plan to purchase the real estate of Tongxin section and Haotian section (Farglory U-TOWN), Xizhi District of New Taipei City.</p> <p>4. Discussion on the Company's proposal to apply for a bank loan for working capital requirements.</p>	<p>1. Except for chairman Chan Cheng Tien, director Cheng Yu Jing and director Lai Yu Min who are interested in the case and recused themselves from the case in accordance with the law, the other directors present at the meeting passed the resolution without any objection.</p> <p>2. Except for the directors who are required by law to recuse themselves from the discussion and voting, the remaining directors present passed the motion without objection.</p> <p>3. The chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved, and authorizes the Chairman to handle related matters.</p> <p>4. The chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved, and authorizes the Chairman to handle related matters.</p>

(12) Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof. : None

(13) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairperson, general manager, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer. : None

V. Information on CPA fees

(1) Accountant fee information :

Accounting Firm	CPA Name		Audit Period	Remarks
KPMG Taiwan	Chang, Shu-Ying	Chih, Shih-Chin	2020.01-2020.12	

Unit: NT\$ thousand

Tier \ Fee item		Audit fee	Non-Audit fee	Total
1	Lower than NT\$2,000			
2	NT\$2,000 (included) ~NT\$4,000	2,730	0	2,730
3	NT\$4,000 (included) ~NT\$6,000			
4	NT\$6,000 (included) ~NT\$8,000			
5	NT\$8,000 (included) ~NT\$10,000			
6	NT\$10,000 (included) and more			

Accountant fee information

Unit : NT\$ thousand

Accounting Firm	CPA Name	Audit fee	Non-Audit fee					Audit Period	Remarks
			System design	Business registration	HR	Others (Note)	Sub-total		
KPMG Taiwan	Chang, Shu-Ying Chih, Shih-Chin	2,730	0	0	0	0	0	2020/1/1-2020/12/31	

(2) If there is a change of the accounting firm, and in the year of the change the audit fee is lower than that in the previous year : None

(3) If the audit fee is reduced by more than 10% over that in the previous year : None

VI. Change of Accountants : None

VII. The Employment of the Company's Chairman, General Manager, Financial or Accounting Manager with the Auditing CPA Firm or Its Affiliated Businesses in the Past Year : None

VIII. Particulars about Changes in Shareholding and Share Pledge of Directors, Supervisors, Managers and Shareholders Holding More than 10% of the Company's Shares in the Past Year and as of the Date of Publication of the Annual Report :

(1) Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders :

Title	Name	2020		Current year as of March 31	
		Shareholding Increase/(Decrease)	Pledged share Increase/(Decrease)	Shareholding Increase/(Decrease)	Pledged share Increase/(Decrease)
Chairman	Chan, Cheng-Tien	0	0	0	0
Director	Chan, Yi- Chin	0	0	0	0
Director	Cheng, Yu-Jing	0	0	0	0
Director	Chen, Meng-Wu	0	0	0	0
Director	Weng, Mao-Cheng	86,000	0	0	0
Director	Lai, Yu-Min	79,000	0	0	0
Independent Director	Chen, Shiou-Chung	0	0	0	0
Independent Director	Huang, Tien-Chang	0	0	0	0
Independent Director	Lai, Sun-Quae	0	0	0	0
Major Shareholder	Yi Tong FiberCo., Ltd.	0	(7,000,000)	0	0
General Manager	Weng, Mao-Cheng	86,000	0	0	0
Deputy General Manager	Chang, Heng-Chia	0	0	0	0
Deputy General Manager	Lai, Yu-Min	79,000	0	0	0

(2) Share trading Information : None.

(3) Share pledge Information : None.

IX. Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another :

10 largest shareholders and their relationship

Name (Note 1)	Current Shareholding		Spouse's/ minor's Shareholding		Shareholding by Nominees		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees (Note 3)		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Yi Tong Fiber Co. Ltd. Representative : Chan, Cheng-Tien	57,954,410	19.21%							
Chan, Cheng-Tien	25,010,494	8.29%	2,053,074	0.68%			Chan, Yi-Chin	Father and Daughter	
Xinmao investment Co., Ltd. Representative : Chan, Cheng-Tien	20,510,470	6.80%							
Chan, Cheng-Tien	25,010,494	8.29%	2,053,074	0.68%			Chan, Yi-Chin	Father and Daughter	
I Jinn Industrial Co. Ltd. Representative : Chen, Jun-Kai	16,669,717	5.53%							
Chen, Jun-Kai	0	0.00%							
Mega Securities Co., Ltd. Representative : Chen, Pei-Jun	8,923,000	2.96%							
Chen, Pei-Jun	0	0.00%							
Zig Sheng Industrial Co. Ltd. Representative : Ye, Shou-Tun	8,546,000	2.83%							
Ye, Shou-Tun	0	0.00%							
Wang, Zhuang-Yan	3,372,000	1.12%							
Wang, Sheng-Min	3,238,000	1.07%							
Chan, Yi-Chin	2,916,961	0.97%					Chan, Cheng-Tien	Father and Daughter	
JP Morgan Chase Bank, N.A. Custodian JP Morgan Securities Co.	2,749,800	0.91%							

Note 1 : If any of those 10 largest shareholders is an institutional shareholder, the name of the corporate shareholder and the names of its representative shall be noted.

Note 2 : The calculation of the holding percentage refers to the percentage of shareholding in the name of oneself, one's spouse, one's minor children or in the nominee's name.

Note 3 : The shareholders listed in the preceding paragraph include both legal and natural persons, and the relationships between them shall be disclosed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

X. The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managers, and any companies controlled either directly or indirectly by the company :

Consolidated stake

December 31, 2020
Unit : Shares, %

Affiliated Enterprises (Note)	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Yi Tong Fiber Co. Ltd.	40,771,879	46.05	15,386,984	17.38	56,158,863	63.44
Xinmao investment Co., Ltd.	5,959,886	35.33	8,978,236	53.23	14,938,122	88.56
Kwang Ming Silk Mill Co. Ltd.	15,586,193	38.53	3,296,900	8.15	18,883,093	46.68
Hung Chou Fiber Co. Ltd.	36,601,000	27.70	22,684,037	17.17	59,285,037	44.87
Datian International Development Co., Ltd.	10,000,000	33.33	7,500,000	25.00	17,500,000	58.33
Dayi International Development Co., Ltd	61,250,000	61.25	21,250,000	21.25	82,500,000	82.50

Note : Investments accounted for using equity method.

IV. Capital Raising Activities and implementation of the company's capital allocation plans :

1. Source of capital stock :

Year/month	Par Value	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	Capital Increased by Assets other than Cash	Others
1990.12	10	18,000,000	180,000,000	18,000,000	180,000,000	Consolidated Capital increase 60,000,000 Cash Capital increase 60,000,000	None	None
1991.12	10	50,000,000	500,000,000	50,000,000	500,000,000	Note 1	None	None
1993.05	10	90,000,000	900,000,000	60,000,000	600,000,000	Note 2	None	None
1994.06	10	90,000,000	900,000,000	72,000,000	720,000,000	Note 3	None	None
1995.06	40	90,000,000	900,000,000	90,000,000	900,000,000	Note 4	None	None
1995.08	10	180,000,000	1,800,000,000	112,500,000	1,125,000,000	Note 5	None	None
1996.05	10	180,000,000	1,800,000,000	135,000,000	1,350,000,000	Note 6	None	None
1996.10	22	180,000,000	1,800,000,000	180,000,000	1,800,000,000	Note 7	None	None
1997.06	22	320,000,000	3,200,000,000	270,000,000	2,700,000,000	Note 8	None	None
1998.05	10	386,000,000	3,860,000,000	324,000,000	3,240,000,000	Note 9	None	None
1999.06	10	560,000,000	5,600,000,000	382,320,000	3,823,200,000	Note 10	None	None
2001.01	10	560,000,000	5,600,000,000	372,320,000	3,723,200,000	Note 11	None	None
2003.06	10	560,000,000	5,600,000,000	365,320,000	3,653,200,000	Note 12	None	None
2007.12	10	560,000,000	5,600,000,000	255,724,000	2,557,240,000	Note 13	None	None
2008.08	10	560,000,000	5,600,000,000	237,000,000	2,370,000,000	Note 14	None	None
2009.07	10	560,000,000	5,600,000,000	225,151,000	2,251,510,000	Note 15	None	None
2010.08	10	560,000,000	5,600,000,000	275,151,000	2,751,510,000	Note 16	None	None
2011.04	9	560,000,000	5,600,000,000	325,151,000	3,251,510,000	Note 17	None	None
2011.06	10	560,000,000	5,600,000,000	329,069,760	3,290,697,600	Note 18	None	None
2011.06	10	560,000,000	5,600,000,000	337,874,592	3,378,745,920	Note 19	None	None
2011.09	10	560,000,000	5,600,000,000	317,874,592	3,178,745,920	Note 20	None	None
2014.08	10	560,000,000	5,600,000,000	322,449,060	3,224,490,600	Note 21	None	None
2014.10	10	560,000,000	5,600,000,000	335,164,044	3,351,640,440	Note 22	None	None
2017.01	10	560,000,000	5,600,000,000	301,647,639	3,016,476,396	Note 23	None	None

Note 1 : Approval ref. (80) Tai-Tsai-Cheng (1) Letter No. 03381 for Consolidated capital increase of NT\$196,000,000 and Cash capital increase of NT\$124,000,000 dated December 9, 1991.

Note 2 : Approval ref. (82) Tai-Tsai-Cheng (1) Letter No. 01154 for capital increase of NT\$75,000,000 from earning and Capital surplus transferred to capital increase of NT\$25,000,000 dated May 20, 1993.

Note 3 : Approval ref. (83) Tai-Tsai-Cheng (1) Letter No. 28266 for capital increase of NT\$120,000,000 from earning dated June 17, 1994.

Note 4 : Approval ref. (84) Tai-Tsai-Cheng (1) Letter No. 17327 for capital increase of NT\$180,000,000 dated March 27, 1995.

Note 5 : Approval ref. (84) Tai-Tsai-Cheng (1) Letter No. 38158 for capital increase of NT\$189,000,000 from earning and Capital surplus transferred to capital increase of NT\$36,000,000 dated June 29, 1995.

Note 6 : Approval ref. (85) Tai-Tsai-Cheng (1) Letter No. 25072 for capital increase of NT\$112,500,000 from earning and Capital surplus transferred to capital increase of NT\$112,500,000 dated April 23, 1996.

Note 7 : Approval ref. (85) Tai-Tsai-Cheng (1) Letter No. 41636 for cash capital increase of NT\$450,000,000 dated July 16, 1996.

Note 8 : Approval ref. (86) Tai-Tsai-Cheng (1) Letter No. 47263 for cash capital increase of NT\$540,000,000 and capital increase of NT\$180,000,000 from earning and Capital surplus transferred to capital increase of NT\$180,000,000 dated June 30, 1997.

Note 9 : Approval ref. (87) Tai-Tsai-Cheng (1) Letter No. 46910 for capital increase of NT\$178,200,000 from earning and Capital surplus transferred to capital increase of NT\$361,800,000 dated May 28, 1998.

- Note 10 : Approval ref. (88) Tai-Tsai-Cheng (1) Letter No. 52388 for capital increase of NT\$162,000,000 from earning and Capital surplus transferred to capital increase of NT\$421,000,000 dated June 4, 1999.
- Note 11 : Approval ref. (90) Tai-Tsai-Cheng (3) Letter No. 103808 for buyback total 10,000 company stocks during October 17~December 16, 2000 and capital decrease of NT\$100,000,000 dated January 5, 2001.
- Note 12 : Approval ref. (92) Tai-Tsai-Cheng (3) Letter No. 0920138936 for buyback total 7,000 company stocks during June 17 to August 16, 2003 and capital decrease of NT\$70,000,000 dated August 21, 2003.
- Note 13 : Approval by the Financial Supervisory Commission via Letter No. 0960070574 for capital decrease of NT\$1,095,960,000 dated December 24, 2007.
- Note 14 : Approval by the Financial Supervisory Commission via Letter No. 0970052000 for buyback total 18,7247 company stocks during July 22 to September 19, 2008 and capital decrease of NT\$187,240,000 dated August 21, 2008.
- Note 15 : Approval by the Financial Supervisory Commission via Letter No. 0980024207 for buyback total 11,849 company stocks during March 11 to May 6, 2009 and capital decrease of NT\$118,490,000 dated May 20, 2009.
- Note 16 : Approval by the Financial Supervisory Commission via Letter No. 0990050720 for capital increase of NT\$500,000,000 dated September 23, 2010.
- Note 17 : Approval by the Financial Supervisory Commission via Letter No. 1000025331 for capital increase of NT\$500,000,000 dated June 8, 2011.
- Note 18 : Approval by the Financial Supervisory Commission via Letter No. 1000025331 for issued transferable bond, in the second quarter of 2011 company transferred into common stocks for NT\$39,187,600 dated June 8, 2011.
- Note 19 : Approval by the Financial Supervisory Commission via Letter No. 1000039646 for capital increase of NT\$88,048,320 from earning dated August 25, 2011.
- Note 20 : Approval by the Financial Supervisory Commission via Letter No. 1000059437 for capital decrease of NT200,000,000 dated December 2, 2011.
- Note 21 : Approval by the Financial Supervisory Commission via Letter No. 1000025331 for issued transferable bond, in the second quarter of 2014 company transferred into common stocks for NT\$45,744,680 dated June 8, 2011.
- Note 22 : Approval by the Financial Supervisory Commission via Letter No. 1030033135 for capital increase of NT\$127,149,840 from earning dated August 25, 2014.
- Note 23 : Approval by the Financial Supervisory Commission via Letter No. 1050053905 for capital decrease of NT\$335,164,044 dated January 13, 2017.

Type of Stock	Authorized Capital			Remark
	Issued Shares	Unissued Shares	Total	
Common Stock	301,647,640	258,352,360	560,000,000	List stock

2. Shareholder structure :

Shareholder structure

May 1, 2021

	Government agencies	Financial institutions	Other institutions	Foreign institutions and individuals	Individuals	Total
No. of shareholders	0	1	128	55	21,552	21,736
Total shares owned	0	3,000	127,727,109	16,759,912	157,157,619	301,647,640
Holding percentage (%)	0.00%	0.00%	42.34%	5.56%	52.10%	100.00%

Note : The percentage of shares held by mainland Chinese investors is 0%.

3. Shareholding distribution :

Shareholding distribution

Face value of \$10 per share

May 1, 2021

Shareholding range	No. of shareholders	Total shares owned	Holding percentage
1 to 999	10,104	2,276,164	0.76%
1,000 to 5,000	8,389	18,574,231	6.16%
5,001 to 10,000	1,683	13,950,425	4.63%
10,001 to 15,000	389	4,961,160	1.65%
15,001 to 20,000	356	6,699,850	2.22%
20,001 to 30,000	263	6,851,258	2.27%
30,001 to 40,000	137	5,000,811	1.66%
40,001 to 50,000	100	4,742,829	1.57%
50,001 to 100,000	148	11,060,573	3.67%
100,001 to 200,000	67	9,352,973	3.10%
200,001 to 400,000	39	10,569,492	3.50%
400,001 to 600,000	13	6,408,438	2.12%
600,001 to 800,000	9	6,559,940	2.18%
800,001 to 1,000,000	5	4,610,979	1.52%
1,000,001 and above	34	190,028,517	62.99%
Total	21,736	301,647,640	100.00%

4. Major shareholders :

Major shareholders

May 1, 2021

Shares Name	Total shares owned	Shareholding ratio
Yi Tong Fiber Co. Ltd.	57,954,410	19.21%
Chan Cheng Tien	25,010,494	8.29%
Xinmao investment Co., Ltd.	20,510,470	6.80%
I Jinn Industrial Co. Ltd.	16,669,717	5.53%
Mega Securities Co., Ltd.	8,923,000	2.96%
Zig Sheng Industrial Co. Ltd.	8,546,000	2.83%
Wang Zhuang Yan	3,372,000	1.12%
Wang Sheng Min	3,238,000	1.07%
Chan Yi Chin	2,916,961	0.97%
JP Morgan Chase Bank, N.A. Custodian JP Morgan Securities Co.	2,749,800	0.91%

5. Provide share prices for the past 2 fiscal years, together with the company's net worth per share, earnings per share, dividends per share, and related information

Market Price, Net Worth, Earnings and Dividend Per share

Year Item			2020	2020	Current year as of March 31, 2021 (Note 8)
Market Price Per Share	Highest		15.40	17.00	17.95
	Lowest		12.50	9.32	13.90
	Average		13.83	13.25	16.10
Net Worth Per Share(Note 2)	Before distribution		18.51	20.68	—
	After distribution		17.65	19.33	—
Earnings per share	Weighted average shares		225,675,593	223,209,427	—
	Earnings per share (Note 3)		1.02	2.89	—
Dividend Per share	Cash Dividend		1.0	1.5	—
	Stock Dividends	Stock Dividends Appropriated from Retained Earnings	0	—	—
		Stock Dividends Appropriated from capital surplus	0	—	—
	Accumulated Undistributed Dividends (Note 4)		0	0	—
Return on Investment	P/E ratio (Note 5)		13.56	4.58	—
	Price-dividend ratio(Note 6)		13.83	8.83	—
	Cash dividend yield (Note 7)		7.23	11.32	—

The first quarter financial report of 2021 hasn't been audited and reviewed by CPA.

*If shares are distributed in connection with a capital increase out of earnings or capital reserve, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note 1 : List the lowest and highest common stock's market price for each year and calculate the average market price for each year by the annual turnover and volume.

Note 2 : Based on the number of shares issued as of the end of the year, and in accordance with the resolution of the next annual shareholders' meeting on earnings distribution.

Note 3 : If any stock dividend has been distributed and their amount shall be retroactively adjusted, adjusted earnings per share before and after shall be listed.

Note 4 : Setting forth the respective cash dividend and stock dividend of each fiscal year. If there are any cumulated and unpaid dividends, their amount shall also be disclosed.

Note 5 : P/E ratio = current year average closing price per share /earnings per share.

Note 6 : Price-dividend ratio = current year average closing price per share / cash dividend per share.

Note 7 : Cash dividend yield = cash dividend per share/ current year average closing price per share.

Note 8 : The net worth per share and earnings per share shall be filled in with the information audited (reviewed) by CPA as of the date of publication of the annual report in the most recent quarter; the remaining fields shall be filled in with the information of the current year as of the date of publication of the annual report.

6. The company's dividend policy and implementation thereof :

(1) Dividend Policy provided in the Articles of Incorporation

A company shall, after its losses have been covered and all taxes and dues have been paid and at the time of allocating surplus profits, first set aside ten percent of the remaining profits of the company reserves. Then set aside an amount as special reserve pursuant to the Applicable Law. With respect to earnings available for distribution plus any previously undistributed cumulative retained earnings, The proposal of surplus earning distribution shall be submitted to the board of directors for approval, if such surplus earning is distributed in the form of cash, it shall be approved by a meeting of the board of directors.

The Company distributes dividends and bonuses or legal reserve and capital surplus, in whole or in part, in the form of cash, and authorizes the board of directors to do so with the presence of at least two-thirds of the directors and the approval of a majority of the directors present, and to report to the shareholders' meeting.

The company's dividend policy shall be taken into consideration the current and future development plans, the investment environment, capital needs and domestic and overseas competitions, as well as the interests of shareholders and sustainable operation. The company may by a resolution adopted by the shareholders' meeting have the surplus profit distributable as dividends and bonuses, the cash dividend shall not be less than 10% of the total dividends, the rest shall be paid by stock dividends.

(2) The Company's net income for 2020 was NT\$644,257,821. On August 11, 2020, the Board of Directors approved a dividend of NT\$0.5 per share for the first half of 2020, and on March 25, 2021, the Board of Directors approved another dividend of NT\$0.5 per share for the second half of 2020, for a total of NT\$1.5 per share in cash dividends. The Company's dividend payment is based on the principle of stability, and if there is any surplus, the Company will try to maintain a 5% yield for cash dividends every year.

(3) If a material change in dividend policy is expected, provide an explanation : None.

7. Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the recent shareholders' meeting : not available.

8. Compensation of employees, directors, and supervisors

(1) Ratio or scope of compensation for employees, directors, and supervisors, as set forth in the Company's Articles of Incorporation :

In pursuant of the stipulations of the Articles of Incorporation, if there is a profit for the year, the company shall set aside not less than 0.5% for the employee bonus and not more than 2% for the directors and supervisors bonus. However, if there is still a cumulative loss, an amount to make up for the loss shall be retained in advance.

The aforesaid employee bonus shall be paid in shares or cash. Qualification requirements of employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements. The aforesaid directors and supervisors bonus shall be paid in cash only.

A resolution shall be made by the Board of Directors, and then be reported to the shareholders' meeting.

- (2) The basis for estimating the amount of employees' bonus and directors' remuneration for the current period, and the accounting treatment of the discrepancy, if any, between the actual amount of bonus shares distributed to employees and estimated figure thereof are as follows. :
 - 1 · In accordance with the provisions of Article 27 of the amended Articles of incorporation.
 - 2 · The Company's pre-tax benefit before the distribution of employee and director's remuneration amounted to NT\$820,393,347 in 2020, with a cash appropriation of no less than 0.5% as employee's remuneration of NT\$4,758,282 and no more than 2% as director's remuneration of NT\$8,203,933, which were paid in cash and no difference from the estimated amount in the accounts.
- (3) Information on any approval by the board of directors of distribution of compensation :
 - 1 · The amount of any employee compensation distributed in cash or stocks and compensation for directors and supervisors :

The proposal of employee compensation and director's remuneration for 2020 was approved by the Board of Directors and Remuneration Committee on March 25, 2021. According to the Company's Articles of Incorporation, if any profit is made, no less than 0.5% of employees' remuneration and no more than 2% of directors' remuneration shall be allocated. To distribute employees' compensation in the amount of NT\$4,758,282 and directors' compensation in the amount of NT\$8,203,933.
 - 2 · The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation. : Not applicable.
- (4) The actual distribution of employee, director, and supervisor compensation for the previous fiscal year :

The Company distributed NT\$4,942,080 as remuneration to directors and NT\$4,991,940 as compensation to employees in 2019 in accordance with Article 27 of the Company's Articles of Incorporation.

9. Share repurchases :

Status of repurchase of the Company's Stock

Buyback batch (Note)	First tranche	Second tranche	Third tranche
Purpose of share buyback	Maintain company's credit and shareholders' equity	Maintain company's credit and shareholders' equity	Maintain company's credit and shareholders' equity
Buyback period	October 17 to December 16, 2000	June 17 to August 16, 2003	July 22 to September 20, 2008
Buy-back Interval Price	NT\$ 4~8 /per share	NT\$ 5~7.5 /per share	NT\$4~8 /per share
Type and quantity of shares repurchased	Common shares 10,000,000	Common shares 7,000,000	Common shares 18,724,000
Amount of shares repurchased	NT\$ 37,729,555	NT\$ 43,024,226	NT\$ 104,827,374
Ratio of the number buyback to the number scheduled to be bought back (%)	100%	35%	93.62%
Number of shares retired and transferred	10,000,000	7,000,000	18,724,000
Accumulated number of outstanding shares	0	0	0
Ratio of accumulated number of outstanding shares to the total number of issued shares (%)	0%	0%	0%
Buyback batch (Note)	Fourth tranche	Fifth tranche	
Purpose of share buyback	Maintain company's credit and shareholders' equity		
Buyback period	March 11 to May 6, 2009	October 3 to November 25, 2011	
Buyback Interval Price	NT\$ 2.5~4.7 /per share	NT\$ 6.3~13 /per share	
Type and quantity of shares repurchased	Common shares 11,849,000	Common shares 20,000,000	
Amount of shares repurchased	NT\$ 50,966,488	NT\$ 156,607,780	
Ratio of the number buyback to the number scheduled to be bought back (%)	59.25%	100%	
Number of shares retired and transferred	11,849,000	20,000,000	
Accumulated number of outstanding shares	0	0	
Ratio of accumulated number of outstanding shares to the total number of issued shares (%)	0%	0%	

Note : The number of fields is adjusted based on the actual number of shares issued.

10. The status of Corporate bonds, preferred shares, global depository receipts, and employee stock warrants, merger activities (including mergers, acquisitions, and demergers)

(1) Corporate Bond

Corporate Bond status

Corporate bond type (Note 2)		First domestic unsecured convertible corporate bond (Note 5)
Issuing (processing) date		June 30, 2011
Face value		NT\$100,000
Place of issuance and trading (Note 3)		Taipei Exchange (TPEX)
Issuing price		NT\$ 100
Total Amount		NT\$ 300,000,000
Interest rate		0%
Duration		Three years; maturity date: June 30, 2014
Assurance agency		None
Trustee		Hua Nan Commercial Bank
Underwriter		Grand Fortune Securities
Attorney		ACROSS Law Office Zhan Kang Rong
Accountant		KPMG Taiwan Zhang Shu Ying
Repayment method		According to repayment method Conversion or Redemption, repayment of principal in cash upon remaining maturity
Outstanding principal amount		Not applicable
Terms of redemption or early repayment		Please refer to the issuing and conversion method.
Restrictions (Note 4)		Not applicable
Credit rating agency, date of assessment and corporate bond assessment results		Not applicable
Other rights	As of the date of publication of the annual report, the amount of conversion (exchange or subscription) common stock, overseas depository receipts or other securities	The change of registration was completed on June 30, 2014. NT\$ 0.
	Issuing and conversion (exchange or subscription) method	Please refer to the issuing and conversion method.
Possible impact of the issuance and conversion (or exchange or subscription) method or issuing conditions on the dilution of equity and existing shareholders' rights		The issuance of the convertible corporate bond , to prevent profits erosion, also can reduce the shares dilution of existing shareholders and equity increases, diluted earnings per share shall best meet the interests of shareholders.
Custodian of the subject after conversion		Not applicable

Note1 : The corporate bonds being processed include public and private corporate bonds being processed. The public corporate bonds being processed refer to those already approved by the SFC, and the private corporate bonds being processed refer to those already approved by the Board of Directors.

Note 2 : The number of fields is adjusted based on the actual number of processing.

Note 3 : For overseas corporate bonds.

Note 4 : For example, restrictions on the payment of cash dividends, foreign investment or the requirement to maintain a certain proportion of assets.

Note 5 : For a private issue, please mark in a noticeable manner.

Note 6 : For convertible corporate bonds, exchangeable corporate bonds, corporate bonds issued under a general declaration or corporate bonds with subscription rights attached, please disclose in the table according to their nature the information of the convertible corporate bonds, exchangeable corporate bonds or corporate bonds with subscription rights attached, or the status of the corporate bonds issued under a general declaration.

Information about the convertible corporate bond

Corporate bond type (Note 1)		First domestic unsecured convertible corporate bond		
Item	Year	2012	2013	2014
Market price of the convertible corporate bond (Note 2)	Highest	101.80	101.80	101
	Lowest	91.00	100.65	100
	Average	97.22	101.18	100.9
Conversion price		9.40	9.40	9.40
Issuing (processing) date and the conversion price at the time of issuance		June 30, 2011 NT\$ 9.85	June 30, 2011 NT\$ 9.85	June 30, 2011 NT\$ 9.85
Conversion method (Note 1)		Converted 386 corporate bonds NT\$ 38,600,000 into common shares 3,918,760.	Converted 386 corporate bonds NT\$ 38,600,000 into common shares 3,918,760.	The change of registration was completed on June 30, 2014.

Note 1 : The number of fields is adjusted based on the actual number of processing.

Note 2 : If there are multiple trading locations for overseas corporate bonds, shall be listed separately according to the trading locations.

Note 3 : Delivery of issued shares or issuance of new shares.

Note 4 : The information for the current year as of the date of publication of the annual report shall be filled in.

(2) Preferred shares, preferred shares with warrants : None.

(3) Overseas Depositary Receipts : None.

(4) Issuance of Employee Stock Warrants and New Restricted Employee Shares : None.

(5) Issuance of New Shares for Acquisition or Exchange of Other Companies' Shares : None.

11. Financing Plans and Implementation : None

V. The overview of business operations

1. Description of the business

(1) Business scope :

1 . Main Business

1. C301010 Yarn Spinning Mills
2. C302010 Weaving of Textiles
3. C305010 Printing, Dyeing, and Finishing
4. C306010 Wearing Apparel
5. C801120 Manufacture of Man-made Fibers
6. C801990 Other Chemical Materials Manufacturing
7. C399990 Other Textile and Products Manufacturing
8. H701010 Housing and Building Development and Rental
9. H701020 Industrial Factory Development and Rental
10. H701040 Specific Area Development
11. H701050 Investment , Development and Construction in Public Construction
12. H701060 New Towns, New Community Development
13. H703090 Real Estate Commerce
14. H703100 Real Estate Rental and Leasing
15. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval

2 . Business weighting :

Unit : NT\$ thousand		
Item	Revenue 2020	Business weighting
Polyester yarn	1,006,632	37.18%
Textured yarn	633,175	23.39%
Plain woven and knitted fabric	529,568	19.56%
Polyester chip	367,706	13.58%
Rental income	158,578	5.86%
Other	11,556	0.43%
Total	2,707,215	100.00%

- 3 . The company's current products : polyester yarn, polyester textured yarn, knitted narrow fabric.

4 · New products planned for development :

Fiber type	Composition	Usage	Feature
Anti-electromagnetic wave yarn	Made of metallic alloy yarn and polyester filament	Used for shielding electromagnetic wave emitters such as mobile phone cover, microwave oven, anti-magnetic wave protective clothing and aerospace industry	It has anti-electromagnetic and good thermal dimensional stability
Recycled yarn	Use recycled polyester chemical fiber products and add biodegradable materials for recycling	Used for all kinds of garment fabrics (such as men's and women's apparel and trousers) and industrial fabrics (such as luggage fabrics, outdoor sunshade fabrics, shoe materials)	Resource Recycling

(2) Overview of the Industry :

1 · Current status and development of the industry :

In late 2019, a new coronal pneumonia (covid-19) outbreak in Wuhan City, Hubei Province, China, and spread rapidly around the world in early 2020. In order to control the epidemic, countries have taken strong measures to block the epidemic areas or restrict the entry of non-citizen. Some countries could not even import or export goods, resulting in an instant stop of the international supply chain. Coupled with the wrestling among oil producing countries, made oil come to a historical low, has made the price of chemical fiber raw materials fall all the way. Due to the epidemic situation in the United States, Europe and other major consumer countries, many brands have closed down their local market bases, resulting in a sharp drop in demand. The delay in delivery and even cancellation of orders by brands have made the impact on the industry even worse.

In the post epidemic era, the changes in the industrial supply chain may be that consumers reduce the frequency of purchase and turn to functional and durable apparel. Moreover, consumer behavior tends to be conservative and cautious. At the same time, due to the change of lifestyle for a long time at home, there is a high demand for leisure apparel. Therefore, the general direction of intelligent manufacturing in textile technology is : comfort health and sustainability, from cost orientation mass production to demand-based production, from line supply chain to network supply chain, from manual data interpretation, abnormal post-event analysis to high-speed precision decision-making and timely command management. Sustainable marketing is still the main axis of development. We are investing in textile recycling system and develop easy-to-recycle and easy-to-decompose production materials to reduce water consumption and save energy, so as to achieve a new business model of recycling and reuse.

In the development of functional fiber, in addition to the original high warmth, light weight, high water absorption, quick drying, UV protection, far infrared, spandex and other fibers, as well as the products of thermal clothing and cool clothing that emphasize temperature management, the functional demand will be

transformed into the basic demand of clothing in the future, in addition to health management and protection functions.

2 · Upstream, midstream and downstream correlations of the industry :

(1) Upstream PAT, EG part :

- a. The main raw materials of polyester chip are ethylene glycol (EG) and pure terephthalic acid (PTA). In the market in 2020, demand should be the main factor of price fluctuation. Raw material manufacturers will increase the number of annual repairs to regulate production capacity, to avoid price fluctuation due to changes in demand.
- b. Shale oil, shale gas technology breakthroughs and its low cost, although the oil producing countries have a consensus to reduce production, but because of the epidemic and the decline in demand, oil prices still need to pay more attention.

(2) Middle and downstream parts :

The year 2020 is not optimistic for the whole industrial chain. The demand of brand owners will be adjusted with the epidemic situation, and whether the members in the brand supply chain can safely survive this crisis depends on the wisdom and adaptability of each operators.

3 · Development trend and competition of the products :

The company's products include textured yarn, automotive cladding materials, the development of automotive cladding materials 100% are for export sales, the current car market has strong pulling power and good growth momentum, in addition the gross margin of its products is affected by the appreciation of Taiwan dollar, but it is still a stable profit support for the company.

4 · Promotion of functional textiles, nanotechnology and international certification :

At present, the global textile products for apparel and home decorations are gradually moving toward functional and environmental friendly textiles, and functional textiles not only focus on the biological needs of human body (Such as moisture wicking, self-heating and heat preservation, antibacterial health care) , but also closely integrate with the mainstream consumer market. In recent years, due to the change in lifestyle, young consumers have become enthusiastic about night running, marathon, and outdoor camping, which has led to the development of breathable textile footwear, self-luminous fiber and outdoor leisure sports accessories. Due to the abnormal climate, and the large difference between heat and cold, the development of light and thin fibers that can absorb moisture and wick away sweat while keeping warm is the trend of fashion.

After a long period of OEM and ODM in Taiwan's textile industry, operators gradually began to think about the influence of private brands and channels in the consumer market. Therefore, from physical channels to online internet virtual stores, through online communities, Facebook tweets, quick warehousing and delivery combined with convenience stores, we strengthened OBM's own brand management with the characteristics of functional fibers through the successful products reputation, and move toward higher economic efficiency.

(3) Overview of Technology and R&D :

- 1 · The company's R & D expenses for the most recent year and up to the date of publication of the annual report : zero.
- 2 · Development of successful technologies or products :
Biodegradable environmental protection fiber, graphene antibacterial fiber, copper ion antibacterial fiber product development.

(4) Long-term and short-term business development plans :

- 1 · Short-term development plans :
We are constantly innovating, researching and developing new technologies, deep cultivation of domestic and export markets, and cooperate with the development of differentiated high value-added products. In response to brand trends and demands, in addition to conventional recycled yarn sales, but also cooperate with international brands to develop other recycled yarn specifications, in order to achieve a win-win situation.
- 2 · Long-term development plans :
Focus on research and development of new products and development of new markets.

2. Market and Sales Overview

(1) Market analysis :

1. Sales of main product by region

Unit : NT\$ thousand

Year Sales Region	2019		2020	
	Sales Amount	Sales Proportion	Sales Amount	Sales Proportion
Taiwan	2,833,252	69.59%	1,630,545	60.23%
Asia	916,791	22.52%	786,477	29.05%
Americas	195,292	4.80%	148,777	5.50%
Europe	61,910	1.52%	74,985	2.77
Africa	64,228	1.57%	66,431	2.45
Total	4,071,473	100.00%	2,707,215	100.00%

- 2 · Market share and future supply and demand situation and growth :

- (1) In 2020, the production capacity of polyester fiber factory, the company's domestic market share of about 8%. (source : Taiwan Man-Made Fiber Industries Association)
- (2) Polyester textured yarn products are improving in the direction of customization and differentiation.
- (3) Market supply and demand and growth in the future :
Taiwan is a major producer of functional fibers in the world, and the man-made fiber manufacturing industry is the upstream of textile industry and the center of

the development of Taiwan's textile industry. After the accession of both sides of the Taiwan Strait to the WTO, and China and USA, have gradually liberalized the process of abolishing approvals and reducing tariffs and other measures, as well as the liberalization of the emerging regions in Eastern Europe, our company has the foundation and market access, and has an advantageous business opportunity over other companies in the industry.

3 · Favorable and unfavorable factors of competitive niche and development

prospects and Countermeasures :

(1). Competitive advantage :

- a. Strong innovation ability, low manufacturing cost and strong international marketing ability.
- b. Every entrepreneur has a strong ambition.
- c. The operation of enterprises is flexible, and vertical integration of upstream, middle and downstream has been formed.

(2). Competitive disadvantage :

- a. The products are too concentrated on large products.
- b. The industry is mainly engaged in production, and few key technologies are invested in long-term research and development.
- c. International organizations are not easy to join and there is many trade barriers.

(3). Development opportunities :

- a. Domestic market demand, European, American and Japanese markets continued to increase.
- b. Develop functional special textile fibers to increase added value.
- c. Combine the upstream manufacturing industry and the downstream textile industry, to create innovative materials.

(4). External threats :

- a. Facing competition from China, South Korea and Southeast Asia for low-priced bulk products.
- b. The market of high value-added technology products is restricted by advanced countries in Europe, America and Japan.
- c. The impact of COVID-19 epidemic has changed the demand of consumers.

(5). Countermeasures :

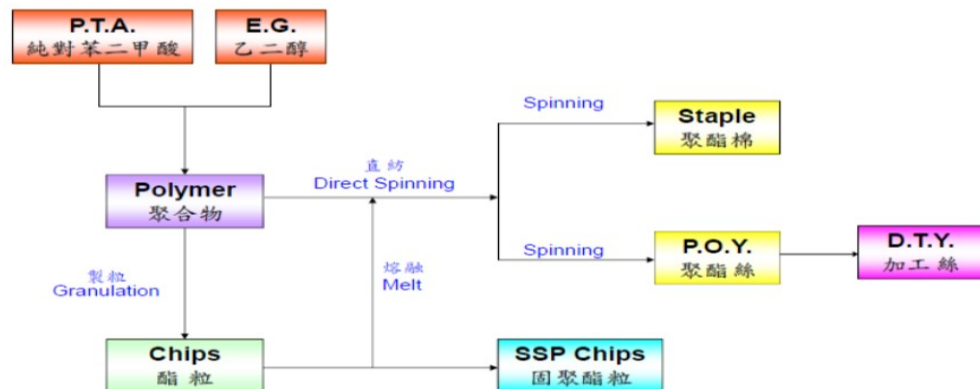
- a. Develop differentiated products, enhance the added value of products, increase product selling price and profit.
- b. Master product design and channel marketing, strengthen brand sales and after-sales service, and enhance brand marketing and product market differentiation through high quality and reputation of downstream functional textile products.
- c. Actively participate in the project counseling of Taiwan Textile Federation, Taiwan Textile Research Institute, and Industrial Technology Research Institute and cooperate with academic institutions to cultivate professional talents in related fields.

(2) Important use and manufacturing process of main products :

1 · Main product uses

- a. Polyester yarn : mainly used for false-twist processing and warp knitting.
- b. Textured yarn is mainly used for weaving various plain woven and knitted fabrics and zipper ribbon weaving etc.

2 · Manufacturing process



(3) Supply of main raw materials

1. Raw material :PTA/ET
2. Product:Polyester yarn
3. Major source of supply: Oriental Petrochemical, Oriental Union chemical Corp.
Polyester yarn Textured yarn Tainan spinning Co., Ltd., Far Eastern Textile Ltd

(4) A list of any suppliers and clients accounting for 10 % or more of the company's total procurement (sales) amount in either of the 2 most recent fiscal years :

1 · List of major clients :

No clients with more than 10% of the total purchase amount in the last two years, so it shall not be disclosed.

2 · List of Major purchase from clients in the last two years :

Data of major supplier for the last two years

Unit : NT\$ thousand

Item	2019				2020			
	Company	Amount	Annual net purchase [%]	Relationship with issuer	Company	Amount	Annual net purchase [%]	Relationship with issuer
1	Oriental Petrochemical	1,583,367	48.55	None	Oriental Petrochemical	752,009	44.14	None
2	Oriental Union	499,278	15.31	None	Oriental Union	296,890	17.43	None
	Other	1,178,938	36.14		Other	654,646	38.43	
	Net Purchase	3,261,583	100.00		Net Purchase	1,703,545	100.00	

Note : As of the date of first quarter financial report hasn't been audited and reviewed by CPA, so it shall not be disclosed.

(5) Production value in the last two years :

Unit : MT/NT\$ thousand

Year Product name Production value	2019			2020		
	Capacity	Output	Output Value	Capacity	Output	Output Value
Polyester Textured Yarn	50,940	16,310	874,279	19,754	12,513	597,174
Polyester Yarn	80,000	73,318	2,478,039	80,000	45,660	1,230,057
Polyester Chip	91,800	83,919	2,302,064	91,800	62,147	1,183,439
Other	0	0	0	0	64	11,055
Total	222,740	173,547	5,654,382	191,554	120,384	3,021,725

(6) Sales value for the last two years :

Unit : MT/NT\$ thousand

Year Sales value Name	2019				2020			
	domestic sales		export sales		domestic sales		export sales	
	sales	value	sales	value	sales	value	sales	value
Polyester Textured Yarn	13,802	680,610	5,086	346,271	10,592	444,260	3,532	188,915
Polyester Chip	365	7,853	11,160	338,627	2,641	43,723	16,420	323,983
Polyester Yarn	46,522	1,859,103	175	7,872	38,242	1,001,450	185	5,182
Plain woven and knitted fabric	0	0	161,103	622,762	0	0	164,142	529,568
Rental Income	0	185,155	0	0	0	158,578	0	0
Other	0	23,220	0	0	0	11,556	0	0
Total	60,689	2,755,941	177,524	1,315,532	51,475	1,659,567	184,279	1,047,648

3. The number of employees employed for the 2 most recent fiscal years

Year		2019	2020	Current year as of March 31, 2021
Number of employees	Indirect staff	152 people	123 people	129 people
	Direct staff	309 people	198 people	195 people
	Part-time staff	86 people	82 people	82 people
	Total	547 people	403 people	406 people
Average age		43	46	46
Average length of service		6 years	9 years	9 years
Education level distribution ratio	Masters	1.28%	4.21%	4.20%
	University(College)	27.79%	38.51%	38.44%
	High school	39.49%	40.45%	40.30%
	Below high school	31.44%	16.83%	17.06%

4. Disbursements for environmental protection :

Losses (including remedial measures), total amount of penalties (including remedies) and total expenditures (including the estimated amount of compensation, fines or penalties) due to failure in taking responsive action in the recent years or as of the date of publication of the annual report If it is not feasible to make a reasonable estimate, it shall be clearly indicated as such : Not applicable

5. Labor relations :

(1). Employee Benefit Measures :

- 1 · Since the company's establishment, we have attached great importance to the harmony of labor relations and employee welfare, and considered employees as the most important assets of the company, and have taken humane factors into full consideration in the design of various management systems, while actively seeking benefits for employees. The benefits and personnel system are described as follows. :

- (1) Personnel System : All personnel regulations, such as appointment, promotion, salary, reward and punishment, vacation, retirement benefits, severance, and pension, etc., are based on the basic spirit of the Labor Standards Act, and the most favorable considerations are made for employees to achieve the purpose of taking care of them.

- (2) General Benefits : The company spares no effort in promoting employee welfare business. The welfare includes facilities such as cafeteria, dormitory, library, recreation room, basketball court, etc., and provides uniforms. In addition, there are gifts for annual festivals, wedding and funerals, childbirth subsidies, year-end parties, travels, dinners, and scholarships for employees' children, etc., so that employees can share the achievements of the company's management.

- 2 · Employee continuing education and training :

The company regards its employees as an important asset and spares no effort in cultivating them. In addition to regular internal training and experience sharing, the company often sends its employees to attend professional courses and seminars and then reports to colleagues in the unit to improve the quality of employees.

- 3 · Employee retirement systems : The Company has settled the old pension system with all employees and all employees are now on the new pension system.

- 4 · Labor-management agreements and measures for preserving employees' rights and interests : To ensure harmonious labor relations and smooth communication channels, all factories hold regular factory meetings and set up suggestion boxes to fully respond to employees' opinions, and the opinions of employees are coordinated and handled by the relevant departments, communication with each other on a regular and irregular basis to build consensus. Since the establishment of the company, labor relations have been very harmonious, and no labor disputes have occurred. In the future, both employers and employees will continue to uphold the principle of unity between employers and employees, and strengthen communication so that no labor disputes will occur.

- (2) List any losses suffered by the company in the most recent 2 fiscal years and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided. : N/A.

6. Important contracts :

March 31, 2021

Nature of contract	Counterparty	Period	Major Contents	Restrictions
Long-term secured loans	Mega International Commercial Bank	2018/1/18-2024/1/18	Land loans	None
Long-term secured loans	Hua Nan Commercial Bank	2020/1/10-2040/12/10	Construction loan	Noe
Long-term secured loans	Taiwan Business Bank	2018/1/29-2038/1/29	Construction loan	Noe
Long-term secured loans	Land Bank of Taiwan	2018/6/29-2038/8/31	Construction loan	None
Long-term secured loans	First Commercial Bank	2020/7/31-2040/11/30	Construction loan	None

VI. Overview of Financial Status

1. Condensed balance sheets and statements of comprehensive income for the past 5 fiscal years

(1) Condensed balance sheet and consolidated income statement

Condensed balance sheet

Unit : NT\$ thousand

Item \ Year	Financial information in the last 5 years (Note 1)				
	2016	2017	2018	2019	2020
Current Assets	2,381,616	4,030,785	2,492,439	3,981,717	2,623,803
Property, plant and equipment	6,049,786	4,494,382	3,650,268	3,482,794	3,436,768
Other assets	2,962,935	5,058,538	10,317,472	10,753,333	11,720,243
Total Assets	11,394,337	13,583,705	16,460,179	18,217,844	17,780,814
Current liabilities	Before distribution	1,810,384	3,568,342	2,572,191	3,870,617
	After distribution	1,961,208	3,779,495	2,783,344	4,021,441
Non-current liabilities	3,190,149	3,333,040	6,670,543	6,937,805	7,748,525
Total liabilities	Before distribution	5,000,533	6,901,382	9,242,734	10,808,422
	After distribution	5,151,357	7,112,535	9,453,887	10,959,246
Consolidated Net Income Attributed to Stockholders of the Company	3,835,450	3,923,318	4,272,854	4,133,575	4,616,304
Share Capital	3,351,640	3,016,476	3,016,476	3,016,476	3,016,476
Capital surplus	326,769	345,683	367,960	419,079	458,206
Retained earnings	Before distribution	364,994	819,324	1,179,021	1,043,639
	After distribution	214,170	608,171	967,868	892,815
Other equity interest	76,369	(4,425)	7,873	(20,939)	65,111
Treasury stock	(284,322)	(253,740)	(298,476)	(324,680)	(325,463)
Non-controlling Interest	2,558,354	2,759,005	2,944,591	3,275,847	3,146,894
Total equity	Before distribution	6,393,804	6,682,323	7,217,445	7,409,422
	After distribution	6,242,980	6,471,170	7,006,292	7,258,598

Note 1 : Financial report has been audited and signed by CPA.

Condensed Consolidated Income Statement

Unit : NT\$ thousand

Item \ Year	Financial information in the last 5 years (Note 1)				
	2016	2017	2018	2019	2020
Operating revenues	4,582,499	5,055,939	5,646,982	4,071,473	2,707,215
Gross profit	289,865	548,367	697,693	555,208	205,341
Net operating income	12,426	226,752	411,889	699,972	905,331
Non-operating income and expenses	73,308	569,995	327,968	(49,325)	(95,044)
Net Profit before income tax	85,734	796,747	739,857	650,647	810,287
Income from Continuing Operation	33,932	709,000	704,976	615,729	632,321
Loss from Discontinued Department	0	0	0	(45,044)	(75,635)
Net income(Loss)	33,932	709,000	704,976	570,685	556,686
Other comprehensive income (income after tax)	(30,822)	(80,843)	(87,134)	(42,451)	114,054
Total comprehensive income	3,110	628,157	617,842	528,234	670,740
Profit attributable to equity holders of the Company	68,502	605,154	495,387	230,303	644,257
Net profit attributable to Non-controlling Interest	(34,570)	103,846	209,589	340,382	(87,571)
Comprehensive Income attributable to equity holders of the Company	37,977	524,360	440,103	201,491	746,033
Comprehensive Income attributable to non-controlling Interest	(34,867)	103,797	177,739	326,743	(75,293)
Earnings per share	0.26	2.52	2.13	1.02	2.89

Note1 : Financial report has been audited and signed by CPA.

(2) Concise Individual Income Statement – Independent

Concise Individual Income Statement

Unit : NT\$ thousand

Item \ Year		Financial information in the last 5 years (Note 1)				
		2016	2017	2018	2019	2020
Current assets		1,098,565	2,495,873	972,914	2,560,999	923,641
Property, plant and equipment		2,139,899	745,825	713,271	82,669	40,564
Intangible assets		0	0	0	0	0
Other assets		3,179,463	4,860,675	6,665,691	6,171,386	7,030,834
Total assets		6,417,927	8,102,373	8,351,876	8,815,054	7,995,039
Current liabilities	Before distribution	1,045,585	2,401,230	1,322,090	2,650,653	803,427
	After distribution	1,196,409	2,612,383	1,533,243	2,801,477	1,105,075
Non-current liabilities		1,536,892	1,777,825	2,756,932	2,030,826	2,575,308
Total liabilities	Before distribution	2,582,477	4,179,055	4,079,022	4,681,479	3,378,735
	After distribution	2,733,301	4,390,208	4,290,175	4,832,303	3,680,383
Equity		3,835,450	3,923,318	4,272,854	4,133,575	4,616,304
Share capital		3,351,640	3,016,476	3,016,476	3,016,476	3,016,476
Capital surplus		326,769	345,683	367,960	419,079	458,206
Retained earnings	Before distribution	364,994	819,324	1,179,021	1,043,639	1,401,974
	After distribution	214,170	608,171	967,868	892,815	1,100,326
Other equity interest		76,369	(4,425)	7,873	(20,939)	65,111
Treasury Stock		(284,322)	(253,740)	(298,476)	(324,680)	(325,463)
Total equity	Before distribution	3,835,450	3,923,318	4,272,854	4,133,575	4,616,304
	After distribution	3,684,626	3,712,165	4,061,701	3,982,751	4,314,656

Note1 : Financial report has been audited and signed by CPA.

Condensed Consolidated Income Statement — Independent financial report

Unit : NT\$ thousand

Item \ Year	Financial information in the last 5 years (Note 1)				
	2016	2017	2018	2019	2020
Operating revenues	2,037,997	1,569,312	1,765,101	912,856	807,592
Gross profit	148,118	156,736	243,952	289,287	189,619
Operating income(loss)	(3,924)	(5,767)	118,784	203,398	1,067,447
Non - operating income and expenses	92,492	679,897	428,129	80,057	(184,382)
Net profit before income tax	88,568	674,130	546,913	283,455	883,065
Income from Continuing Operation	88,568	674,130	546,913	275,347	719,892
Loss from Discontinued Department	0	0	0	(45,044)	(75,635)
Net income(Loss)	68,502	605,154	495,387	230,303	644,257
Other comprehensive income(income after tax)	(30,525)	(80,794)	(55,284)	(28,812)	101,776
Total comprehensive income	37,977	524,360	440,103	201,491	746,033
Earnings per share	0.26	2.52	2.13	1.02	2.89

Note1 : Financial report has been audited and signed by CPA.

(4) Auditing CPAs and audit opinions in the past five years :

Year	Name of CPAs	Audit opinion	Auditor change
2016	Chang, Shu-Ying Zeng, Guo-Yang	Unqualified opinion	None
2017	Chang, Shu-Ying Lian, Shu-Ling	Unqualified opinion	None
2018	Lian, Shu-Ling Chih, Shih-Chin	Unqualified opinion	Internal organizational change
2019	Chang, Shu-Ying Chih, Shih-Chin	Unqualified opinion	Internal organizational change
2020	Chang, Shu-Ying Chih, Shih-Chin	Unqualified opinion	None

2. Financial analyses for the past 5 fiscal years

Financial Analysis

<div> <div></div> <div>Year</div> <div>Item</div> </div>		Financial analysis in the last 5 years (Note 1)				
		2016	2017	2018	2019	2020
Financial structure (%)	% Liabilities of liabilities to assets	43.89	50.81	56.15	59.33	56.34
	Long-term capital to Property, Plant and Equipment ratio (%)	158.42	222.84	380.46	411.95	451.35
Debt service ability(%)	Current ratio	131.55	112.96	96.90	102.87	115.63
	Quick ratio	81.28	89.50	56.67	77.90	82.61
	Interest coverage folds	2.04	11.60	7.09	5.63	7.29
Operating ability	Average collection turnover (Times)	6.44	8.38	8.98	6.36	4.98
	Average number of days	56.67	43.56	40.64	57.38	73.29
	Inventory turnover (Times)	4.63	5.37	5.62	3.74	9.27
	Payment turnover (Times)	12.17	11.37	10.71	9.12	9.27
	Average sales days	78.83	67.97	64.94	97.59	116.99
	Property, Plant and Equipment turnover (Times)	0.75	0.96	1.39	1.14	0.78
	Total assets turnover (Times)	0.39	0.40	0.38	0.23	0.15
Profitability	Return on total assets (%)	0.88	6.18	5.36	3.96	3.67
	Return on equity (%)	0.53	10.84	10.14	7.80	7.34
	Pre-tax net profit to paid-in capital ratio (%) (Note 7)	2.56	26.41	24.53	21.57	26.86
	Net profit margin (%)	0.74	14.02	12.48	14.02	20.56
	Earnings per share(NT\$)	0.26	2.52	2.13	1.02	2.89
Cash flow	Cash flow ratio (%)	23.64	12.82	12.03	1.52	(14.30)
	Cash flow sufficiency ratio (%)	21.28	35.72	56.95	54.23	66.74
	Cash flow Reinvestment Ratio (%)	3.88	4.65	1.85	(6.29)	(14.04)
Leverage	Operating Leverage	13.81	1.83	1.33	0.63	0.10
	Financial Leverage	(0.18)	1.50	1.42	1.25	1.17
Analysis of significant changes in financial ratios over the last two years (20% change) :						

Note 1 : The above financial report has been audited and signed by CPA.

Explain the causes of changes in the financial ratios for the preceding 2 fiscal years (if the change is less than 20%, the analysis is exempted). :

1. Debt service ability :

Interest coverage folds : The increase in net income before income tax and interest expense was mainly due to the disposal of property.

2. Operating ability :

The Company was affected by the trade war between the U.S. and China and COVID-19, which resulted in a significant decrease in operating revenue and a decrease in accounts receivable turnover rate, total assets turnover rate and property, plant and equipment turnover rate, and an increase in the average number of days of collection.

3. Profitability :

The disposal of the Company's property resulted in a significant increase in profit or loss after tax, hence an increase in the ratio of net income before tax to paid-in capital, profit margin and earnings per share.

4. Cash flow :

1. The Company's profitability in the textile industry decreased due to the impact of COVID-19, and cash outflows from operating activities resulted in cash flow ratio and cash reinvestment ratio being negative.
2. Cash flow sufficiency ratio : The decrease in inventory and capital expenditures. due to the discontinued operation of the Company's Tainan factory.

5. Leverage :

This is mainly due to gains on disposal of property, which resulted in an increase in operating income and an operating leverage decrease.

Financial Analysis — Independent Financial Report

<div> <div></div> <div>Year</div> <div>Item</div> </div>		Financial analysis in the last 5 years (Note 1)				
		2016	2017	2018	2019	2020
Financial structure (%)	Debts ratio	40.24	51.58	48.84	53.11	42.26
	Long-term capital to Property, Plant and Equipment ratio (%)	251.06	764.41	985.57	7456.73	17729.05
Debt service ability (%)	Current ratio	105.07	103.94	73.59	96.62	114.96
	Quick ratio	82.35	94.72	49.74	87.00	108.34
	Interest coverage folds	2.85	16.26	9.72	5.56	21.39
Operating ability	Average collection turnover (Times)	5.07	5.33	5.68	2.56	2.49
	Average number of days	71.99	68.48	64.26	142.58	146.59
	Inventory turnover (Times)	6.65	6.71	6.08	2.31	4.09
	Payment turnover (Times)	14.08	13.82	12.97	5.48	5.68
	Average sales days	54.89	54.40	60.03	158.01	89.24
	Property, Plant and Equipment turnover (Times)	0.92	1.09	2.42	2.29	13.11
	Total assets turnover (Times)	0.31	0.22	0.21	0.11	0.10
Profitability	Return on total assets (%)	1.64	8.84	6.65	3.28	8.08
	Return on equity(%)	1.75	15.60	12.09	5.48	14.73
	Pre-tax net profit to paid-in capital ratio (%) (Note 7)	2.64	22.35	18.13	9.40	29.27
	Net profit margin(%)	3.36	38.56	28.07	25.23	79.78
	Earnings per share(NT\$)	0.26	2.52	2.13	1.02	2.89
Cash flow	Cash flow ratio(%)	28.75	4.97	4.94	3.77	(32.29)
	Cash flow sufficiency ratio(%)	17.94	19.19	16.05	22.58	6.24
	Cash flow reinvestment ratio(%)	4.98	(1.08)	(5.81)	(10.65)	(21.62)
Leverage	Operating Leverage	(17.51)	(15.83)	1.48	1.25	0.14
	Financial Leverage	0.08	0.12	2.12	1.44	1.04
Please analysis of significant changes in financial ratios over the last two years (20% change) :						

Note 1 : The above financial report has been audited and signed by CPA.

Explain the causes of changes in the financial ratios for the preceding 2 fiscal years (if the change is less than 20%, the analysis is exempted). :

1. Financial structure :
 1. Ratio of liabilities to assets : Due to the Company's disposal of property, the cash inflow and repayment of bank loans, resulted in a significant decrease in liabilities.
 2. Ratio of long-term capital to property, plant and equipment : Due to the Company's disposal of property resulting in a decrease in property, plant and equipment and an increase in equity.
2. Debt service ability :
 1. Quick ratio : The decrease in inventory due to the discontinued operation of the Company's Tainan factory resulted in an increase in the quick ratio.
 2. Interest coverage folds : The Company's disposal of property resulted in higher net income before income tax and interest expense.
3. Operating ability :
 1. Inventory's turnover rate and average days for sale of goods : The significant decrease in inventory due to the discontinued operation of the Company's Tainan factory.
 2. Turnover rate for property, plant and equipment : The company's disposal of property resulted in a significant decrease in property, plant and equipment in 2019.
4. Profitability :

The Company's disposal of property resulted in a significant increase in after-tax income and loss, hence increases in return on assets, return on equity, net income before tax to paid-in capital, profit margin and earnings per share.
5. Cash flow :

The Company's profitability in the textile industry decreased due to the impact of COVID-19, and cash outflows from operating activities resulted in a decrease in the cash flow ratio, cash flow equivalency ratio and cash reinvestment ratio.
6. Leverage :

This is mainly due to gains on disposal of property, which resulted in an increase in operating income and an operating leverage decrease.

Note 1 : The fiscal year has not been audited and reviewed by CPA shall be indicated.

Note 2 : A company whose stock is listed on the Taiwan Stock Exchange or the Taipei Exchange, the previous quarter of current year shall also be included in the financial analyses before the date of publication of the annual report.

Note 3 : The financial ratios are calculated as follows :

1. Financial structure

(1) Debt to asset ratio = total liabilities / total assets.

(2) Long term capital to property, plant and equipment ratio = (total equity + non-current liabilities) / net property, plant and equipment.

2. Debt service ability

(1) Current ratio = current assets / current liabilities.

(2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.

(3) Interest coverage ratio = net profit before income tax and interest expense / interest expense in the current period.

3. Operating ability

(1) Receivable (including accounts receivable and notes receivable due to business) turnover rate = net sales / average receivables for each period (including accounts receivable and notes receivable due to business).

(3) Inventory turnover rate = sales cost / average inventory.

(4) Payable (including accounts payable and notes payable due to business) turnover rate = cost of sales / average balance payable on each period (including accounts payable and notes payable due to business).

(5) Days sales outstanding = 365 / inventory turnover rate.

(6) Property, plant and equipment turnover rate = net sales / net average property, plant and equipment value.

(7) Total asset turnover rate = net sales / average total assets.

4. Profitability

(1) Return on assets = [after tax profit and loss + interest expense × (1 - tax rate)] / average total assets.

(2) Return on equity = after tax profit and loss / average equity.

(3) Net profit rate = after tax profit and loss / net sales.

(4) Earnings per share = (profit or loss attributable to parent company owner - special dividend) / weighted average number of issued shares. (Note 4)

5. Cash flow

(1) Cash flow ratio = net cash flow from operating activities / current liabilities.

(2) Cash flow adequacy ratio = net cash flow from operating activities / in the last five years (capital expenditure + inventory increase + cash dividend) in the last five years. (Note 5)

(3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long term investment + other non-current assets + working capital). (Note 5)

6. Leverage :

(1) Operating leverage = (net operating income - changing operating costs and expenses) / operating profit. (Note 6)

(2) Financial leverage = operating profit / (operating profit - interest expense).

Note 4 : The calculation of the earnings per share of the preceding paragraph shall pay special attention to the following :

1. Based on the weighted average number of ordinary shares, rather than the number of shares issued at the end of the year.

2. Where there is a cash replenishment or treasury stock trading, the weighted average number of shares shall be calculated during the period of circulation.

3. Where there is a surplus to capital increase or capital surplus to capital increase, the calculation of the earnings per share for the previous year and half-year should be adjusted by the proportion of capital increase, rather than the period the capital increase is issued.

4. If the preferred shares are non-convertible accumulative shares, its annual dividend (whether or not it is issued) shall be deductible from the net income or increased to net loss after tax. If the preferred shares are non-cumulative, then in the case of having a net profit after tax, the preferred dividend should be deducted from the net profit after tax; in the case of net loss after tax, no adjustments are required.

Note 5 : Cash flow analysis shall pay special attention to the following :

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.

2. Capital expenditure refers to the annual cash outflow of capital investment.

3. The increase in inventories shall only be credited when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory is reduced at the end of the year, then the inventory amount should be accounted at zero.

4. Cash dividends include cash dividends for common stock and special shares.

5. Net plant property and equipment means the total amount of Property, plant and equipment before deducting accumulated depreciation.

Note 6 : The issuer shall distinguish between the operating costs and operating expenses being fixed or variables. When involved in the estimation or subjective judgments, one should pay attention to its rationality and consistency.

Note 7 : If the Company's shares are no par or not in the denomination of NT \$ 10, the calculation of the ratio of the paid-in capital shall be calculated based on the equity ratio of the balance sheet attributable to the owners of the parent company.

3. Supervisors' report or audit committees' report on the latest financial statements :

Audit Committee Report

The board of directors has prepared and submitted the company's 2020 business report, financial statements (including consolidated financial statements and parent company only financial statements) and appropriation of earnings. The financial statements have been audited by CPAs Zhang Shu Ying, Chi Shi Qin of KPMG Taiwan and the audit report has been certificated.

The above business reports, financial statements and appropriation of earnings have been reviewed by the audit committee, and found that there is no discrepancy. The report is hereby prepared in accordance with Article 14-4 and Article 36 of Securities and Exchange Act.

To

2021 Annual Shareholders' Meeting of Yi Jinn Industrial Co., Ltd.

Yi Jinn Industrial Co., Ltd.

Convener : Lai, Sun-Quae

March 25, 2021

- 4. Financial statement for the most recent fiscal year, including an auditor's report prepared by a certified public accountant, and 2-year comparative balance sheet, statement of comprehensive income, statement of changes in equity, cash flow chart, and any related footnotes or attached appendices (Please see page 102 to page 163 for details).**
- 5. A parent company only financial statement for the most recent fiscal year, certified by a CPA (Please see page 164 to page 215 for details).**
- 6. If the company or its affiliates have experienced financial difficulties in the most recent fiscal year and during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation : None.**

VII. Review and Analysis of the Company's Financial Position and Financial Performance, and a Listing of Risks

1. Financial Position :

(1) The main causes and effects of significant changes in assets, liabilities and equity in the past two years :

Unit : NT\$ thousand

Item \ Year	2020	2019	Difference	
			Amount	%
Current assets	2,623,803	3,981,717	(1,357,914)	(34.10)
Non-current assets	15,157,011	14,236,127	920,884	6.47
Total assets	17,780,814	18,217,844	(437,030)	(2.40)
Current liabilities	2,269,091	3,870,617	(1,601,526)	(41.38)
Non-current liabilities	7,748,525	6,937,805	810,720	11.69
Total liabilities	10,017,616	10,808,422	(790,806)	(7.32)
Share capital	3,016,476	3,016,476	0	0
Capital surplus	458,206	419,079	39,127	9.34
Retained earnings	1,401,974	1,043,639	358,335	34.34
Total amount of equity	7,763,198	7,409,422	353,776	4.77

Significant changes item descriptions :

Current assets : Mainly due to the disposal of non-current assets held for sale, resulting in significant changes in current assets.

Current liabilities : Mainly due to with funds generated from the disposal of real property to repay bank loans, resulting in a decrease in current liabilities.

Retained earnings : Mainly due to the disposal of property, resulting in an increase in net income for the period.

(2) Future Plans : The Company's profitability has been stable in recent years, and in 2020, the debt ratio dropped to 56% due to the repayment of bank loans, and the current ratio was 116%, so the Company has a healthy financial structure.

2. Financial performance :

(1) Financial performance analysis

Item \ Year	2020	2019	Increased (Decreased) Amount	%of change
	Amount	Amount		
Operating net revenues	2,707,215	4,071,473	(1,364,258)	(33.51)
Operating cost	2,501,874	3,516,265	(1,014,391)	(28.85)
Gross profit	205,341	555,208	(349,867)	(63.02)
Operating expenses	221,908	236,204	(14,296)	(6.05)
Operating interest	905,331	699,972	205,359	29.34
Non-operating income and expenses	(95,044)	(49,325)	(45,719)	92.69
Income from continuing operations before tax	810,287	650,647	159,640	24.54
Income tax expense	177,966	34,918	143,048	409.69
Net income after tax	632,321	615,729	16,592	2.69
Loss after income tax from Discontinued Operation	(75,635)	(45,044)	(30,591)	67.91
Net income	556,686	570,685	(13,999)	(2.45)
Analysis of changes in increase and decrease :				
1. Operating revenues, operating cost and gross profit : Due to the discontinued operation of the Tainan factory since January 2020 and the impact of COVID-19, the company's revenue, costs, gross profit were all decreased.				
2. Operating Income : Mainly due to the profit from the disposal of property by the Company.				
3. Non-operating income and expenses : Mainly due to the increase in dividend income and investment income.				
4. Income tax expense : Land value increment tax on the disposal of property.				
5. Net loss after income tax from Discontinued Operation : Due to the sale of inventory in Tainan Factory.				

(2) A sales volume forecast and the basis therefor :

The company has obtained the management rights of Hung Chou Fiber in 2015, accelerating the vertical integration of upstream and downstream and stabilizing the supply. The expected sales volume in 2021 is about 59,000 tons of polyester yarn (including 9,000 tons for the subsidiary's own use), 11,000 tons of polyester chips and 18,000 tons of polyester textured yarn, and about 180,000 thousand meters of outsourcing industrial ribbon.

(3) The effect upon the company's financial operations as well as measures to be taken in response :

The Company will continue to pay attention to the changes in market demand, economic climate and product quotations, and grasp the pulse of the economy and market demand closely. The production business will focus on the production of textured yarn by our subsidiary, Kwang Ming Silk Mill, and the production of raw polyester yarns by our Hung Chou factory, while the parent company will focus on industrial ribbons and rental income, hoping to achieve better operating results.

3. Cash flow analysis

(1) Cash flow analysis for recent years

Unit : NT\$ thousand

Item	Year	2020	2019	% of change
Net cash flow from operating activities		(324,460)	58,932	(383,392)
Cash provided by (used in) investing activities		1,109,493	(1,201,977)	2,311,470
Cash provided by (used in) fundraising activities		(819,057)	1,302,129	(2,121,186)

1. Net cash outflow from operating activities : Decrease in profits and outflow from the purchase of financial assets at fair value through profit or loss due to the impact of the epidemic on our business.
2. Cash inflows from investing activities : Inflow from the disposal of property.
3. Cash outflows from fundraising activities : Dividend payments and repayment of bank loans on disposal of property resulted in outflows.

- (2) Improvement plan for cash flow shortage : The company has sufficient funds and good loan relationship with the bank, and has sufficient lines of credit to meet the funds needed.

(3) Analysis of cash flow in the coming year

Unit: NT\$ thousand

Beginning cash balance	Net cash flow from operating activities throughout the year	Net cash outflow from operating activities throughout the year	Net cash flow balance	Cash shortage contingency plan	
				Investment plan	Financing Plan
479,716	262,000	(160,000)	581,716	-	-
Analysis of cash flow changes in 2020 :					
1. Operating activities : Mainly due to the estimates of cash inflow from operating activities and rental income.					
2. Non-operating activities : Mainly distribution of cash dividends and purchase of property.					
3. Cash flow balance : Enriching working capital.					

4. The effect upon financial operations of any major capital expenditures during the most recent fiscal year. : None

5. The company's reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the

plan for improving re-investment profitability, and investment plans for the coming year.

- (1) The Company's reinvestment is based on a long-term strategy. In 2020, the company recognized its share of earnings of subsidiaries, affiliates and joint ventures under the equity method amounting to NT\$(1,334).
- (2) Improvement plan : Not applicable
- (3) Investment plans for the coming year : None

6. The section on risks shall analyze and assess the following matters during the most recent fiscal year and as they stood on the date of publication of the annual report :

- (1) The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future. :
 - 1 · Interest rate : The Company maintains good credit relationships with various banks and the interest rates on loans have been reduced from 5.25%~7% in early 2002 to 0.58%~1.53%, resulting in a significant reduction in interest expense and making the Company more competitive in its operations.
 - 2 · Exchange rate : The Company's imports are all from the major domestic manufacturers of raw materials, and the ratio of export sales was around 78.91% in 2020, so the change in exchange rate had an impact on the Company's exchange loss and resulted in the erosion of gross margin.
 - 3 · Inflation : The Company's quotations to customers are appropriately adjusted according to the market conditions, and therefore the fluctuation of prices can be controlled with certainty, and therefore inflation has no significant impact on the Company.
- (2) The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future. :
 - 1 · The company does not engage in high-risk, highly leveraged investments.
 - 2 · The Company's loan to other parties and endorsement and guarantee, please refer to the information on significant transactions disclosed in the accompanying notes. The company has established "Operational Procedures for Loaning Funds to Others" and "Endorsement and Guarantee Regulations" and all operations are carried out in accordance with these regulations. As of the end of 2020, the Company had no external endorsement guarantee or fund loan.
 - 3 · Policy on derivative transactions, the main reasons for the profits/losses generated thereby; and response measures to be taken in the future. :

The Company engages in derivative contracts for hedging purposes, and the counter-parties of the Company are all banks with good credit standing, so the possibility of credit risk, market price risk, liquidity risk and cash flow risk is minimal. In addition, the Company has established "Procedures for engaging in derivatives trading" and all operations are conducted in accordance with these procedures. As of December 31, 2020, the Company had no unexpired forward exchange agreement.
- (3) Research and development work to be carried out in the future, and further expenditures expected for research and development work. : None.

- (4) Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response. : None
- (5) Effect on the company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response. : None
- (6) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response. : The company markets itself under the Sea Gull brand and has a good corporate image without any bad image reports.
- (7) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken. : None
- (8) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken. : None
- (9) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken. : Due to the specific industry of the company, our main suppliers are all major raw yarn manufacturers, and most of them are listed and over-the-counter companies. The Company has maintained good relationships with its suppliers for a long time, therefore, there is no risk of consolidation of purchasing, and there is no risk of consolidation of sales in terms of sales because customers are dispersed.
- (10) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken. : None
- (11) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken. : None
- (12) Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that : (1) involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report. : None
- (13) Information security risks assessment and analysis and its countermeasures :
 Since discontinued operations of Tainan factory from January 1, 2020, currently, the company's production business mainly adopts outsourcing production. The center of information operations has been transferred to the administration department, the overall cyber environment tends to be more simplification and overall operation risks are also relatively lower; Regarding covid 19 pandemic, the information operations and safety of our company have not been affected by the active preventive measures.
 The company uphold to the principles of applicability, timeliness and appropriateness in its investment in information environment maintenance and information security threat prevention programs. The company also controls information security risks in accordance with the internal control system, and makes continuous improvement by referring to external examples or information security company's suggestions. The assessment of information security risks is based on the following 10 categories and 209 items (Revised in accordance with "The enterprise information security risk assessment " of the ISACA Taiwan

chapter). Self-assessment and analysis are conducted regularly from December to January every year. High, medium and low ratings are given according to the achievement or integrity of the audit items. After quantitative statistics, review and improvement measures are proposed according to the higher risk segments. The latest implementation time was December 28, 2020 to January 5, 2021. The report was implemented by the information engineer and the information supervisor. The report was submitted to the general manager for review and provide internal and external audit.

Since the company's information management is self-developed system, limited to the company's regional network implementation and not yet open to internet connection, the self-assessment risk of this year focuses on the external access permission restriction in endpoint protection and information contracts. Through the daily operation logs of information equipment, it is found that in 2020 the frequency of the external attack methods on the company's mail server and endpoint computers is increasing. After the assessment, it is planned to replace the anti-virus and anti-hacking software of the endpoint and enforce gateway protection mechanism. Recently, the information security company has been invited to provide the equipment with detection and audit function for testing and assessment, combine the original network management equipment to jointly defend, and enforce the control risk. The company also requests the information security company to provide relevant services such as penetration attack and vulnerability detection, to improve the vulnerability of information security environment and enhance the reliability of risk assessment, it is concluded that the overall information security risk level is between "low- medium" and there is no significant operational risk.

No.	Assessment item	Risk Range (%)			Major control item
		Low	Medium	High	
1	Information security policies	70	30	0	1. Establish a security organization, responsibilities, and incident notification and handling procedures. 2. Regularly reviews the risk assessment and amend the information security policy
2	Information security organization	82	18	0	1. Establish the information security management team and personal data protection team. 2. Establish the emergency response measures and reporting procedures for information security
3	Personnel security and management	30	70	0	1. The internal control system defines the operating authority for information personnel and users, and the operating criteria for personnel changes and resignations. 2. Account and access permission review every 6 months. 3. Regularly census the employee computer usage record to prevent personal internet usage every year.
4	Classification of information assets and control management	33	67	0	1. Establish an inventory list of information software and hardware assets. 2. Regularly census computers to identify software and hardware assets every year.
5	Physical and environmental security management	75	25	0	1. The devoted server room has temperature and automatic power controller. 2. Install anti-virus software on servers and personal computers. Computers with important tasks shall be backed up regularly every day. The number of backups should be at least 2 copies. 3. Operational databases adopts 2 host

					computer real-time backup, and rotate operations after regular accident simulation drill every six months.
6	Communications and operations management	71	26	3	<ol style="list-style-type: none"> 1. The email server has self-defense and preservation audits functions. 2. Analyze the firewall logs daily and use Internet Recorder to prevent internal and external abnormal behaviors immediately. 3. Immediately promote cybersecurity, notification or cases, raise awareness for cybersecurity. 4. Use Hinet UTM holistic information security program to extend the scope of protection and prevent attacks from internal and external.
7	Access Control	81	19	0	<ol style="list-style-type: none"> 1. Set access permission for electronic files according to departments and individuals. 2. Application for external links operations must be approved by the department head and general manager. 3. E-mail distinguishes between internal and external. Personnel who doesn't need external contacts can only send internal emails. 4. When the HR system reads personal data, it automatically records the access paths.
8	System development and maintenance	76	18	6	The self-developed and maintained application system, when planning and analysis, the security requirements are taken into consideration to prevent external intrusion and tampering.
9	Sustainable project management	67	33	0	<ol style="list-style-type: none"> 1. The operational database is drilled and tested regularly every six months. 2. Establish emergency response plan for important equipment, for compliance and response in case of major information security incidents.
10	Internal audit and others	75	25	0	<ol style="list-style-type: none"> 1. During the annual computer census, the company shall be notified of the scope of software authorization, and software beyond the specifications shall be removed or provide license; software and hardware census data shall be updated at any time according to the asset status. 2. The information department regularly self-assess the security of information operation environment every year. 3. Internal auditors regularly audit information control operations every year.
Security Assessment Results (%)		72	27	1	<ol style="list-style-type: none"> 1. Change endpoint anti-virus and anti-hacking software and enforce gateway security mechanism. 2. Cooperate with the information security company against persistent threat and vulnerability scan and other security management.

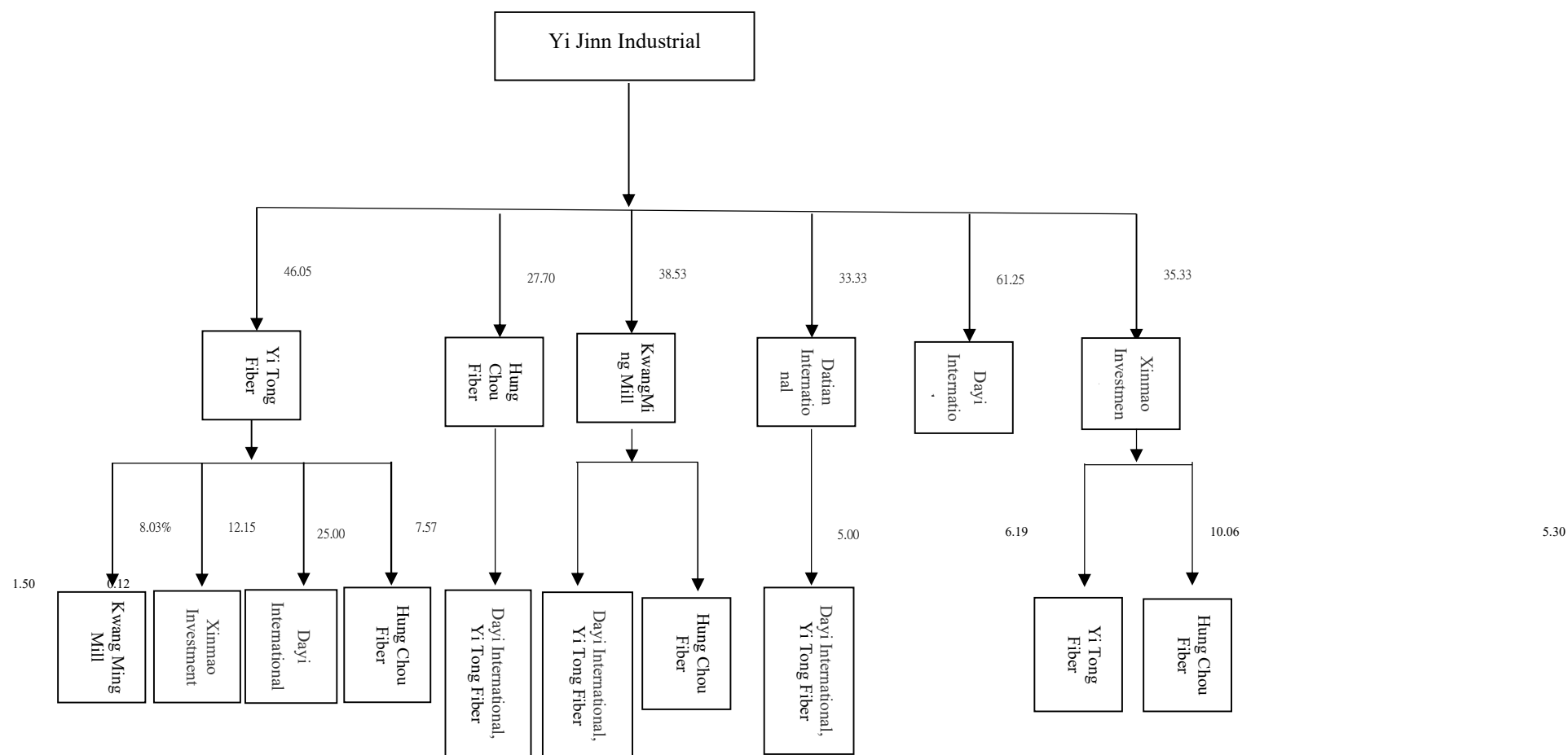
(14) Other important risks and measures to be taken : None

7. Other important matters : None

VIII. Special items to be included

1. Information related to the company's affiliates :

(1) . Consolidated Business Reports Covering Affiliated Enterprises (2020.12)



2. Basic information of each affiliates

Unit : thousand

Name	Date of establishment	Address	Paid-in capital	Main business or production items
Yi Jinn Industrial Co. Ltd.	1981.03.24	Company : 7F, No. 607, Ruiguang Road, Taipei City	3,016,476	1.C301010 Yarn Spinning Mills 2.C302010 Weaving of Textiles 3.C305010 Printing, Dyeing, and Finishing 4.C306010 Wearing Apparel 5.C801120 Manufacture of Man-made Fibers 6.C801990 Other Chemical Materials Manufacturing 7.C399990 Other Textile and Products Manufacturing 8.H701010 Housing and Building Development and Rental 9.H701020 Industrial Factory Development and Rental 10.H701040 Specific Area Development 11.H701050 Investment, Development and Construction in Public Construction 12.H701060 New Towns, New Community. Development 13.H703090 Real Estate Commerce 14.H703100 Real Estate Rental and Leasing 15.ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval
Kwang Ming Silk Mill Co. Ltd.	1966.06.22	Company : 7F, No. 607, Ruiguang Road, Taipei City Factory : No.29, Hongzhou Street, Guishan District, Taoyuan City	404,550	Cotton silk, man-made fibers and other materials are used to weave various kinds of cotton, tetoron, nylon, silk, and nylon fabric silk, etc. Dyeing and weaving of the above fabrics and the purchase and sale of related raw materials, materials and finished products.
Hung Chou Fiber Co. Ltd.	1968.07.30	Company : 7F, No. 607, Ruiguang Road, Taipei City Factory : No.29, Hongzhou Street, Guishan District, Taoyuan City	1,321,125	Manufacture, processing and trading of synthetic chemical fibers Manufacture, processing and trading of plastic drawing products
Yi Tong Fiber Co. Ltd.	1992.07.21	Company : 7F, No. 607, Ruiguang Road, Taipei City	885,298	Real Estate Commerce Real Estate Rental and Leasing All business items that are not prohibited or restricted by law, except those that are subject to special approval
Xinmao investment Co., Ltd.	1996.11.09	7F, No. 607, Ruiguang Road, Taipei City	168,681	Investment
Datian International Development Co., Ltd.	2017.09.26	7F, No. 607, Ruiguang Road, Taipei City	300,000	Real Estate Commerce Real Estate Rental and Leasing All business items that are not prohibited or restricted by law, except those that are subject to special approval

Dayi International Development Co., Ltd.	2018.02.13	7F, No. 607, Ruiguang Road, Taipei City	1,000,000	Real Estate Commerce Real Estate Rental and Leasing All business items that are not prohibited or restricted by law, except those that are subject to special approval
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3. Where the shareholders in common are natural persons, the reason that affiliation is presumed : For more details, please refer to the basic

information of each affiliates.

4. The industries covered by the business operated by the affiliates overall : The main business and production items as listed in the basic information.

5. Where connections exist among the businesses operated by individual affiliates, a description of the mutual dealings and division of work among such affiliates : None.

6. The names of the directors, supervisors, and general manager of each affiliate

Unit : NT\$ thousand, Shares, %

Name	Title	Name or representative	Shares held	
			Shares	%
Yi Jinn Industrial Co., Ltd.	Chairman	Chan, Cheng-Tien	25,010,494	8.29%
	Director	Chan, Yi-Chin	2,916,961	0.97%
	Director	Chen, Meng-Wu	0	0.00%
	Director	Cheng, Yu-Jing	2,053,074	0.68%
	Director	Weng, Mao-Cheng	433,343	0.14%
	Director	Lai, Yu-Min	445,916	0.15%
	Independent Director	Lai, Sun-Quae	0	0.00%
	Independent Director	Huang, Tien-Chang	0	0.00%
	Independent Director	Chen, Shiou-Chung	0	0.00%
	General Manager	Weng, Mao-Cheng	433,343	0.14%
Kwang Ming Silk Mill Co., Ltd.	Chairman	Yi Jinn Industrial (Legal representative : Chan, Cheng-Tien)	15,586,193	38.53%
	Director	Yi Jinn Industrial (Legal representative : Cheng, Yu-Jing)	15,586,193	38.53%
	Director	Lee, Ye-Zhen	946,000	2.34%
	Independent Director	Yang, Xiao-Qin	0	0.00%
	Independent Director	Shu, Chao-Cai	0	0.00%

	Supervisor	Fang Zhou Asset Management (Legal representative : Jing, Jian-Zhang)	670,165	1.66%
	Supervisor	Chan, Yi-Chin	0	0.00%
	Supervisor	Huang, Li-Xuan	0	0.00%
	General Manager	Lee, Ye-Zhen	946,000	2.34%
Hung Chou Fiber Co., Ltd.	Chairman	Chan, Cheng-Tien	5,532,037	4.19%
	Director	Yi Jinn Industrial (Legal representative : Chan, Yi-Chin)	36,601,000	27.70%
	Director	Yi Jinn Industrial (Legal representative : Lin, Jing-Ling)	36,601,000	27.70%
	Director	Yi Jinn Industrial (Legal representative : Cheng, Yu-Jing)	36,601,000	27.70%
	Director	Yi Jinn Industrial (Legal representative : Chang, Heng-Chia)	36,601,000	27.70%
	Director	Yi Jinn Industrial (Legal representative : Lin, Ze-Hua)	36,601,000	27.70%
	Director	Chen, De-Feng	2,071,383	1.57%
	Independent Director	Zhao, Shou-Bo	0	0.00%
	Independent Director	Huang, Wei-Ji	0	0.00%
	Supervisor	Ou Lian International (Legal representative : Chen, Guan-Ru)	1,171,000	0.89%
	Supervisor	Chen, Lin-De	57,516	0.04%
	General Manager	Lin, Jing-Ling	237,000	0.18%
Yi Tong Fiber Co., Ltd.	Chairman	Chan, Cheng-Tien	6,257,403	7.07%
	Director	Yi Jinn Industrial (Legal representative : Chang, Heng-Chia)	40,771,879	46.05%
	Director	Cheng, Yu-Jing	23,947	0.03%
	Supervisor	Wu, Gao-Shan	0	0.00%
Xinmao investment Co., Ltd.	Chairman	Chan, Cheng-Tien	2,580,000	15.30%
	Director	Yi Jinn Industrial (Legal representative : Weng, Mao-Cheng)	5,959,886	35.33%
	Director	Yi Jinn Industrial (Legal representative : Lai, Yu-Min)	5,959,866	35.33%
	Supervisor	Cheng, Yu-Jing	0	0%
Datian International Development Co., Ltd.	Chairman	Yi Jinn Industrial (Legal representative : Chan, Cheng-Tien)	10,000,000	33.33%
	Director	Yi Jinn Industrial (Legal representative : Lai, Yu-Min)	10,000,000	3.33%
	Director	Nice Plaza (Legal representative : Chen, Guan-Zhou)	12,500,000	41.67%
	Supervisor	Cheng, Yu-Jing	0	0.00%
Dayi International Development Co., Ltd.	Chairman	Yi Jinn Industrial (Legal representative : Chan, Cheng-Tien)	61,250,000	61.25%
	Director	Yi Jinn Industrial (Legal representative : Lai, Yu-Min)	61,250,000	61.25%
	Director	Yi Jinn Industrial (Legal representative : Chang, Heng-Chia)	61,250,000	61.25%
	Supervisor	Datian International (Legal representative : Cheng, Yu-Jing)	4,000,000	4.00%

7. Overview of the operations of each affiliate :

Unit : NT\$ thousand

Name	Capital	Total Assets	Total liabilities	Net worth	Operating revenue	Operating (Loss) income	(Loss) income for the period (After tax)	Earnings per share (NT\$) (After tax)
Yi Jinn Industrial Co. Ltd.	3,016,476	7,995,039	3,378,735	4,616,304	807,592	1,067,447	644,257	2.89
Kwang Ming Silk Mill Co. Ltd.	404,550	2,617,315	1,376,388	1,240,927	591,738	790	(18,664)	(0.46)
Hung Chou Fiber Co. Ltd.	1,321,124	2,737,080	1,696,594	1,040,486	1,558,963	(164,067)	(162,038)	(1.23)
Yi Tong Fiber Co. Ltd.	885,298	3,750,345	1,929,722	1,820,623	79,320	33,979	55,693	0.63
Xinmao investment Co., Ltd.	168,681	407,618	85,332	322,286	65,901	63,520	60,151	3.57
Datian International Development Co.,	300,000	923,565	617,834	305,731	10,147	4,426	(2,458)	(0.08)
Dayi International Development Co., Ltd.	1,000,000	2,018,529	1,175,086	843,443	96	(10,692)	(98,226)	(0.98)

8. Reports on Affiliations : None

2. Where the company has carried out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report : None

3. Holding or disposal of shares in the company by the company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report :

As of March 31, 2021 Unit : NT\$ thousand

Name of subsidiary (Note 1)	Paid-in capital	Capital source	The company's Shareholding ratio	Date of acquisition or disposal	No. of shares and amount acquired (Note 2)	No. of shares and amount disposed (Note 2)	Investment Profit or loss	Number and amount of shares held up to the date of publication of the annual report (Note 3)	Pledge (Note 4)	Amount endorsed by the Company for its subsidiaries	Amount loaned by the Company to subsidiaries
Xinmao investment Co., Ltd.	168,681	Own capital	35.33%	2020.01.01 to 2021.03.31	0	0	0	20,510 thousand shares 257,854 thousand dollars	13,500 thousand shares	0	0
Yi Tong Fiber Co. Ltd.	885,298	—	46.05%	2020.01.01 to 2021.03.31	0	0	0	57,954 thousand shares 471,957 thousand dollars	0	0	0

Note 1 : Please disclose for various subsidiaries.

Note 2 : The term“amount”as set forth herein denotes the amount actually acquired or disposed.

Note 3 : The acquisition and disposal shall be disclosed respectively.

Note 4 : Please indicate the impact upon the results of the subsidiary's business performance and financial standing.

4. Other matters that require additional description :

(1) Information on CPA professional fees : When non-audit fees paid to the certified public accountant, to the accounting firm of the certified public accountant, and/or to any affiliated enterprise of such accounting firm : None.

(2) Directors for Implementation of Continuing Education for Directors and supervisors :
pursuant to the advice of Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies'to complet the Continuing Professional Education (CPE) hours.

Title	Name	Date	Organizer	Course	Hours
Chairman	Chan, Cheng-Tien	2020.08.19	Securities and Futures Institute	The topic and discussion of the corporate merger process of HR and M&A integration	3
	Chan, Cheng-Tien	2020.10.08	Securities and Futures Institute	Discussion of law on prevention and combating money laundering and terrorism financing	3
Director	Chan, Yi-Chin	2020.09.24	Securities and Futures Institute	Principle of block chain technology and its application	3
	Chan, Yi-Chin	2020.10.08	Securities and Futures Institute	Discussion of law on prevention and combating money laundering and terrorism financing	3
Director	Lai, Yu-Min	2020.09.23	Securities and Futures Institute	The key point of investing in another enterprise and subsidiary supervision from the perspective of internal control and finance	3
	Lai, Yu-Min	2020.10.06	Securities and Futures Institute	From the perspective of enterprise fraud prevention to discuss the function of the board of directors	3
Director	Weng, Mao-Cheng	2020.09.17	Securities and Futures Institute	Intellectual property management and company operational risk	3
	Weng, Mao-Cheng	2020.09.17	Securities and Futures Institute	Analysis and case study of unusual transactions of directors and supervisors	3
Director	Chen, Meng-Wu	2020.09.18	Securities and Futures Institute	Application of decision analysis of corporate financial information	3
	Chen, Meng-Wu	2020.10.16	Securities and Futures Institute	Analysis of enterprise financial risk early warning system and type	3
Director	Cheng, Yu-Jing	2020.09.24	Securities and Futures Institute	Principle of block chain technology and its application	3
	Cheng, Yu-Jing	2020.10.08	Securities and Futures Institute	Discussion of law on prevention and combating money laundering and terrorism financing	3
Independent Director	Chen, Shiou- Chung	2020.07.22	Taiwan Academy of Banking and Finance	Global economic trends and corporate competitive strategies post covid 19 pandemic	3
	Chen, Shiou- Chung	2020.12.09	Taiwan Academy of Banking and Finance	World economic trend and Taiwan's development opportunities	3
Independent Director	Lai, Sun-Quae	2020.08.04	Corporate Operation Association	Stakeholders rights and interests - talk from the management rights disputes	3
	Lai, Sun-Quae	2020.08.18	Taiwan Institute of Directors	Enterprise transformation in the era of change	3
Independent Director	Huang, Tien- Chang	2020.09.18	Securities and Futures Institute	Practical operational and the new letter of interpretation analysis after the implementation of the Company Act	3
	Huang, Tien- Chang	2020.09.18	Securities and Futures Institute	Analysis and case study of unusual transactions of directors and supervisors	3

(3) Yi Jinn Employess' code of conduct and ethics

Since its establishment, the company has always taken "Innovation, Integrity, Growth and Collaboration" as its business philosophy, and encourage its employees to have a "sincerity and pragmatism" work attitudes. In order to implement Yi Jinn's business philosophy and work attitudes to every employee of the company, the company's internal control system has established "performance appraisal" and clearly stipulated employees' code of conduct and ethics, and require employees to abide by it. When an employee has special merits and demerits, supervisors always report to the company for rewards and punishments at any time. The employee performance appraisal is performed twice a year, it is a practical method for requiring employee's code of conduct and ethics.

(4) The state of the company's performance of social responsibilities :

The company has established 'Jinn Sian Social Welfare Foundation' in 1998, to help those with low income and disabilities families, and continue to expand the amounts and variety of types of donations. In recent years, with the concept of prevention drugs combined with environmental protection, social welfare activities have been vigorously promoted such as "Resist the temptation of drugs, and family harmony and happiness".

(5) The shareholder services agent :

The professional shareholder services agent designated by the company : Grand fortune Securities stock affairs department to conven shareholders meetings.

(6) The company's Board of directors shall evaluate the independence and suitability of the CPA engaged by the company regularly :

- (1) The assessment project was passed by the company's board of director on March 19, 2020. The company refer to The Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No. 10'Integrity, Objectivity and Independence'to establish assessment project to review the CPA appointed by the company.
- (2) None of the company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm.

5. Matters in the Past Year and as of the Date of Publication of the Annual Report Which have a Substantial Impact on Owner's Equity or Share Price as Stipulated in Item 2, Paragraph 2 of Article 36 of the Securities Exchange Act : None.

Representation letter

The entities that are required to be included in the consolidated financial statements of Yi Jinn Industrial Corporation Limited as of and for the year ended December 31, 2020, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Yi Jinn Industrial Corporation Limited and Subsidiaries do not prepare a separate set of combined financial statements.

Sincerely yours,

Yi Jinn Industrial Corporation Limited

Chan, Zheng-Tian

March 25, 2021

Independent auditor’s report

To the board of directors

Yi Jinn Industrial Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Yi Jinn Industrial Co., Ltd. and its subsidiaries (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 ends December 31, 2020 and 2019, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements represents 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 the International Financial Reporting Standards(IFRSs), International Accounting Standards(IASs), 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 out 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 un forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters for the Group’s consolidated financial statements for the year ended December 31, 2020 are stated as follows:

1. Revenue recognition

Please refer to Note 4 (16) “revenue recognition” and for more details please refer to Note 6 (18) “revenue from contracts with customers” of the consolidated financial statement.

Description of the key audit matters:

The revenue from polyester yarn, polyester processing silk, Tetoron and plain weave fabric products is the main source of operating revenue of Yi Jinn Industrial Co., Ltd., and the risk is in the authenticity of revenue recognition. Because the operating revenue is highly affected by the economic fluctuations, the test of revenue recognition is determined as one of the key audit items for the accountant to audit the financial reports of Yi Jinn Industrial Co., Ltd.

How the matter was addressed in our audit:

Our principal audit procedures included: evaluating the controls on the cycle of sales and payment collection; reviewing and adjusting the record of sales system and general ledger; spot checking whether the management has obtained the vouchers sufficient to prove that the control of commodities has been transferred to the buyers so as to examine the sales transaction before and after the end of the reporting date, and thus to determine whether the revenues have been appropriately recognised during the period and whether the revenue recognition policies have been performed in accordance with related communique.

2. Inventory valuation

For accounting policies related to inventory evaluation, please refer to Note 4 (8) Inventory Recognition in the consolidated financial report; For the uncertainty of accounting estimates and assumptions in inventory evaluation, please refer to Note 5 (2) of the consolidated financial report for details; For the description of inventory evaluation, please refer to Note 6 (6) inventory of consolidated financial report.

Description to the key audit matters:

Due to the fluctuation of international raw material prices and market supply and demand, the Group's inventory price and sales volume may fluctuate sharply, resulting in the risk that the inventory cost may exceed its net realizable value. Therefore, we determined that the assessment of inventory valuation is a key audit matter.

How the matter was addressed in our audit:

Our principal audit procedures included: understand the management's inventory management and evaluation policies and whether such policies were performed in actual inventory management and evaluation; carry out the audit procedure to compare the net realizable value adopted by the management with the latest inventory sales price, and evaluate the rationality of the net realizable value of inventory; implement sampling procedure to check the correctness of stock age statement and evaluate the adequacy of inventory allowance of the Group on the financial reporting date.

3. Accounts receivable valuation

Please refer to Note 4 (7) "Financial Instrument" of the consolidated financial report for details of the accounting policies for the evaluation of accounts receivable; please refer to Note 5 (1) of the consolidated financial report for the uncertainty of accounting estimates and assumptions in the evaluation of accounts receivable; please refer to Note 6 (4) of the consolidated financial report for details of the evaluation of accounts receivable.

Description of the key audit matters:

The Group has a large number of clients in different regions and the financial status of the clients will affect the collection risk of accounts receivable. The judgment of the Group's management on the possibility of the collection of accounts receivable involves subjective judgment. Therefore, the evaluation of accounts receivable is one of the important evaluation items in the audit of the financial report of the Group.

How the matter was addressed in our audit:

Our principal audit procedures included: Obtain the evaluation policy of expected credit loss of accounts receivable, understand the recent changes of industrial environment, customer credit status and historical collection records of previous years, so as to evaluate the

management's assumption of expected credit loss of accounts receivable; analyse and test the correctness of the aging analysis table of accounts receivable and spot check the collection data after the due date, so as to evaluate the rationality of the amount of provision for the expected credit loss of accounts receivable of the Group and the appropriateness of the disclosure items.

Other Matter

We have also audited the parent company only financial statements of Yi Jinn Industrial Corp., Limited as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion.

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 statement in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 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 operation, or has no realistic alternative but to do so.

Those charged with governance (the Audit Committee) are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 scepticism 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 disclosure 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 appropriate audit evidence regarding the financial information of the entities for 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, and form 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 affect 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 reasonable be expected to outweigh the public interest benefits of such communication.

KPMG

Auditors: CHANG, SHU-YING
CHIH, SHIH-CHIN

The reference : No. Taiwan-Financial-
number of the Securities-VI-0940100754
FSC approval No. Financial-Supervisory-
Letter: Securities-auditing-
1020000737

March 25, 2021

Yi Jinn Industrial Co., Ltd. and Subsidiaries

Consolidated Balance Sheets

December 31, 2020 and 2019

In Thousands of New Taiwan Dollars

Assets		December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
Current Assets:					
1100	Cash and cash equivalent (Note 6(1))	\$ 479,716	3	513,740	3
1110	Financial assets at fair value through profit or loss –current (Note 6 (2))	594,350	3	167,238	1
1120	Financial asset at fair value through other comprehensive income – current (Note 6 (3))	3	-	3	-
1150	Notes receivable, net (Note 6 (4) (18))	74,855	-	132,460	1
1170	Account receivable, net (Note 6 (4) (18))	416,911	3	462,841	3
1220	Current tax assets	5,703	-	-	-
1310	Inventories – manufacturing (Note 6 (5) and 9)	671,658	4	930,830	5
1410	Prepayments (Note 9)	77,652	-	35,560	-
1461	Non-current assets held for sale (Note 6 (6), 8 and 9)	-	-	1,366,362	8
1476	Other financial assets – current (Note 6 (6) and 8)	268,773	2	354,546	2
1479	Other current assets – other (Note 6 (14))	34,182	-	18,137	-
	Total current assets	<u>2,623,803</u>	<u>15</u>	<u>3,981,717</u>	<u>23</u>
Non-current assets					
1510	Non-current financial assets at fair value through profit or loss (Note 6 (2))	88,867	1	93,655	1
1517	Non-current financial assets at fair value through other comprehensive income (Note 6 (3))	504,094	3	571,693	3
1550	Investments accounted for using equity method	26,491	-	27,825	-
1600	Property, plant and equipment (Note 6 (9), 8 and 9)	3,436,768	19	3,482,794	19
1760	Investment property, net (Note 6 (10) and 8)	10,703,563	60	9,434,118	51
1840	Deferred tax assets (Note 6 (15))	70,234	-	74,972	-
1980	Other non-current financial assets – non-current (Note 6 (6) (7) and 8)	10,988	-	48,570	-
1990	Other non-current assets – other (Note 6 (11) (14) and 9)	316,006	2	502,500	3
	Total non-current assets	<u>15,157,011</u>	<u>85</u>	<u>14,236,127</u>	<u>77</u>
	Total	<u><u>\$ 17,780,814</u></u>	<u><u>100</u></u>	<u><u>18,217,844</u></u>	<u><u>100</u></u>

Yi Jinn Industrial Co., Ltd. and Subsidiaries

Consolidated Balance Sheets

December 31, 2020 and 2019

In Thousands of New Taiwan Dollars

		<u>December 31, 2020</u>		<u>December 31, 2019</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Liabilities and equity</u>					
Current liabilities :					
2100	Short-term loans (Note6 (12))	\$ 1,353,920	8	2,161,401	12
2130	Contract liability – current (Note 6 (18))	38,456	-	7,124	-
2150	Notes Payable	52,441	-	48,303	-
2171	Accounts payable	217,907	1	221,401	1
2200	Other payable (Note 6 (10) (19))	143,041	1	167,351	1
2230	Tax liability of the period	15,899	-	6,615	-
2320	Long-term liabilities – current portion (Note 6 (13))	439,932	2	945,146	5
2399	Other current liabilities – other (Note 6 (6))	7,495	-	313,276	2
	Total current liabilities	<u>2,269,091</u>	<u>12</u>	<u>3,870,617</u>	<u>21</u>
Non-current liabilities:					
2540	Long-term loans (Note 6 (13))	7,387,362	42	6,638,418	36
2570	Deferred income tax liabilities (Note 6 (15))	227,114	1	226,996	1
2645	Guarantee deposits (Note 9)	134,049	1	72,391	-
	Total non-current liabilities	<u>7,748,525</u>	<u>44</u>	<u>6,937,805</u>	<u>37</u>
	Total liabilities	<u>10,017,616</u>	<u>56</u>	<u>10,808,422</u>	<u>58</u>
Equity attributable to shareholders of the parent (Note 6 (3) and (16))					
3110	Common stock	3,016,476	17	3,016,476	18
3200	Capital surplus	458,206	3	419,079	2
3300	Retained earnings	1,401,974	8	1,043,639	6
3400	Other equity	65,111	-	(20,939)	-
3500	Treasury Stock	<u>(325,463)</u>	<u>(2)</u>	<u>(324,680)</u>	<u>(2)</u>
		4,616,304	26	4,133,575	24
36XX	Non-controlling interests (Note 6 (8))	3,146,894	18	3,275,847	18
	Total equity	<u>7,763,198</u>	<u>44</u>	<u>7,409,422</u>	<u>42</u>
	Total liabilities and equity	<u>\$ 17,780,814</u>	<u>100</u>	<u>18,217,844</u>	<u>100</u>

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

Chairman: Chan, Zheng-Tian

Managerial Officer: Weng, Mao-Cheng

Accounting Supervisor: Lai, Yu-Min

Yi Jinn Industrial Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2020 and 2019

In Thousands of New Taiwan Dollars

		Year 2020		Year 2019	
		Amount	%	Amount	%
4110	Operating revenue (Note 6 (14) (18))	\$ 2,731,362	101	4,107,453	100
4170	Less: sales returns	13,659	1	18,959	-
4190	Sales allowance	10,488	-	17,021	-
	Net operating revenue	2,707,215	100	4,071,473	100
5110	Cost of goods sold (Note 6 (5) (14))	2,501,874	92	3,516,265	86
	Gross Profit	205,341	8	555,208	14
	Operating expenses (Note 6 (5) (19) and 7)				
6100	Selling expenses	112,196	4	112,346	3
6200	Administrative expenses	109,712	4	123,858	3
	Net operating expenses	221,908	8	236,204	6
	Other income and expenses (Note 6 (6) (20) and 13)				
6511	Loss of disposal investment property	(48,642)	(2)	-	-
6514	Disposal of non-current assets held for sale	970,540	36	380,968	9
	Other income and expenses	921,898	34	380,968	9
	Net operating profit	905,331	34	699,972	17
	Non-operating income and expenses (Note 6 (5) (7) (10) (21) and 7):				
7100	Interest income	1,375	-	2,348	-
7010	Other income	68,798	3	25,132	-
7020	Other gains and losses	(35,130)	(1)	122,446	3
7050	Financial costs	(128,753)	(5)	(140,520)	(3)
7055	Impairment loss	-	-	(58,741)	(1)
7060	Share of profit or loss of associates and joint ventures accounted for using equity method	(1,334)	-	10	-
	Total non-operating revenue and expenses	(95,044)	(3)	(49,325)	(1)
	Profit before tax from continuing operations	810,287	31	650,647	16
7950	Less income tax expense (Note 6 (15))	177,966	7	34,918	1
8000	Net income from continuing operation	632,321	24	615,729	15
	Loss from discontinued operation (Note 6 (4) (6)):				
8100	New loss from discontinued operation	(75,635)	(3)	(45,044)	(1)
	Net income	556,686	21	570,685	14
8300	Other comprehensive income				
8310	Components of other comprehensive income that will not be reclassified to profit or loss (Note 6 (16))				
8316	Unrealized gains (losses) from investment in equity instrument measured at fair value through other comprehensive income	114,054	4	(42,451)	(1)
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
		114,054	4	(42,451)	(1)
8300	Other comprehensive income, net	114,054	4	(42,451)	(1)
	Total comprehensive income	\$ 670,740	25	528,234	13
	Profit, attributable to:				
	Profit (loss), attributable to owners of parent	\$ 644,257	24	230,303	6
8620	Profit(loss), attributable to non-controlling interests	(87,571)	(3)	340,382	8
		\$ 556,686	21	570,685	14
	Comprehensive income attributable to:				
	Comprehensive income, attributable to owners of parent	\$ 746,033	28	201,491	5
	Comprehensive income, attributable to non-controlling interests	(75,293)	(3)	326,743	8
		\$ 670,740	25	528,234	13
	Earnings(loss) per share (Note 6 (6) (17))				
	Basic earnings per share				
	From continuing operations	\$ 3.23		1.22	
	From discontinuing operations	(0.34)		(0.20)	
		\$ 2.89		1.02	
	Diluted earnings per share				
	From continuing operations	\$ 3.22		1.22	
	From discontinuing operations	(0.34)		(0.20)	
		\$ 2.88		1.02	

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

Chairman: Chan, Zheng-Tian Managerial Officer: Weng, Mao-Cheng Accounting Supervisor: Lai, Yu-Min

Yi Jinn Industrial Co., Ltd. and Subsidiaries
Consolidated Statement of Change in Equity
For the years ended December 31, 2020 and 2019

In Thousands of New Taiwan Dollars

	Equity attributable to shareholders of the Parent										
							Other equity items				
	Share capital		Retained earnings				Unrealized gain				
	Common stock	capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings		Or losses on FVTOCI	Treasury stock	Total equity attributable to owners of parent	Non-controlling interests	total equity
						total					
Balance at January 1, 2019	\$ 3,016,476	367,960	139,741	4,425	1,034,855	1,179,021	7,873	(298,476)	4,272,854	2,944,591	7,217,445
Net income for the year	-	-	-	-	230,303	230,303	-	-	230,303	340,382	570,685
Other comprehensive income	-	-	-	-	-	-	(28,812)	-	(28,812)	(13,639)	(42,451)
Total comprehensive income	-	-	-	-	230,303	230,303	(28,812)	-	201,491	326,743	528,234
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	49,538	-	(49,538)	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	(361,977)	(361,977)	-	-	(361,977)	-	(361,977)
Reversal of special reserve	-	-	-	(4,425)	4,425	-	-	-	-	-	-
Subsidiary purchase parent's shares as treasury stock	-	-	-	-	-	-	-	(26,204)	(26,204)	(34,606)	(60,810)
Dividends to subsidiary in adjusting capital surplus	-	41,356	-	-	-	-	-	-	41,356	50,088	91,444
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	1,409	-	-	-	-	-	-	1,409	(1,409)	-
Changes in ownership interests in subsidiaries	-	8,354	-	-	(3,708)	(3,708)	-	-	4,646	(4,646)	-
Cash Dividends contributes by subsidiaries	-	-	-	-	-	-	-	-	-	(89,824)	(89,824)
Increase/ Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	84,910	84,910
Balance at December 31, 2019	3,016,476	419,079	189,279	-	854,360	1,043,639	(20,939)	(324,680)	4,133,575	3,275,847	7,409,422
Net income of the year	-	-	-	-	644,257	644,257	-	-	644,257	(87,571)	556,686
Other comprehensive income	-	-	-	-	-	-	101,776	-	101,776	12,278	114,054
Total comprehensive income	-	-	-	-	644,257	644,257	101,776	-	746,033	(75,293)	670,740
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	23,030	-	(23,030)	-	-	-	-	-	-
Special reserve	-	-	-	20,939	(20,939)	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	(301,648)	(301,648)	-	-	(301,648)	-	(301,648)
Subsidiary purchase parent's shares as treasury stock	-	-	-	-	-	-	-	(783)	(783)	(864)	(1,647)
Dividends to subsidiary in adjusting capital surplus	-	37,779	-	-	-	-	-	-	37,779	-	37,779
Cash Dividends contributes by subsidiaries	-	-	-	-	-	-	-	-	-	(75,217)	(75,217)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	5,871	-	-	-	-	-	-	5,871	(5,871)	-
Changes in ownership interests in subsidiaries	-	(4,523)	-	-	-	-	-	-	(4,523)	4,523	-
Increase/ Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	23,769	23,769
Investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	15,726	15,726	(15,726)	-	-	-	-
Balance at December 31, 2020	\$ 3,016,476	458,206	212,309	20,939	1,168,726	1,401,974	65,111	(325,463)	4,616,304	3,146,894	7,763,198

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

Chairman: Chan, Zheng-Tian

Managerial Officer: Weng, Mao-Cheng

Accounting Supervisor: Lai, Yu-Min

Yi Jinn Industrial Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2020 and 2019
In Thousands of New Taiwan Dollars

	<u>Year 2020</u>	<u>Year 2019</u>
Cash flow from operating activities:		
Income from continuing operation before income tax	\$ 810,287	650,647
Loss from discontinued operation	<u>(75,635)</u>	<u>(45,044)</u>
Net income before income tax	734,652	605,603
Adjustment for :		
Income and expense		
Depreciation expense	142,898	160,448
Amortization expense	1,514	4,603
Expected credit losses recognized on investments in debt instruments	(378)	58,741
Interest expense	128,753	140,520
Interest income	(1,375)	(2,348)
Dividend income	(56,963)	(18,965)
Share of profit(loss) of associates and joint ventures accounted for using equity	1,334	(10)
Loss on disposal of property, plant and equipment	5,406	(3,402)
Acquisitions of investment property loss	48,642	-
Disposal of non-current assets held for sale	(970,540)	(380,968)
Impairment loss on non-financial assets	45,262	(90,000)
Valuation gain on financial assets	(66,740)	(49,554)
Loss of determination of lease	22	13,056
Rental income	<u>(897)</u>	<u>(959)</u>
Total income and expense	<u>(723,062)</u>	<u>(168,838)</u>
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Financial assets at fair value through profit or loss, mandatorily measure at fair value	(368,201)	(54,212)
Note receivable	57,605	92,913
Account receivable	46,308	(3,468)
Inventories	259,172	19,631
Prepayment	(42,092)	23,057
Other current assets	(16,159)	(5,020)
Other financial assets	<u>(36,461)</u>	<u>4,814</u>
Total Net changes in operating assets	<u>(99,828)</u>	<u>77,715</u>
Net changes in operating liabilities:		
Contract liabilities	31,332	(19,699)
Note payable	4,138	(5,986)
Account payable	(3,494)	(225,335)
Other payable	(27,129)	(22,338)
Other current liabilities	<u>(3,944)</u>	<u>5,374</u>
Total net changes in operating liabilities	<u>903</u>	<u>(267,984)</u>
Total Net changes in operating assets and liabilities	<u>(98,925)</u>	<u>(190,269)</u>
Total adjustment	<u>(821,987)</u>	<u>(359,107)</u>
Cash generated by operating activities	(87,335)	246,496
Interest received	1,375	2,348
Dividend received	56,963	18,965
Interest paid	(125,934)	(142,621)
Income taxes paid	<u>(169,529)</u>	<u>(66,256)</u>
Net cash generated by operating activities	<u>(324,460)</u>	<u>58,932</u>

Yi Jinn Industrial Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2020 and 2019
In Thousands of New Taiwan Dollars

	Year 2020	Year 2019
Cash flows from investing activities:		
Disposal of investments accounted for using equity method	10,451	-
Acquisition of Fair value through profit or loss financial assets. FVTPL financial assets	-	(10,030)
Disposal of Fair value through profit or loss financial assets. FVTPL financial assets	-	66,890
Disposal of non-current assets held for sale	3,071,132	492,508
Acquisition of property, plant and equipment	(113,087)	(117,788)
disposal of property, plant and equipment	12,793	13,710
Acquisition of investment property	(1,867,673)	(1,262,870)
Increase/Decrease in other financial assets	3,621	(2)
Increase in other noncurrent asset	(7,744)	(384,395)
Net cash flows from investing activities	<u>1,109,493</u>	<u>(1,201,977)</u>
Cash flows from financing activities:		
Increase (decrease) in short-term loans	(807,481)	711,504
Proceeds for long-term debt	2,617,480	2,485,300
Repayments of long-term debt	(2,373,750)	(1,590,448)
Increase in deposits received	61,658	32,030
Cash dividends paid	(263,869)	(270,533)
Cash Dividends contributes by subsidiaries	(75,217)	(89,824)
Cost of treasury stock acquired	(1,647)	(60,810)
Increase in non-controlling interests	23,769	50,000
Disposal of subsidiaries shares (without losing control)	-	34,910
Net cash flows from financing activities	<u>(819,057)</u>	<u>1,302,129</u>
Net increase in cash and cash equivalents	(34,024)	159,084
Cash and cash equivalents at beginning of period	513,740	354,656
Cash and cash equivalents at end of period	<u>\$ 479,716</u>	<u>513,740</u>

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

Chairman: Chan, Zheng-Tian Managerial Officer: Weng, Mao-Cheng Accounting Supervisor: Lai, Yu-Min

Yi Jinn Industrial Corp., Ltd
Notes to Consolidated Company Financial Statements
For the years ended December 31, 2020 and 2019
(Amount in Thousands of New Taiwan Dollars, unless specified otherwise)

I. Company history

Yi Jinn Industrial Corp., Ltd (The “Company”) has been officially listed in the Taiwan Stock Exchange on October 20, 1994. The registered address of the consolidated company is 7th Floor, No.607, Ruiguang Rd., Neihu Dist., Taipei City. The 2020 consolidated financial statement includes the Company and its subsidiaries (hereafter as the consolidated company). The main scope of business of the consolidated company is, as follows:

1. Manufacturing, processing and trading business of all kinds of artificial and natural fibre and its false twist.
2. Manufacturing, processing and trading business of all kinds of bulk continuous filament, nylon stretch yarn, Teton of synthetic fibre, fabrics of male or female ready-to-wear and its dyeing and finishing.
3. Import and export trading business of raw materials, materials and final products of items mentioned in two preceding paragraphs.
4. Commissioning construction enterprises to build public housing and commercial buildings for lease and sale.
5. Commission construction enterprise to develop industrial area approved by industrial supervisory authority.
6. Real estate trading and leasing business.

Other main business scope of consolidated and parent only company, please refer to Note 4(3).

II. Date and procedures of authorization of financial statements for issuance

The accompanying consolidated financial statements were approved and authorized for issue by the board of directors on March 25, 2021.

III. Newly issued or revised standards and interpretations

1. Impact of adoption of newly issued and amended standards and interpretations endorsed by the Financial Supervisory Commission (FSC).

The Company started to adopt the following amendments to the IFRSs from January 1, 2020, which did not have a significant effect on the Company’s consolidated financial reports.

- Amendments to IFRS 3, “Definition of Business”
 - Amendments to IFRS 9, IAS 39 and IFRS 7, “Interest Benchmark Reform”
 - Amendments to IAS 1 and IAS 8 “Definition of Significant”
 - Amendments to IFRS 16 “COVID-19 Related Rent Concessions”
2. The impact of not adopting the international financial reporting standards endorsed by the FSC
The Company evaluates that the following amendments to IFRS standards, effective from January 1, 2021, will not have a significant impact on the parent company only financial reporting..
 - Amendments to IFRS 4, “Extension of the Temporary Exemption from Applying IFRS 9”
 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, “Interest Rate Benchmark Reform-Phase 2”
 3. Newly issued and amended standards and interpretations not yet endorsed by the FSC.
The IFRSs issued and amended by IASB but not yet endorsed by the FSC, which may be related to the consolidated company, are as follows:

Newly issued or Amended Standards	Main Amended Content	Effective Date Issued by IASB
Amendment to IAS 1, "Classification of Liabilities as Current or Non-current"	<p>The amendment is to improve the consistency of the standards, to assist the enterprise to determine the debts of uncertain settlement day or other liabilities of the balance sheet to fall under current (may be due within one year) or non-current.</p> <p>The amendment also stated that the enterprise may transfer liability to equity in classification.</p>	January 1, 2023

The consolidated company is still evaluating the effect on the company's financial status and operating result by the abovementioned standards and interpretation, further related effects may be disclosed when the evaluation completed.

The consolidated company expects that other newly issued and amended standards not yet endorsed by the FSC did not result in significant impact on the consolidated statements.

IV. Summary of significant accounting policies

The summary of significant accounting policies is as follows. The following accounting policy is applied in this consolidated financial statement, unless otherwise stated.

1. Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuer and the IFRSs endorsed by the FSC, as well as the IFRSs, IASs, interpretations and announcements of interpretation endorsed and issued into effect by the FSC (hereinafter referred to as "IFRSs endorsed by the FSC")

2. Basis of preparation

(1) Basis of measurement

The accompanying consolidated financial statements have been prepared on the historical cost basis except for the significant items of balance sheet as below:

- i. Financial Asset measured at fair value through income and loss; and
- ii. Financial Asset measured at fair value through other comprehensive income and loss

(2) Functional currency and presentation currency

The functional currency is the currency for the economic environment in which the consolidated company operates. The consolidated financial statement is in our functional currency and presented in New Taiwan Dollars. All of the information provided in this financial statement is presented in Thousands of New Taiwan Dollars.

3. Basis of consolidation

(1) Basis of preparing the consolidated financial statement

The consolidated financial statements incorporate the financial statements of the Company and the individual entities it controls (i.e. its subsidiaries). The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its control over the investee.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Transactions and balances, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. The

comprehensive income from subsidiaries is allocated to the Company and its non-controlling interest, even if the non-controlling interests have a deficit balance.

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

Changes in the consolidated company's ownership interests in subsidiaries that do not result in the loss of control over its subsidiaries are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the shareholders of the Company.

(2) Subsidiaries included in the consolidated financial statement

List of the subsidiaries included in the consolidated financial statement:

Name of the investment company	Name of the subsidiaries	Scope of Business	Percentage of shareholding		Explanations
			December 31, 2020	December 31, 2019	
The company	Yi Tong Fiber Co., Ltd.	Real Estate Rental or trading	46.05%	46.05%	Note
The company	Xin Mao Investment Co., Ltd.	Investment	35.33%	35.33%	Note
The company	Kwang Ming Silk Mill Co., Ltd.	Cotton filament, artificial fibre and others manufacturing, processing and trading business	38.53%	38.53%	Note
The company	Hung Chou Fiber Industry Co., Ltd	Synthetic fibres, plastic filament manufacturing, processing and trading business	27.70%	27.70%	Note
The company	Da Tian International Co., Ltd.	Real Estate Rental or trading	33.33%	33.33%	-
The company	Da Yi International Development Co., Ltd.	Real Estate Rental or trading	61.25%	61.25%	-
Yi Tong Fiber Co., Ltd.	Kwang Ming Silk Mill Co., Ltd.	Cotton filament, artificial fibre and others manufacturing, processing and trading business	8.03%	8.03%	Note
Yi Tong Fiber Co., Ltd.	Xin Mao Investment Co., Ltd.	Investment	12.15%	12.15%	Note
Yi Tong Fiber Co., Ltd.	Hung Chou Fiber Industry Co., Ltd	Synthetic fibres, plastic filament manufacturing, processing and trading business	7.57%	7.57%	Note
Yi Tong Fiber Co., Ltd.	Da Tian International Co., Ltd.	Real Estate Rental or trading	25.00%	25.00%	Note
Yi Tong Fiber Co., Ltd.	Da Yi International Development Co., Ltd.	Real Estate Rental or trading	1.00%	- %	-
Xin Mao Investment Co., Ltd.	Yi Tong Fiber Co., Ltd.	Real Estate Rental or trading	1.50%	1.50%	Note
Xin Mao Investment Co., Ltd.	Hung Chou Fiber Industry Co., Ltd	Synthetic fibres, plastic filament manufacturing, processing and trading business	0.12%	0.12%	Note
Xin Mao Investment Co., Ltd.	Kwang Ming Silk Mill Co., Ltd.	Cotton filament, artificial fibre and others manufacturing, processing and trading business	0.12%	- %	Note
Kwang Ming Silk Mill Co., Ltd.	Hung Chou Fiber Industry Co., Ltd	Synthetic fibres, plastic filament manufacturing, processing and trading business	5.30%	5.30%	Note
Kwang Ming Silk Mill Co., Ltd.	Da Yi International Development Co., Ltd.	Real Estate Rental or trading	10.06%	10.06%	-
Kwang Ming Silk Mill Co., Ltd.	Yi Tong Fiber Co., Ltd.	Real Estate Rental or trading	0.76%	- %	Note
Da Tian International Co., Ltd.	Da Yi International Development Co., Ltd.	Real Estate Rental or trading	4.00%	5.00%	-
Hung Chou Fiber Industry Co., Ltd	Da Yi International Development Co., Ltd.	Real Estate Rental or trading	6.19%	6.19%	-

Note: The consolidated company does not directly or indirectly hold over 50% of the shares, but has substantial control over the company, therefore the company is regarded as a subsidiary.

(3) Subsidiaries not included in the consolidated financial statement: N/A

4. Currency

Transactions in foreign currencies

Foreign currency transactions are translated into functional currencies at the exchange rate on the transaction date. At the end of each reporting period (hereinafter referred to as the "reporting date), monetary items denominated in foreign currencies are retranslated into the functional currency at the rates prevailing at that date. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated into the functional currency at

the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured at historical cost in foreign currencies are translated at the rates of exchange prevailing at the dates of the transactions.

Exchange differences arising, if any, are recognized in profit or loss, but are recognized as other comprehensive income in the following circumstances:

- (1) Designated as equity instrument at fair value through other comprehensive income;
- (2) Designated as net investment of the operation in overseas and effective hedging in financial liability; or
- (3) Qualified cash flow is within the effective range of hedging

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

Assets meeting one of the following criteria are classified as current assets, and all other assets not classified to the current assets are classified as non-current assets:

- (1) Assets expected to be converted to cash or intended to be sold or consumed in its normal business cycle;
- (2) Assets held for trading purpose;
- (3) Assets expected to be converted to cash within one year from the end of the reporting date; or
- (4) Assets as cash or cash equivalent, but the assets with other restrictions (used for exchange or to settle liabilities at least 12 months after the reporting period) shall be excluded.

Liabilities meeting one of the following criteria as current liabilities, and all other liabilities not classified to the current liabilities are classified as non-current liabilities:

- (1) Liabilities expected to be settled within one normal operating period;
- (2) Liabilities held for trading purposes;
- (3) Liabilities expected to be settled within one year from the end of the reporting date; or
- (4) Liabilities that have not the right to defer the due date to the 12 months after the reporting date, unconditionally. The condition of liabilities may be settled by the issuing of equity instrument at the choice of the counter party of the transaction, which will not affect the classification.

6. Cash and cash equivalent

Cash includes cash in hand and cash deposit. Cash equivalent refers to short-term and highly liquid investments that are readily convertible to fixed amounts of cash and with low risk of value change. Time deposits that meet the above definition and are held for the purpose of meeting short-term cash commitments rather than investment or other purposes are recognized in cash equivalents..

7. Financial instruments

Account receivable and the bond issued are recognized when it happens. All of the other financial assets are recognized when the Company becomes one of the parties to a financial instrument contract. Financial assets that are not measured at the fair value (except the account receivable as part of the significant financial composition) or original financial liabilities are measured at the fair value plus the transaction cost directly attributable to their acquisition or issuance. Account receivable not as part of the significant financial composition shall be measured by the price of transaction.

(1) Financial Assets

The financial assets purchased or sold in regular ways are recognized and derecognized on a trade date or settlement date basis for which financial assets were classified in the same way, respectively.

At the original recognition, the financial assets are classified into: financial assets measured at amortised cost, investment in equity instruments measured at fair value through other comprehensive income or financial assets measured at fair value through profit or loss.

The consolidated company reclassified the affected financial assets from the first day of next reporting date only when it changes its management mode of financial assets.

i. Financial assets at amortised cost

The financial assets that fall under the following criteria and not designated to be measured at fair value are measured at amortised cost:

- Financial assets are held under the management mode for the purpose of receiving cash flow from the contract.
- Cash flow on the certain date under the contract of financial assets is solely for paying the principal and the interest of principal outstanding.

These assets are subsequently measured at amortised cost calculated by the original recognized amount plus or minus the accumulated amortisation calculated by the effective interest method, and after adjusting any impairment loss. Interest income, foreign exchange gains and losses and impairment losses are recognised as profit and loss. At derecognition, the profit or loss shall be recognized in profit and loss.

ii. Financial assets measured at fair value through other comprehensive income

On initial recognition, the consolidated company may irrevocably select to recognize the subsequent changes in fair value of equity instrument investment not held for trading in other comprehensive profits and losses. The above selection is based on the item by item basis.

Investments in equity instruments are subsequently measured at fair value. Dividends income is recognized in profit or loss unless it clearly represents a recovery of part of the cost of the investment. Other net income or loss are recognized as other comprehensive income and not reclassified into profit and loss.

Dividend income of the equity investment is recognised on the date the Company has the right to obtain the dividends (usually the ex-dividend date).

iii. Financial assets at fair value through profit or loss

Financial assets that are not measured at amortised cost or at fair value through other comprehensive income are measured at fair value. At the time of original recognition, in order to eliminate or significantly reduce the accounting mismatch, the consolidated company may irrevocably designate financial assets that meet the conditions of measuring at amortised cost or at fair value through other comprehensive profit and loss as financial assets measured at fair value through profit and loss.

Such assets are subsequently measured at fair value and their net income or loss (including any dividend and interest income) is recognised as profit and loss.

iv. Impairment loss on financial assets

The consolidated company recognised the expected credit loss of the financial assets measured at amortised cost (including cash and cash equivalent, notes receivable, accounts receivable, other receivables, refundable deposit and other financial assets) as the allowance for loss.

The allowance for loss of the financial assets meeting the following circumstances are measured at the amount of the expected credit loss within 12 months and the rest are measured at expected credit loss during the lifetime:

- The credit risk of the debt securities on the reporting date is determined to be low, and
- The credit risk of other debt securities and bank deposits (that is, the risk of default during the expected life of financial instruments) has not increased significantly since the original recognition.

The allowance for loss of accounts receivable is measured by the amount of expected credit loss during the lifetime.

When measuring if the credit risk is significantly increased after the initial

recognition, the consolidated company may consider from reasonable and verifiable information (that can be acquired without excessive cost or effort), including qualitative and quantitative information, and analysis made based on the historical experience, credit evaluation and forward-looking information of the company.

If the payment of contract is due over 90 days, the expected credit loss of the company is increased significantly.

If the payment of contract is due over 180 days or the borrower is unlikely to perform its credit obligation to repay the company with full amount, the company assumed that the financial assets are in breach of contract.

Expected credit losses are the weighted estimate of the ratio of credit loss during the lifetime of the financial instrument. Credit loss is measured under the current value of the cash shortfall, which is the difference between the cash inflow according to the contract and the cash inflow expected. The expected credit loss is discounted under the effective interest rate of the financial asset.

The company estimates the credit loss of financial asset at amortised cost and debt securities at fair value through other comprehensive income on each reporting date. When one or more of the matters that may affected the expected future cash flow of the financial assets occurred, the financial asset is in credit loss. The evidence of credit loss of financial assets includes observable data on the following matters:

- The borrower or issuer is under significant financial difficulties;
- Breach of contract, like lag or due over 180 days;
- Due to economic or contractual reasons with related to the financial difficulties of the borrower, the company offers the borrower certain concession that originally will not be considered.
- The borrower will possibly file in bankruptcy or other financial reorganization; or
- The active market of the financial asset may disappear due to the financial difficulties.

The impairment loss of the financial assets at amortised cost is deducted from the book value of the assets.

When the company cannot reasonably expect to recover the whole or part of the financial assets, it will directly reduce the total amount of the financial assets. For company accounts, the company analyses the time point and amount of write-off on the basis of whether it reasonably expects to be recoverable. The expected write-off amount will not be reversed significantly. However, the financial assets already written off still can be enforced in order to fulfil the procedure of recovering overdue amount of the Company.

v. Derecognition of financial assets

The company will only derecognize the financial assets when the contractual rights from the cash flow of the assets are terminated, or the financial assets have been transferred and almost all the risks and rewards of the ownership of the assets have been transferred to other enterprises, or almost all the risks and rewards of the ownership have not been transferred or retained and the control of the financial assets has not been retained.

If the company enters into a transaction of transferring financial assets and retains all or almost all the risks and rewards of the ownership of the transferred assets, it will continue to be recognized in the balance sheet.

(2) Financial Liability and equity instrument

i. Classification of debt and equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

ii. Transaction of equity

Equity instruments represent the contract of residual interest after the deduction of assets from the liability. The amount of equity instrument is recognised based on the acquired amount less the direct issuing cost.

iii. Treasury Stock

When the company buys back the equity instrument recognised, the consideration it paid (including the directly attributable cost) is recognized as the reduction of the equity. Shares bought back by the company is categorised as the treasury stock. The amount collected for further sale or reissuing of treasury stock is recognized as increase in equity, and the balance or loss of the transaction is recognized as capital surplus or retained earnings (if the capital surplus is not insufficient for offset).

iv. Financial Liabilities

Financial liabilities are subsequently measured at amortised cost under effective interest. Interest expense and exchange income (loss) are recognized in profit and loss. Upon derecognition, any income or loss shall be recognized in income and loss.

v. Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expire. When the terms of financial liabilities are amended and there is a significant difference in the cash flow of the amended liabilities, the original financial liabilities are derecognized and new financial liabilities are recognized at fair value on the basis of the amended terms.

When the financial liabilities are derecognised, the difference between the carrying amount and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognised in profit and loss.

vi. Offsetting of financial assets and liabilities

Financial assets and financial liabilities can only be offset and expressed in net amount in the balance sheet when the company has the right to offset legally and intends to deliver the assets with net amount or realize the assets and settle the liabilities simultaneously.

8. Inventories

Inventories are measured by the cost and the net realizable value, whichever is lower. The cost includes the acquisition, manufacturing or processing costs and other costs incurred in making it available for use, and is calculated by the weighted average method. The cost of finished goods and work in progress inventory includes the manufacturing cost apportioned according to the normal production capacity in an appropriate proportion.

Net realizable value refers to the balance of the estimated selling price under normal operation minus the estimated cost still to incur upon completion and the estimated cost for sale.

9. Non-current assets held for sale and discontinued operations

(1) Non-current assets held for sale

Non-current assets or disposal groups composed of assets and liabilities are classified as being held for sale when it is highly likely that their carrying amount will be recovered through sale rather than continuous use. The asset or components of the disposal group shall be re-measured in accordance with the accounting policies of the company before the original classification to be sold. After classified as to be sold, it is measured on the basis of the lower of its carrying amount and fair value minus cost to sell. The impairment loss of any disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis. However, the loss is not allocated to assets that are not within the scope of IAS 36: Impairment. The above items shall continue to be measured in accordance with the accounting policies of the company. The impairment loss originally classified as to be sold and the profits and losses arising from subsequent re-measurement are recognized as profits and losses, but the

recovered profits shall not exceed the recognized cumulative impairment loss.

Depreciation or amortization shall not be recognized for property, plant and equipment held for sale. When an associated enterprise recognized by the equity method is classified as to be sold, the equity method shall be discontinued.

(2) Discontinued operations

The discontinued operations refer to the compositions of the Company that are disposed or held for sale and:

- i. Single business line or operating region
- ii. Part of a single integrated plan for a single major business line or operating region
- iii. Subsidiaries acquired for resale.

Operating operations are categorised discontinued operations at the earlier stage of disposal or meeting the criteria for held for sale.

10. Investing affiliated enterprise

Affiliated enterprise refers to a company that has significant influence on the financial and operating policies of the consolidated company, but is not the controller or joint controller.

The consolidated company adopts the equity method to deal with the rights and interests in the affiliated enterprises. Under the equity method, the original acquisition is recognized at cost, and the investment cost includes the transaction cost. The carrying amount of an investment in an affiliated enterprise includes the goodwill recognized at the time of the original investment, less any accumulated impairment losses.

The consolidated financial statement includes the amount of profit and loss and other comprehensive profit and loss of each investment affiliated enterprise recognized by the consolidated company according to the proportion of equity after adjustment consistent with the consolidated company's accounting policies from the date of significant influence to the date of loss of significant influence. When the non-profit equity change and the equity change of other comprehensive profit and loss occurs in the affiliated enterprise, which does not affect the shareholding ratio of the consolidated company, the consolidated company will recognize the equity change under the shares of the affiliated enterprise attributable to the consolidated company as capital reserve according to the shareholding ratio.

The unrealized gains or loss from the transactions between the consolidated company and the affiliated enterprise are recognized in the financial statement only within the scope of the rights and interests of non-related party investors in affiliated enterprises.

When the loss share of the affiliated enterprise recognized by the consolidated company in proportion is equal to or more than its rights and interests in the affiliated enterprise, the consolidated company shall stop recognizing its losses, and recognize additional losses and related liabilities only within the scope of legal obligations, presumptive obligations or payments made on behalf of the invested company.

11. Investment property

Investment property refers to the property held for rent or asset appreciation, or both, rather than for normal business sale, production, provision of goods or services, or for administrative purposes. The original investment property is measured by cost, and subsequently is measured by cost less accumulated depreciation and accumulated impairment. The depreciation method, service life and residual value of investment property are subject to the provisions of real estate, plant and equipment.

Profit or loss from disposal of investment property (calculated in the difference of net disposal amount and the book value) are recognized in profit and loss.

Rental income of the investment property during the leasing period is recognized as operating income under the straight-line method and the leasing incentives are recognized as part of the leasing revenue.

The estimated service life in the current and the comparative period is as follows::

Building and Structures

3~ 50 Years

12. Property, plant and equipment

(1) Recognition and measurement

Property, plant and equipment are measured by the cost (including the cost of loans in capital) deducted the accumulative depreciation and all of the accumulative impairment.

If the significant part of property, plant and equipment is with different service life, it is regarded as the individual items (major components) of property, plant and equipment.

The profit or loss from disposal of property, plant and equipment are recognised as profit and loss.

(2) Subsequent expenditure

Subsequent expenditure is capitalized only when its future economic benefits are likely to flow into the company.

(3) Depreciation

Depreciation is calculated by the assets cost less the residual value and is recognized in profit or loss within the estimated service life each component using the straight-line method

No depreciation is recognized for land.

The estimated service life of current and the comparative period is as follows:

Building and Structure	2~ 55 Years
Machinery and Equipment	1 ~ 15 Years
Utilities Equipment	2~ 20 Years
Transportation Equipment	3 ~ 10 Years
Office Equipment	1 ~ 11 Years
Rental Assets	3 ~ 20 Years
Other Facilities	3 ~ 50 Years

The company reviews the method of depreciation, service life and residual value at every reporting date and makes appropriate adjustment if necessary.

(4) Reclassification to investment property

If the property changes the purpose of its property from self-use to investment, the carrying amount of the property is reclassified as investment property when the use of property changes.

13. Leasing

(1) Determination of leasing

The consolidated company determines whether the contract is leasing or includes leasing on the day of conclusion of contract. If the contract can be determined to obtain the control of an asset within the period of time to receive the consideration, then it is considered as leasing or including leasing. The consolidated company evaluates whether the contract is leasing by the following:

- i. The contract involves the use of an identified asset, which is explicitly specified in the contract or implicitly specified when it is available for use, and which can distinguish or represent substantially all production capacity. If the supplier has a material right to replace the asset, the asset is not an identified asset; and
- ii. The client has the right to obtain almost all the economic benefits from the use of the identified assets during the whole use period; and
- iii. In either of following conditions, the client obtains the right to control the use of the identified assets :
 - The client has the right to dominate the use mode and purpose of the identified assets during the whole use period.

- The use and usage purpose of the asset were decided beforehand, and:
 - The client has the right to operate the assets with the duration in whole and the provider have no right in changing such operation instruction; or
 - The way in which the client designs the asset has determined in advance the use mode and purpose of the asset during its whole use period.

On the establishment date of the lease or when re-evaluating whether the lease is included in the contract, the consolidated company allocates the consideration in the contract to individual lease components on a relatively separate price basis.

(2) The company as lessee

The consolidated company recognised the right-of-use asset and the leasing liability on the date the lease starts. The right-to-use assets are originally measured at cost, which includes the original measured amount of lease liabilities, adjustment of any lease payments paid on or before the lease start date, addition of the original direct costs incurred and the estimated costs for dismantling, removing and restoring the target assets, and deduction of any lease incentives received.

The depreciation of the right-of-use asset is recognized from the beginning of the lease to the expiry of the service life of the right-of-use assets or when the lease terminates, which is earlier, by the straight-line-method. In addition, the consolidated company shall evaluate the impairment of the right-of-use assets and handle all of the impairment loss occurred and adjust the right-of-use asset when re-measurement of leasing liabilities occurs.

The initial measurement of the leasing liability is on the present value of the lease payment payable from the commencement of lease. If the implied interest rate of the lease is easy to determine, the discount rate shall be the interest rate. If it is not easy to determine, the incremental borrowing rate of the company shall be used. Generally speaking, the company adopts its incremental loan interest rate as the discount rate.

The leasing payment measured under the leasing liability includes:

- i. Fixed payment, including the substantial fixed payment;
- ii. Variable lease payment depends on an index or a rate are included in the initial measurement of the lease liability;
- iii. Amounts expected to be payable by the lessee under residual value; and
- iv. The exercise amount of purchase option or termination option or the penalty to be paid when it is reasonably determined that the purchase option or lease termination option will be exercised.

The lease liability is subsequently re-measured to reflect changes in:

- i. An index or a rate used to determine the payment;
- ii. The amounts expected to be payable under residual value guaranteed;
- iii. The assessment of a purchase option;
- iv. Estimation on extension or termination option to change in the rental duration;
- v. Lease objectives, scope or other terms.

The lease liability is adjusted in the book value of the right-of-use assets when the above-stated change in index or rate, residual value guaranteed, and assessment of purchase, extension and termination. When the book value of right-of-use assets deducted to zero, the remaining balance shall be recognised in profit or loss.

For a lease modification that reduces the scope of the lease, the carrying amount of the right-to-use asset is reduced to reflect the partial or full termination of the lease, and the difference between it and the re-measured amount of the lease liability is recognized in profit or loss.

The consolidated company represents the right-of-use assets and leasing liability disqualified the definition of the investment property in single item on the balance sheet.

For short-term leasing of machinery equipment and office equipment or lease of subjects with low value, the consolidated company selects to not recognise them as right-of-use asset and leasing liability but to recognise the leasing payment as expenses within the duration of leasing under straight-line-basis.

(3) The company as lessor

For the transactions with the consolidated company as lessor, a lease is classified as finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise a lease is classified as an operating lease. In the evaluation, the company considers whether the lease term covers the main part of the economic life of the target asset and other relevant specific indicators.

If the consolidated company is an intermediate lessor, it shall account the head lease and a sublease separately, and the head lease is classified as right-of-use asset assessed subtle transaction. If the head lease is a short-term lease and the recognition exemption is applicable, the sublease transaction should be classified as an operating lease.

If the agreement consists of leasing and non-leasing parts, the consolidated company allocates the consideration in the contract in accordance with IFRS 15.

For operating leases, the consolidated company adopts a straight-line basis to recognize the lease payments received as rental income during the lease term.

14. Impairment of non-financial assets

The consolidated company reviews its book value of non-financial assets for indications of impairment at the end of each report date. If any indication of impairment exists, the asset's recoverable amount is estimated.

For the purpose of impairment test, a group of assets with cash inflow mostly independent of other individual assets or asset groups is regarded as the smallest identifiable asset group.

The recoverable amount is the higher of the fair value of an individual asset or cash generating unit less disposal costs and its value in use. When evaluating the value in use, the estimated future cash flow is converted to the present value at the pre-tax discount rate, which should reflect the current market assessment of the time value of money and the specific risk of the asset or cash generating unit.

The impairment loss is recognized when the carrying amount of an individual asset or cash generating unit exceeds its recoverable amount.

The impairment loss is recognized immediately in profit and loss, and the carrying amount of the amortization goodwill of the cash generating unit is reduced first, and then the carrying amount of each asset is reduced in proportion to the carrying amount of other assets in the unit. For non-financial assets other than goodwill, they can only be reversed within the range not exceeding the carrying amount (less depreciation or amortization) determined when the impairment loss of the asset was not recognized in the previous year.

15. Provision for liabilities

The recognition of provision for liabilities is due to current obligations incurred due to past events, which makes it possible for the consolidated company to flow resources with economic benefits to discharge the obligation in the future, and the amount of such obligation can be estimated reliably. The provision for liabilities is to discount the pre-tax discount rate reflecting the current market's time value of currency and the specific risk assessment of liabilities, and the discounted amortization is recognized as interest expense.

16. Income recognition

1. Income from contracts with customers

Income is measured according to the consideration expected to be obtained by transferring goods or services. The consolidated company recognizes the income when the control over goods or services is transferred to customers and the performance obligations are met. The

description of the main income of the consolidated company as follows:

(1) Sales of goods

The consolidated company recognizes income when the control over the products is transferred. The transfer of control over the product means that the product has been delivered to the customer, and the customer can completely determine the sales channel and price of the product, and there is no un-performed obligation that will affect the customer's acceptance of the product. Delivery occurs when the product is delivered to a specific place, the risk of obsolescence and loss has been transferred to the customer, the customer has accepted the product according to the sales contract, the acceptance terms have expired, or the company has objective evidence that all acceptance conditions have been met.

The consolidated company recognises receivables from the time of goods delivery as the consolidated company has the right to receive the price of transaction, unconditionally.

(2) Composition of finance

The consolidated company expected that the time between transferring the goods or services to the clients and the time of customer payment for the goods or services should be within a year. Therefore, the consolidated company does not make any adjustment on the time value of currency for the price of transaction.

17. Government grants

The consolidated company recognizes the government grants subject to the attached conditions as other income when it can receive the government subsidy related to the company's operation. Other assets related subsidies will be recognized by the consolidated company as asset reduction according to fair value when it can reasonably believe that it will comply with the conditions attached to the government grants and can receive the government grants. These assets shall be recognized as the loss and profit on a systematic basis. The government grants for compensation for the expenses or losses incurred by the consolidated company is recognized as profit and loss based on the systematic basis in the same period of the recognition of related expenses.

18. Employees' benefits

(1) Defined benefit plans

The allocation obligation of defined benefit pension plans is recognized as expenses while the employees are under service duration.

(2) Short-term employee benefit

Short-term employee benefit is recognized as expense while the service is provided. If the consolidated company has the current legal or constructive payment obligation due to the past service provided by the employees, and the obligation can be estimated reliably, the amount shall be recognized as a liability.

19. Income tax

Income tax consists of current tax and deferred tax. Except for expenses related to business merger or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current tax comprises the expected tax payables or receivables on the taxable profits (losses) for the year and adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, the following temporarily differences not recognized as deferred tax:

- (1) The initial recognition of an asset or liability other than in a business combination which, at the time of the transaction, does not affect accounting profit or taxable profit;
- (2) Temporarily differences associated with investment in subsidiaries and affiliated enterprise, but only to the extent that the consolidated company is able to control the timing of the reversal of the differences and it is probable that the reversal will not occur in the foreseeable future; and
- (3) Taxable temporary differences arising from the original recognition of goodwill.

Deferred taxes shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

- (1) The consolidated company has the legal right to offset the current income tax assets and current income tax liabilities; and
- (2) The taxing of deferred tax assets and liabilities fulfil one of the below scenarios:
 - i. Levied by the same taxing authority; or
 - ii. Levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset should be recognized for the carry-forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits and deductible temporary differences can be utilized.

20. Earnings per share

The consolidated company discloses the basic and diluted earnings per share attributed to the common stock equity owners of the company. The basic earnings per share of the consolidated company is calculated by dividing the profit and loss attributable to the common equity interest holders of the company by the weighted average number of common shares outstanding in the current period. Diluted earnings per share is calculated by adjusting the profit and loss attributable to the company's common equity interest holders and the weighted average number of outstanding common shares, respectively, for the impact of all potential diluted common shares. The dilutive potential common stock includes the compensation to the employees in form of shares.

21. Segment information

The operating departments are integral parts of the consolidated company and are engaged in business activities that may earn income and incur expenses (including income and expenses related to transactions between other components in the consolidated company). The operating results of all operating departments are regularly reviewed by the major operating decision makers of the consolidated company to make decisions on the allocation of resources to the department and evaluate its performance. Each operating department has its own financial information.

V. Critical accounting judgements and key sources of estimation and uncertainty

The preparation of the consolidated financial statements in conformity with the with the preparation standards and the international financial reporting standards approved by the FSC, requires management to make judgment, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next periods.

Information on accounting policies consist of critical accounting judgments and significant impact on the amount recognized the consolidated financial statements are as follows:

1. The determination of actual control over the subsidiaries

The consolidated company held less than 50% of the voting right of Yi Tong Fiber Co., Ltd., Xin Mao Investment Co., Ltd., Da Tian International Co., Ltd., Kwang Ming Silk Mill Co., Ltd., Hung Chou Fiber Industry Co., Ltd. However, considering that the remaining equity of the merged company is very dispersed, the participation of other shareholders in the previous shareholders' meeting shows that the merged company has the actual ability to lead the related activities unilaterally, and there is no evidence that there is an agreement between other shareholders to make collective decisions, so the consolidated company regards the above-mentioned companies as subsidiaries.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment with the next fiscal year, and reflected the impact of COVID-19 pandemic, as follows:

1. Impairment loss of account receivable

The impairment loss of the account receivable of the consolidated company is estimated by the basis of default risk and the expected rate of loss as assumption. The consolidated company consider the historical experience, the current market and with prospective to determine the input and assumption chosen for calculating impairment. For relevant assumption and input, please refer to Note 6 (4).

2. Valuation on inventories

As the inventory must be measured at the lower of cost and net realizable value, the consolidated company assesses the amount of inventory due to normal wear and tear, obsolescence or no market sales value on the reporting date, and offsets the inventory cost to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time horizon, so major changes may occur due to rapid industrial changes. For the estimation on valuation on inventories please refer to Note 6(5).

3. Recognition of deferred income tax assets

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred tax assets can be utilized. Assessment of the realization of the deferred tax assets requires the consolidated company's subjective judgment and estimate, including the future revenue growth and profitability, tax holidays, the amount of tax credits can be utilized and feasible tax planning strategies. Any changes in the global economic environment, the industry trends and relevant laws and regulations could result in significant adjustments to the deferred tax assets. For the recognition of deferred income tax assets please refer to Note 6(15).

Valuation procedure

The consolidated company's accounting policies and disclosure include fair value measurement of its financial and non-financial assets and liabilities. The consolidated company has

established relevant internal control system for fair value measurement, and regularly reviews and adjusts major unobservable input values. If the input value used to measure the fair value is the information from an external third party (such as a broker or a pricing service provider), the evaluation team will evaluate the evidence provided by the third party in support of the input value to determine that the evaluation and its fair value classification are in line with the IFRS.

The company used the fair value that can be observed in the market to measure the value of assets and liabilities. The levels of fair value are classified as follows based on the input value of evaluation technology use:

1. Level 1: Quoted prices (unadjusted) in active markets for identified assets or liabilities.
2. Level 2: inputs, other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).
3. Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

Transfer within levels

If there is fact or condition for transfer within levels, the consolidated company shall and recognise the transfer at the report date.

Further information on the assumption used in fair value

Further information on the assumption used in fair value, please refer to the following notes:

1. Note 6(22), financial instrument

VI. Contents of Significant Accounts

1. Cash and cash equivalent

	December 31, 2020	December 31, 2019
Cash on Hand	\$ 476	530
Check Deposit	225,711	228,454
Demand Deposit	180,332	215,170
Foreign Currency Deposit	73,197	16,586
Time Deposit	-	53,000
Cash and Cash Equivalent stated on Consolidated statement of cash flow	\$ 479,716	513,740

For the disclosure of interest rate risk and the sensitivity analysis of the financial assets and liability, please refer to Note 6 (22)

2. Financial Assets at fair value through income or loss

	December 31, 2020	December 31, 2019
Mandatorily as current financial asset at fair value through profit or loss,		
Beneficiary Certificate	\$ 4,123	4,018
Shares of domestic companies listed the exchange and OTC	590,227	163,220
Designation as non-current asset at fair value through profit or loss\		
Shares of domestic companies not listed the exchange and OTC	88,867	93,655
Total	\$ 683,217	260,893

Financial Asset at fair value through profit or loss of the consolidated company are not provided as pledge endorsement by the date of December 31, 2020 and 2019.

3. Financial Assets at fair value through other comprehensive income

	December 31, 2020	December 31, 2019
Equity instruments at fair value through other comprehensive income		
Current:		
Shares of domestic companies listed the exchange and OTC: China Man-made Fibre Co., Ltd.	\$ 3	3
Equity instruments at fair value through other comprehensive income		
Non-current:		
Shares of domestic companies not listed the exchange and OTC		
COCONA. INC.	44,087	48,343
Taiwan Incubator SME Development Corporation	17,868	24,223
Taiwan Filament Weaving Development Co., Ltd.	10,369	7,635
Kuanz Ho Securities Co., Ltd.	142,892	82,055
Ho Chi Tang Investment Co., Ltd.	7,814	8,830
Nice Plaza Co., Ltd.	177,150	311,662
Yamai (Hong Kong) Limited	49,869	35,126
Cheering Knitting Industrial Co., Ltd.	464	532
The First Leasing Corporation	37,413	39,600
KHH Arena Corporation	14,803	11,615
I Jinn Industrial Co., Ltd.	1,365	2,072
Subtotal	504,094	571,693
Total	\$ 504,097	571,696

- (1) The equity instrument of the consolidated company are for strategic investment and not for the purpose of trading therefor designated as measured at fair value through comprehensive income or loss.
- (2) Due to the change in investment strategy of the consolidated company in 2020, the consolidated company sold the share of domestic companies that not listed the exchange and OTC at fair value through other comprehensive income. The fair value and tax are NT\$182,200 thousands and NT\$547 thousands, respectively. The accumulated benefit from disposal is NT\$32,553 thousand, among which, NT\$15,726 thousand is transferred from other interests to retained earnings and NT\$16,827 thousand to non-controlling interests. Until December 31, 2020 the remaining amount receivable is NT\$171,202 thousand and listed as other receivables and all the amount has been received on January 29, 2021.
- (3) For information regarding credit risk and market risk, please refer to Note 6(22)
- (4) Financial assets at fair value through comprehensive income of the consolidated company are not provided as pledge endorsement by the date of December 31, 2020 and 2019.

4. Note receivable and account receivable

	December 31, 2020	December 31, 2019
Note Receivable-From operating	\$ 74,855	132,460
Account receivable – Amortized cost	418,529	464,837
Overdue Receivable (Listed as other non-current assets)	16,112	16,112
Less: Allowance loss	(17,730)	(18,108)
	<u>\$ 491,766</u>	<u>595,301</u>

- (1) The consolidated company adopts a simplified method to estimate the expected credit loss for all notes receivable and accounts receivable, that is, to measure the expected credit loss during the life time. For this purpose, these notes receivable and accounts receivable are grouped according to the common credit risk characteristics representing the customer's ability to pay all amounts due according to the contract terms, and have been included in the forward-looking information. An analysis of the company's expected credit losses on notes and accounts receivable is as follows

	December 31, 2020		
	Accounts receivable book value	Forecast weighted average credit loss ratio	Lifetime allowance forecast credit loss
Not overdue	\$ 491,010	0%~0.03%	-
Past due under 90 days	756	0%~39.5%	-
Past due over 180 days	17,730	100%	17,730
	<u>\$ 509,496</u>		<u>17,730</u>

	December 31, 2019		
	Accounts receivable book value	Forecast weighted average credit loss ratio	Lifetime allowance forecast credit loss
Not overdue	\$ 578,865	0%~0.01%	12
Past due under 90 days	14,512	0%~50%	11
Past due over 90 days and under 180 days	2,622	4.94%~100%	675
Past due over 180 days	17,410	100%	17,410
	<u>\$ 613,409</u>		<u>18,108</u>

- (2) The change in impairment loss of note receivable and account receivable of the consolidated company, as follows:

	Year 2020	Year 2019
Opening balance	\$ 18,108	58,811
Reversal of Impairment loss(Listed under income(loss) from discontinued operations)	(378)	-
The amount cannot be received and be write-off of the year	-	(40,703)
Ending balance	<u>\$ 17,730</u>	<u>18,108</u>

- (3) The note receivable and account receivable of the consolidated company are not provided as pledge endorsement as of the date of December 31, 2020 and 2019.
- (4) For other information on credit risk, please refer to Note 6(22).

5. Inventories

	December 31, 2020	December 31, 2019
Finished goods	\$ 535,071	748,293
Work in Process	96,658	112,172
Raw material	110,495	117,893
Materials	44,850	53,445
Less: Allowance Loss	(115,416)	(100,973)
	<u>\$ 671,658</u>	<u>930,830</u>

(1) Allowance for inventory valuation losses

	Year 2020	Year 2019
Opening balance	\$ 100,973	78,622
Listed as inventory valuation losses	14,443	22,351
Ending balance	<u>\$ 115,416</u>	<u>100,973</u>

- (2) The consolidated company recognised the allowance for inventory valuation losses of NT\$14,443 thousand and NT\$22,351 thousand at December 31, 2020 and 2019 respectively due to the inventories write off to the net realizable value. The impacts due to the fact as the actual production capacity is lower than the actual production capacity were NT\$4,186 thousand and NT\$0, respectively.
- (3) By the time of December 31, 2020 and 2019, the inventories of consolidated company were not provided as pledge endorsement.
- (4) The consolidated company receive the government grants on the salaries and operating capital of manufacturing industry affected by COVID-19, the relevant terms as no unpaid leaves, unemployment and salary reduction and other acts damaged the employees' equity and dismiss and shut down is prohibited. The salaries grant received by the consolidated company is NT\$28,271 thousand and listed as inventories reduction and operating expense reduction in 2020, and the consolidated company received operating capital grants of NT\$2,390 thousand listed as other profit and loss. For details, please refer to Note 6(21).

6. Non-current asset and discontinued operations

(1) Discontinued operations:

The consolidated company's board of directors dated October 31, 2019 decided to terminate the factory in Tainan of Department of processing yarn to terminate the continuous loss to reduce the operation loss of the company.

The operating result of discontinued operation is as follows:

Operational result of discontinued operations:	<u>Year 2020</u>	<u>Year 2019</u>
Operating income	\$ 102,410	787,556
Operating cost	(166,953)	(805,037)
Gross loss from operations	(64,543)	(17,481)
Operating expense	(10,250)	(32,521)
New loss from operation	(74,793)	(50,002)
Non-operating income and expense	(842)	4,958
Net loss before tax	(75,635)	(45,044)
Income tax expense	-	-
Net loss from discontinued operation (attributable to parent company)	\$ (75,635)	(45,044)
Primary loss per share (NT\$)	\$ (0.34)	(0.20)
Diluted loss per share (NT\$)	\$ (0.34)	(0.20)
Net cash flow from discontinued operation		
Net cash flow from operating activities	\$ 215,058	12,266
Net cash flow from in vesting activities	-	(15,882)
Net cash flow	\$ 215,058	(3,616)

(2) Assets held for sale:

The details of the amount of assets held for sale on the date of December 31, 2020 and 2019 as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Property, plant and equipment	\$ -	602,081
Investment property	-	764,281
Total	\$ -	1,366,362

- i. The board of directors of the consolidated company dated November 30, 2018 approved to sell part of the land and structure of Guanyin District, Taoyuan and the trading contracts were completed by November 30, 2018 with the price of NT\$654,500 thousand (with the related tax expense deducted already). By the date of December 31, 2018, the advance payment was NT\$65,580 thousand (before tax), and such land and structure was recognised as non-current asset held for sale and with the deferred income tax liability of NT\$8,289 thousand transferred to the noncurrent liability held for sale (listed as other current liability). The trading procedure was completed by February 28, 2019, and disposal benefit of NT\$380,968 thousand was recognised after considering the discount factor. Until December 31, 2020 and 2019, the down payment receivable was NT\$42,117 thousand and NT\$93,443 thousand, respectively, which were recognised as other receivables and other financial assets-non-current.

- ii. The change in assets held for sale of the consolidated company, as follows:

	Year 2020	Year 2019
Opening balance	\$ 1,366,362	246,110
Transferred-in	691,267	1,390,815
Disposal	(2,057,629)	(270,563)
Ending balance	<u>\$ -</u>	<u>1,366,362</u>

The board of directors of consolidated company approved to sell the land and structure of DaYing District, Tainan City with several instalments on July 31, 2019, October 31, 2019 and June 3, 2020. The advance payment received is NT\$301,837 thousand (recognised as other current liabilities) on December 31, 2019, the procedure of real estate settlement was completed in 2020 and the recognised benefits from disposal of noncurrent assets held for sale was NT\$970,540 thousand. The description on significant contractual information and the significant disposal information is shown in Note 9(1) and Note 13, respectively. Until December 31, 2020, the above-mentioned price has been received in full amount.

There is no indication on impairment by lower of the book value of non-current assets held for sale and the fair value less the selling cost by the day of December 31, 2019.

7. Other financial assets - current

	December 31, 2020	December 31, 2019
Other receivable – Transfer of shares (Note 6 (3))	\$ 242,560	58,741
Other receivable – real estate receipts (Note 6 (6))	42,117	51,326
Other receivable – business tax refund	27,166	1,315
Restricted assets	-	296,844
Other	15,671	5,061
Less: Allowance loss	(58,741)	(58,741)
	<u>\$ 268,773</u>	<u>354,546</u>

- (1) The consolidated company dispose all of its shares in subsidiaries Yi Jinn (Cayman) International Holdings Co., Ltd. and Yi Jinn Textile incorporate, and lost the control over these subsidiaries on December 21, 2017. The price for disposal is NT\$777,489 thousands (RMB174,717 thousand) and received payment was NT\$164,165 thousand (RMB37,667 thousand) on the date of December 31, 2017. The consolidated company under-estimated the expense on transferring plants in December, 2018, which resulted in recognised loss of NT\$13,416 thousand. The price of transferring shares receivable is NT\$ 58,741 thousand (RMB11,844 thousand) until December 31, 2019. The consolidated company has negotiated with the debtor about repayment of transferring shares in May, 2019. However, the debtor may not repay the price within short term due to the impact of US-China trade war and Mainland China restriction on the P2P. The consolidated company agreed the debtor to extend the debt to December 31, 2020. Under the conservatism principle, the consolidated company recognised the outstanding amount as expected credit impairment loss in 2019 and continued to collect the debts. As the region of the debtor was impacted seriously under COVID-19 in 2020, the duration of collecting the price is delayed and until the reviewing date there are no further negotiation progress.

- (2) Except the impairment loss recognised, there are no significant changes in credit risk other financial assets and no concern on impairment loss.
- (3) Information on other credit risk, please refer to Note 6(22).

8. Subsidiaries with significant non-controlling equity

Non-controlling equity of subsidiaries of significance to the consolidated company as follows:

Name of subsidiaries	Main place of business Country of company registration	Ratio of ownership interest and voting rights of non-controlling interest	
		December 31, 2020	December 31, 2019
Hung Chou Fibre Industrial Co., Ltd.	Taiwan	59.31%	59.43%
Kwang Ming Silk Mill Co., Ltd.	Taiwan	53.32%	53.44%
Yi Tong Fibre Co., Ltd.	Taiwan	51.69%	52.45%

The above stated summary financial information is prepared under the IFRSs endorsed by the FSC and reflects the adjustment of the fair value at the day of acquisition and the difference in accounting policies and the amount in the financial information as not deducted from the amount of transaction within the inter-companies:

(1) Financial summary of Hung Chou Fibre Industrial Co., Ltd.

	December 31, 2020	December 31, 2019
Current Assets	\$ 776,336	792,781
Non-current Assets	3,537,605	3,525,238
Current Liabilities	(897,704)	(849,240)
Non-current Liabilities	(798,890)	(702,522)
Net assets	<u>\$ 2,617,347</u>	<u>2,766,257</u>
End of period book value of non-controlling interest	<u>\$ 1,552,349</u>	<u>1,644,222</u>

	Year 2020	Year 2019
Operating income	<u>\$ 1,558,963</u>	<u>2,947,365</u>
Net income(loss) for the period	\$ (157,713)	61,372
Other comprehensive income	2,734	(857)
Total comprehensive income	<u>\$ (154,979)</u>	<u>60,515</u>
Belongs to Net profit(loss) in non-controlling interest	<u>\$ (93,495)</u>	<u>36,473</u>
Belongs to the Total comprehensive income in non-controlling interest	<u>\$ (91,873)</u>	<u>35,964</u>

	Year 2020	Year 2019
Cash flow in operating activities	\$ (39,246)	5,974
Cash flow in investing activities	(70,073)	(565,982)
Cash flow in financing activities	131,078	539,227
Increase (Decrease) in Cash and Cash equivalent	<u>\$ 21,759</u>	<u>(20,781)</u>

(2) Financial summary of Kwang Ming Silk Mill Co., Ltd.

	December 31, 2020	December 31, 2019
Current assets	\$ 548,711	543,532
Non-current assets	2,586,091	2,433,384
Current Liabilities	(261,840)	(130,780)
Non-current liabilities	(1,114,548)	(987,767)
Net assets	\$ 1,758,414	1,858,369
End of period book value of non-controlling interest	\$ 937,340	947,627
	Year 2020	Year 2019
Operating income	\$ 591,738	845,034
Net income(loss) for the period	\$ (19,190)	336,496
Other comprehensive income	145	(46)
Total comprehensive income	\$ (19,045)	336,450
Belongs to the Net Profit (Loss) in non-controlling interest	\$ (10,464)	179,823
Belongs to the Total comprehensive income in non-controlling interest	\$ (10,287)	179,799
	Year 2020	Year 2019
Cash flow from operating activities	\$ (63,341)	(24,593)
Cash flow from investing activities	(211,711)	(136,333)
Cash flow from financing activities	167,043	254,142
Increase (Decrease) in Cash and Cash relevant	\$ (108,009)	93,216
Dividends paid in non-controlling interests	\$ (43,144)	56,217

(3) Financial summary of Yi Tong Fibre Co., Ltd.

	December 31, 2020	December 31, 2019
Current assets	\$ 240,937	55,438
Non-current assets	3,509,408	3,568,977
Current liability	(178,634)	(205,470)
Non-current liability	(1,751,088)	(1,630,895)
Net assets	\$ 1,820,623	1,788,050
End of period book value of non-controlling interest	\$ 446,895	406,914
	Year 2020	Year 2019
Operating income	\$ 79,320	78,989
Net income(loss)	\$ 55,693	122,602
Other comprehensive income(loss)	21,145	(15,034)
Total comprehensive income(loss)	\$ 76,838	107,568
Belongs to net profit(loss) of non-controlling interest	\$ 28,951	64,305
Belongs to total comprehensive income(loss) of non-controlling interest	\$ 39,881	56,419

	Year 2020	Year 2019
Cash flow from operating activities	\$ 91,480	99,240
Cash flow from investing activities	(137,275)	(496,785)
Cash flow from financing activities	54,797	387,677
Increase (Decrease) in Cash and Cash relevant	<u>\$ 9,002</u>	<u>(9,868)</u>
Dividends paid for non-controlling interest	<u>\$ (23,215)</u>	<u>(23,217)</u>

9. Property, plant and equipment

The cost, depreciation and change in impairment loss of the property, plant and equipment of 2020 and 2019 of the consolidate company, as follows:

	Land	Building and Structure	Machinery and Equipment	Utilities Equipment	Transportation Equipment	Office Equipment	Rental Assets	Unfinished construction and equipment pending acceptance	Total
Cost or deemed cost:									
Balance at January 1, 2020	\$ 2,682,354	797,029	3,998,883	299,774	44,359	280,891	18,446	51,674	8,173,410
Addition	-	85	2,286	8,232	4,985	792	-	96,707	113,087
Disposal/retired	(202)	(237)	(88,948)	-	(8,412)	(3,720)	(30)	-	(101,549)
Reclassification	-	-	40,132	-	-	14,712	-	(56,104)	(1,260)
Reclassified as other non-current asset	-	-	-	-	-	-	-	(56,403)	(56,403)
Reclassified as non-current assets held for sale	-	(798)	-	-	-	-	-	-	(798)
Balance at December 31, 2020	<u>\$ 2,682,152</u>	<u>796,079</u>	<u>3,952,353</u>	<u>308,006</u>	<u>40,932</u>	<u>292,675</u>	<u>18,416</u>	<u>35,874</u>	<u>8,126,487</u>
Balance at January 1, 2019	\$ 2,684,491	932,192	3,990,263	360,755	48,412	281,525	92,322	2,301	8,392,261
Addition	42,982	66	13,336	3,898	5,223	2,910	-	49,373	117,788
Disposal/retired	(8,090)	-	(4,716)	-	(9,276)	(520)	-	-	(22,602)
Reclassified as non-current asset	(482,528)	(142,917)	-	(64,879)	-	(3,024)	(73,876)	-	(767,224)
Transferred from investment property	445,499	7,688	-	-	-	-	-	-	453,187
Balance at December 31, 2019	<u>\$ 2,682,354</u>	<u>797,029</u>	<u>3,998,883</u>	<u>299,774</u>	<u>44,359</u>	<u>280,891</u>	<u>18,446</u>	<u>51,674</u>	<u>8,173,410</u>
Depreciation and impairment loss:									
Balance at January 1, 2020	\$ -	414,796	3,678,043	272,605	36,472	270,254	18,446	-	4,690,616
Depreciation	-	16,325	57,220	3,479	2,086	4,054	-	-	83,164
Disposal/retired	-	(84)	(71,637)	-	(7,895)	(3,704)	(30)	-	(83,350)
Reclassified as non-current assets held for sale	-	(711)	-	-	-	-	-	-	(711)
Balance at December 31, 2020	<u>\$ -</u>	<u>430,326</u>	<u>3,663,626</u>	<u>276,084</u>	<u>30,663</u>	<u>270,604</u>	<u>18,416</u>	<u>-</u>	<u>4,689,719</u>
Balance at January 1, 2019	\$ -	435,994	3,613,566	297,910	40,688	269,278	84,557	-	4,741,993
Depreciation	-	15,770	69,193	5,969	2,860	3,992	1,095	-	98,879
Disposal/retired	-	-	(4,716)	-	(7,076)	(502)	-	-	(12,294)
Reclassified as non-current assets held for sale	-	(39,696)	-	(31,274)	-	(2,514)	(67,206)	-	(140,690)
Transferred from investment property	-	2,728	-	-	-	-	-	-	2,728
Balance at December 31, 2019	<u>\$ -</u>	<u>414,796</u>	<u>3,678,043</u>	<u>272,605</u>	<u>36,472</u>	<u>270,254</u>	<u>18,446</u>	<u>-</u>	<u>4,690,616</u>
Book Value:									
December 31, 2020	<u>\$ 2,682,152</u>	<u>365,753</u>	<u>288,727</u>	<u>31,922</u>	<u>10,269</u>	<u>22,071</u>	<u>-</u>	<u>35,874</u>	<u>3,436,768</u>
January 1, 2019	<u>\$ 2,684,491</u>	<u>496,198</u>	<u>376,697</u>	<u>62,845</u>	<u>7,724</u>	<u>12,247</u>	<u>7,765</u>	<u>2,301</u>	<u>3,650,268</u>
December 31, 2019	<u>\$ 2,682,354</u>	<u>382,233</u>	<u>320,840</u>	<u>27,169</u>	<u>7,887</u>	<u>10,637</u>	<u>-</u>	<u>51,674</u>	<u>3,482,794</u>

(1) For the property, plant and equipment transferred to assets held for sale by the consolidated company on year 2020 and 2019, please refer to Note 6(6) for related description.

(2) For the details for bank deposit and endorsement for funding on the date December 31, 2020 and 2019, please refer to Note 8.

10. Investment property

The Investment property as the office building rented to third parties for operating rental owned by the company. The rental period of investment property is five to ten years and part of the

contracts allow the lessee to have options on extension.

The change in investment property of the consolidated company as follows:

	Land and land revaluation increment	Building and Structure	Total
Cost or deemed cost:			
Balance at January 1, 2020	\$ 7,110,318	2,776,346	9,886,664
Addition	1,216,512	651,161	1,867,673
Disposal	-	(61,696)	(61,696)
Transferred from advance real estate payment	173,613	72,977	246,590
Reclassified as non-current assets held for sale	(655,131)	(38,380)	(693,511)
Reclassification	170,056	(170,056)	-
Balance at December 31, 2020	\$ 8,015,368	3,230,352	11,245,720
Balance at January 1, 2019	\$ 7,512,869	2,373,146	9,886,015
Addition	530,094	732,776	1,262,870
Transferred from advance real estate payment	11,060	39,680	50,740
Reclassified as non-current assets held for sale	(498,206)	(361,568)	(859,774)
Reclassified as property, plant and equipment	(445,499)	(7,688)	(453,187)
Balance at December 31, 2019	\$ 7,110,318	2,776,346	9,886,664
Depreciation and Impairment Loss:			
Balance at January 1, 2020	\$ 4,077	448,469	452,546
Depreciation	-	59,734	59,734
Impairment Loss	45,262	-	45,262
Disposal	-	(13,054)	(13,054)
Reclassified as non-current assets held for sale	-	(2,331)	(2,331)
Balance at December 31, 2020	\$ 49,339	492,818	542,157
Balance at January 1, 2019	\$ 94,077	485,121	579,198
Depreciation	-	61,569	61,569
Reclassified as property, plant and equipment	-	(2,728)	(2,728)
Reclassified as non-current assets held for sale	-	(95,493)	(95,493)
Reversal of Impairment Loss	(90,000)	-	(90,000)
Balance at December 31, 2019	\$ 4,077	448,469	452,546
Book Value:			
December 31, 2020	\$ 7,966,029	2,737,534	10,703,563
January 1, 2019	\$ 7,418,792	1,888,025	9,306,817
December 31, 2019	\$ 7,106,241	2,327,877	9,434,118

- (1) Investment property consists of various property and plant for leasing to others. The consolidated company create pledge of part of the land in Changhua, which hold by CHANG, ZHEN TIAN and others. To the consolidated company and the land is used to for rent temporarily.
- (2) The investment property held by the consolidated company is appraised by the market value and the appraisal report of the closed area and the fair value were NT\$14,481,964 thousand and NT\$10,856,163 thousand of the date December 31, 2020 and 2019, respectively.
- (3) The significant purchase and disposal of investment property of the consolidated company on the date of December 31, 2020, please refer to Note 13.
- (4) The contract of joint construction contract of Yucheng section, Nangang was signed with Farglory Construction Co., Ltd. on January 29, 2019, obtained the construction license on April 10, 2020, and under construction.
- (5) The consolidated company assessed the investment property in Huantan and Dachun, Changhua on the conditions of using and the value impairment loss, and listed the impairment loss of NT\$45,262 thousand in 2020.
- (6) Investment property is at fair value by the basis of market price of surrounding area as the level 2. The fair value of the land in Guanyin District, Taoyuan is NT\$ 97 thousand per 3.3 square meters at the year 2019. The consolidated company assess on the impairment of the above-mentioned investment property, listed as recovery benefit of NT\$90,000 thousand in 2019.
- (7) The consolidated company transfer the investment property to non-current asset held for sale at the year 2020 and 2019, related description please refer to Note 6(6).
- (8) The consolidated company deconstruct the structure of No.148 ZhenXin Rd, East District, Taichung City in 2020. The retirement loss is NT\$48,642 thousand and the expense on deconstruction is NT\$20,000 thousand and listed separately under other income and expenses and other income and loss. The amount of deconstruction of NT\$16,600 thousand is unpaid at December 31, 2020 and listed as other payable.
- (9) The investment property used for long-term loan and endorsement of funding, please refer to Note 8.

11. Other non-current assets

	December 31, 2020	December 31, 2019
Advance real estate payment	\$ 295,486	419,011
Other	20,520	83,489
	<u>\$ 316,006</u>	<u>502,500</u>

The information on significant real estate prepayment on the date of December 31, 2020 and 2019 of the consolidated company is stated in Note 9.

12. Short-term loans

The details of short-term loans of the consolidated company as follows:

	December 31, 2020	December 31, 2019
Unsecured loan from bank	\$ 520,000	1,044,302
Secured loan from bank	557,500	811,507
Loan from letter of credit	276,420	305,592
Total	\$ 1,353,920	2,161,401
Unused facilities	\$ 1,384,775	1,191,486
Interest rate collars	<u>0.58%~1.40%</u>	<u>1.08%~1.55%</u>

The asset created for bank deposit endorsement pledge of the consolidated company, please refer to Note 8.

13. Long-term loans

Details, terms and conditions of long loan of the consolidated company, as follows:

December 31, 2020				
	Currency	Interest rate collars	Year overdue	Amount
Secured loan from bank	New Taiwan Dollars	1.08%~1.78%	2021~2040	\$ 7,827,294
Less: Parts overdue within one year				(439,932)
Total				\$ 7,387,362
Interest rate collars				<u>\$ 68,000</u>

December 31, 2019				
	Currency	Interest rate collars	Year overdue	Amount
Secured loan from bank	New Taiwan Dollars	1.35%~1.98%	2021~2039	\$ 7,583,564
Less: Parts overdue within one year				(945,146)
Total				\$ 6,638,418
Interest rate collars				<u>\$ 30,000</u>

Collaterals for bank loans

For the asset created for bank deposit endorsement pledge of the consolidated company, please refer to Note 8.

14. Operating lease

The consolidated company leases its investment real estate. Because it does not transfer almost all the risks and rewards belonging to the ownership of the target assets, these lease contracts are classified as operating leases. Please refer to note 6 (10) investment real estate for details.

The undiscounted amount of rental payment due after the report date as follows:

	December 31, 2020	December 31, 2019
Less than a year	\$ 206,828	155,200
One to two year	173,418	128,032
Two to three year	139,076	96,762
Three to four year	126,249	61,594
Four to five year	64,387	48,617
More than five years	118,507	129,229
Total amount of undiscounted lease	\$ 828,465	619,434

The above-stated leasing contract is recognised as rental income, in accordance of IFRS 16 the lease payment is recognised as rental income under the duration of lease by the straight-line-basis.

	December 31, 2020	December 31, 2019
Lease receivable – current (listed under other current assets)	\$ 229	343
Long-Term Receivable (listed under other non-current assets)	4,786	3,797
	\$ 5,015	4,140

The rental income from investment property and renting assets of the year 2020 and 2019 was NT\$158,578 thousand and NT\$185,155 thousand, respectively. The termination loss of the rental contract of the year 2020 and 2019 as NT\$22 thousand and NT\$13,056 thousand. The maintenance expense (listed as operating cost) of renting investment property and renting assets as follows:

	Year 2020	Year 2019
Creating rental income	\$ 67,741	68,115

15. Income tax

(1) Income tax expense

The details of income tax expense of the consolidated of 2020 and 2019, as follows:

	Year 2020	Year 2019
Current income tax expense		
Created with the period	\$ 2,323	5,362
Surtax on undistributed retained earnings	14,693	9,512
Land Value increment tax	158,525	31,860
Over-estimate (under-estimate) of income tax for the past years.	(2,431)	546
	173,110	47,280
Deferred income tax expense		
Reverse and occur of temporary difference	4,856	(12,362)
Income tax expense	\$ 177,966	34,918

The adjustment of relationship between income tax expense and net income before tax of the consolidated company of the year 2020 and 2019, as follows

	Year 2020	Year 2019
Income before tax	\$ 810,287	650,647
Income tax calculated by the tax rate enacted by the region of the company	\$ 162,057	172,910
Impairment loss	9,052	-
Dividend income	(11,393)	(21,713)
Land	158,525	23,573
Tax-free income of land sold	(222,658)	(117,032)
Surtax on undistributed retained earnings	14,693	9,512
Under-estimate of income tax of prior period	(2,431)	546
Bad debt(reverse) loss	(5)	11,748
Valuation gain on financial assets	(13,348)	(14,957)
Recognition of unrecognized tax loss of the prior period	(26)	(45,492)
Unrecognized tax loss of the deferred income tax assets	57,950	11,882
Unrecognized temporarily difference	7,958	-
Income basic tax	-	2,901
Other	17,592	1,040
Total	\$ 177,966	34,918

(2) Deferred income tax assets and liabilities

i. Unrecognised deferred income tax assets

The unrecognised deferred income tax assets of the consolidated company, as follows:

	December 31, 2020	December 31, 2019
Bad Debts loss	\$ 12,133	12,133
Deferred interest	9,778	-
Loss carryforwards	266,563	214,745
Other	24,712	15,726
Total	\$ 313,186	242,604

ii. Recognised deferred income tax assets

The change in deferred income tax assets of the year 2020 and 2019, as follows:

	Loss carryforwards	Other	Total
Deferred income tax assets:			
Balance at January 1, 2020	\$ 63,778	11,194	74,972
Debit income statement	-	(4,738)	(4,738)
Balance at December 31, 2020	\$ 63,778	6,456	70,234
Balance at January 1, 2019	\$ 63,778	10,363	74,141
Credit income statement	-	831	831
December 31, 2019	\$ 63,778	11,194	74,972

	Land Value Increment Tax	Other	Total
Deferred income tax liabilities:			
Balance at January 1, 2020	\$ (226,293)	(703)	(226,996)
Debit income statement	-	(118)	(118)
Balance at December 31, 2020	\$ (226,293)	(821)	(227,114)
Balance at January 1, 2019	\$ (215,867)	(3,248)	(219,115)
Credit income statement	699	2,545	3,244
December 31, 2019	\$ (226,293)	(703)	(226,996)

According to the provisions of the Income Tax Law, the loss of the previous ten years is deducted from the net profit of the current year after being approved by the tax collection authority, and then the income tax is accounted. These are not recognized as deferred income tax assets because the consolidated company may not have sufficient tax income for the temporary difference.

The unrecognised deferred income tax asset, the loss from income tax and the duration for deduction of the consolidated company until December 31, 2020, as follows:

Year of Loss	Loss before deduction	Last deduction year
Year 2011	\$ 145,300	Year 2021
Year 2012	265,682	Year 2022
Year 2013	342,551	Year 2023
Year 2014	282,482	Year 2024
Year 2015	253,230	Year 2025
Year 2016	46,191	Year 2026
Year 2017	19	Year 2027
Year 2018	14,218	Year 2028
Year 2019	12,286	Year 2029
Year 2020	289,749	Year 2030
	\$ 1,651,708	

If the actual taxable income is higher or lower than expected, might be shown a reverse or listed as deferred asset and as the income tax expense or income in the period of reversal or listed.

- iii. The tax authorities have completed examination of income tax returns of the Company and subsidiaries in 2018.

16. Capital and other equity

As of December 31, 2020 and 2019, the authorized share of common stock of the Company amounted to NT\$5,600,000 thousand with a par value of NT\$10 per share of which 560,000 thousand shares. 301,648 thousand shares were issued and all issued shares were paid up upon issuance.

(1) Capital Surplus

The components of capital surplus were as follows:

	December 31, 2020	December 31, 2019
Share premium	\$ 178,238	178,238
Treasury stock	252,773	214,994
Recognise changes in all equity in Subsidiaries	8,170	12,693
Difference between consideration and carrying amount of Subsidiaries acquired or disposed	7,280	1,409
Other	11,745	11,745
	\$ 458,206	419,079

According to the Company Act, Capital Surplus is used to make up the loss and distribute the realised capital surplus to the shareholders with their original ratio of shareholding in form of new shares or cash. The realised capital surplus is including the additional paid-in capital in excess of par-issued stock and the income of gift received. According to the “Regulations Governing the Offering and Issuance of Securities by Securities Issuers”, the distribution capital of capital surplus may not exceed 10% of the total capital every year.

(2) Retained earnings

According to the Article of Incorporation, the retained earnings of the annual final account shall be used for tax payment, to make up the loss of the past years and to reserve 10% for the legal reserve, but it is not restricted if the legal reserve exceed the capital of the Company. The company may allocate the special reserve depending on the need of operating and legal restriction; if there are still earnings, they can be added to the undistributed earnings at the opening balance and distributed by the proposal of board of directors and the approval from the shareholders’ meeting..

The bonus policy of the Company is to cope with the current and future development plan, considering the investment environment, capital needed and the competition within the country and overseas. For the interest of shareholders and the development of the company, not more than 10% of the cash dividend will be distributed and the rest will be distributed with share dividend when the shareholders approved to distribute shareholders’ dividends and bonuses.

i. Legal Reserve

Legal reserve may be distributed when there is no loss of the company and approved by the shareholders’ meeting. The legal reserve may be distributed in form of new shares and cash, and only when the legal reserve exceeds 25% of the total capital.

ii. Special Reserve

In accordance with No. Financial-Supervisory-Securities-Development-1010012865 issued by FSC on April 6, 2012, when distributing retained earnings, the company shall list the difference between the net value of other shareholders’ equity deduction and the balance of special reserve and shall listed the special reserve from the current profit and loss and the undistributed earnings from the previous period. For the amount of other shareholders’ equity deduction of aforementioned, shall listed with the undistributed earnings from the previous period and may not be distributed. If there is other shareholders’ equity deduction reversal, then the company may distribute the reversal part of the other shareholders’ equity deduction.

According to the resolution of the regular meeting of shareholders on the date of June 11, 2020 and June 6, 2019, the special surplus reserve of NT\$20,939 thousand and NT\$4,425 thousand were respectively recognized in the surplus distribution proposal.

iii. Earning distribution

The Earning distribution of July 1, 2019 to December 31, 2019 and January 1, 2019 to June 30, 2019 is approved by the shareholders' meeting and board of directors on June 11, 2020 and August 12, 2019, respectively. The amount of owners' dividend distribution as follows:

	<u>January to June, 2019</u>		<u>July to December, 2019</u>	
	<u>Dividend</u>	<u>Amount</u>	<u>Dividend</u>	<u>Amount</u>
	<u>rate(yuan)</u>		<u>rate(yuan)</u>	
Dividends to common stockholder:				
Cash	\$ 0.50	<u>150,824</u>	0.50	<u>150,824</u>

The earning distribution of January 1, 2020 to June 30, 2020 is approved by the board of directors on August 11, 2020. The amount of owners' dividend distribution is as follows:

	<u>January to June, 2020</u>	
	<u>Dividend</u>	<u>Amount</u>
	<u>rate(yuan)</u>	
Dividends to common stockholder:		
Cash	\$ 0.50	<u>150,824</u>

The information regards to the above-stated earning distribution is available on MOPS.

(3) Treasury Stock

The following table shows the treasury stock of the company holds by the reinvesting subsidiaries (Xin Mao Investment Co., Ltd. and Yi Tong Fiber Co., Ltd.) on the date December 31, 2019 and 2020.

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Subsidiary holding parent company shares (Thousands of shares)	<u>78,465</u>	<u>78,305</u>
Acquisition cost	<u>\$ 729,809</u>	<u>728,162</u>
Stock market price	<u>\$ 1,294,671</u>	<u>1,123,675</u>
Amount of treasury stock	<u>\$ 325,463</u>	<u>324,680</u>

(4) Other equity (Net amount after tax)

	<u>Unrealized gains or losses on fair value through other comprehensive income financial assets.</u>
Balance at January 1, 2020	\$ (20,939)
Unrealized gains or losses on fair value through other comprehensive income financial assets.	91,053
Unrealized gains or losses on fair value through other comprehensive income financial assets of Associates & Joint Ventures Accounted for Using Equity Method	10,723
Share of Profit or Loss on fair value through other comprehensive income financial assets of Associates & Joint Ventures Accounted for Using Equity Method	(15,726)
Balance at December 31, 2020	<u>\$ 65,111</u>
Balance at January 1, 2019	\$ 7,873
Unrealized gains or losses on fair value through other comprehensive income financial assets.	(26,453)
Unrealized gains or losses on fair value through other comprehensive income financial assets of Associates & Joint Ventures Accounted for Using Equity Method	(2,359)
Balance at December 31, 2019	<u>\$ (20,939)</u>

(5) Non-controlling equity

	<u>Year 2020</u>	<u>Year 2019</u>
Opening balance	\$ 3,275,847	2,944,591
Net income (loss) of the year	(87,571)	340,382
Unrealized gains or losses on fair value through other comprehensive income financial assets	12,278	(13,639)
Cash dividend paid to the subsidiaries	-	50,088
Recognise changes in all equity in Subsidiaries	4,523	(4,646)
Subsidiaries distribute cash dividends to non-controlling equity	(75,217)	(89,824)
Subsidiaries buy shares of parent as treasury stock	(864)	(34,606)
Increased in non-controlling equity	23,769	84,910
Difference of carrying value of acquired or disposed shareholding of the subsidiaries	(5,871)	(1,409)
Ending balance	<u>\$ 3,146,894</u>	<u>3,275,847</u>

17. Earnings (loss) per share

The calculation on basic earnings per share and diluted earnings per share of the consolidated company, as follows:

	<u>Year 2020</u>	<u>Year 2019</u>
Basic earnings per share		
Net profit from continuous operations of the company	\$ 719,892	275,347
Net loss from discontinued operations	(75,635)	(45,044)
	<u>\$ 644,257</u>	<u>230,303</u>
Weighted average number of common shares outstanding (thousands of shares)	223,209	225,676
From continuous operations	\$ 3.23	1.22
From discontinued operations	(0.34)	(0.20)
	<u>\$ 2.89</u>	<u>1.02</u>
 Diluted earnings per share		
Net profit from continuous operations of the company	\$ 719,892	275,347
Net loss from discontinued operations	(75,635)	(45,044)
	<u>\$ 644,257</u>	<u>230,303</u>
Weighted average number of common shares outstanding (thousands of shares)	223,209	225,676
Influence on dilutive potential common share		
Influence of employees' stock compensation (thousands of shares)	433	591
Weighted average number of dilutive potential common share outstanding (thousands of shares)	223,642	226,267
From continuous operations	\$ 3.22	1.22
From discontinued operations	(0.34)	(0.20)
	<u>\$ 2.88</u>	<u>1.02</u>

18. Revenue from contracts with customers
(1) Disaggregation of revenue

		Year 2020		
		Department of textile	Department of leasing	Total
Main region market:				
Taiwan	\$	1,471,967	158,578	1,630,545
Asia		786,477	-	786,477
America		148,777	-	148,777
Europe		74,985	-	74,985
Africa		66,431	-	66,431
	\$	2,548,637	158,578	2,707,215
Main Products:				
Product sold-polyester yarn	\$	1,006,632	-	1,006,632
Product sold-polyester chip		367,706	-	367,706
Product sold-polyester textured yarn		633,175	-	633,175
Product sold-woven fabric		529,568	-	529,568
Rental income		-	158,578	158,578
Other		11,556	-	11,556
	\$	2,548,637	158,578	2,707,215
		Year 2019		
		Department of textile	Department of leasing	Total
Main region market:				
Taiwan	\$	2,648,097	185,155	2,833,252
Asia		916,791	-	916,791
America		195,292	-	195,292
Europe		61,910	-	61,910
Africa		64,228	-	64,228
	\$	3,886,318	185,155	4,071,473
Main Products				
Product sold-polyester yarn	\$	1,866,975	-	1,866,975
Product sold-polyester chip		346,480	-	346,480
Product sold-polyester textured yarn		1,026,881	-	1,026,881
Product sold-woven fabric		622,762	-	622,762
Rental income		-	185,155	185,155
Other		23,220	-	23,220
	\$	3,886,318	185,155	4,071,473

(2) Contract balance

	December 31, 2020	December 31, 2019	January 1, 2019
Note and Account receivable (including overdue receivable)	\$ 509,496	613,409	743,557
Less: Impairment loss	(17,730)	(18,108)	(58,811)
Total	<u>\$ 491,766</u>	<u>595,301</u>	<u>684,746</u>
Contract liabilities	<u>\$ 38,456</u>	<u>7,124</u>	<u>26,823</u>

The disclosure of note receivable and account receivable and its impairment loss, please refer to Note 6(4).

The contract liabilities of January 1, 2020 and 2019 is listed as the amount of revenue of opening balance of the year 2020 and 2019 as NT\$7,124 thousand and NT\$23,281 thousand, respectively.

19. Employees' Compensation and directors' remuneration

As stated in the Article of Incorporation, if the company gained in profit, the company shall appropriate no less than 0.5% as the employees' compensation and not more than 2% as the directors' remuneration. If the company has accumulated losses, the profit earned shall be reserved to make up the losses. Recipients entitled to receive shares or cash distributed as employee remunerations include employees of controlled companies and subordinate companies meeting certain requirements. The remuneration to the directors may only in form of cash.

The Company estimated the compensation to employees were NT\$4,758 thousand and NT\$4,992 thousand in 2020 and 2019, respectively, and the remuneration to Directors was NT\$8,204 thousand and NT\$4,942 thousand in 2020 and 2019, respectively. The amount was estimated using the profits before tax and before net of the remuneration in each period to multiply a designated percentage specified in the Articles of Incorporation. The distribution was recorded as operating costs or operating expenses of 2020 and 2019.

The compensation to the employees in 2019 and 2018 were NT\$4,992 thousand and NT\$11,963 thousand, respectively, and the remuneration to the directors were NT\$4,942 thousand and NT\$8,086 thousand, respectively. There is no difference between the actual distribution and the amount stated on the financial statement. For relevant information, please log on to MOPS hosted by TWSE for inquiry.

20. Other income and expenses

The composition of net value of other income and expenses of the consolidated company of the year 2020 and 2019, as follows:

	Year 2020	Year 2019
Loss of disposal investment property	\$ (48,642)	-
Disposal of asset interest held for sale	970,540	380,968
	<u>\$ 921,898</u>	<u>380,968</u>

21. Non-operating income and expenses

(1) Interest income

The composition of interest income of the consolidated company of the year 2020 and 2019, as follows:

	Year 2020	Year 2019
Interest from bank deposit	\$ 108	1,001
Interest income from financial asset at amortized cost	1,267	1,347
Total of interest income	<u>\$ 1,375</u>	<u>2,348</u>

(2) Other income

The composition of other income of the consolidated company of the year 2020 and 2019, as follows:

	Year 2020	Year 2019
Dividend income	\$ 56,963	18,965
Other	13,316	11,163
Less: Other income belongs to discontinued operations	(1,481)	(4,996)
	\$ 68,798	25,132

(3) Other gains and losses

The composition of other gains and losses of the consolidated company of the year 2020 and 2019, as follows:

	Year 2020	Year 2019
Gains and losses of disposal property, plant and equipment	\$ (5,406)	3,402
Gains and losses of currency exchange	(23,332)	2,045
Loss from lease termination	(22)	(13,056)
Net income at fair value through income or loss financial assets	66,740	49,954
Impairment(loss) reversal	(45,262)	90,000
Income from government grants	2,390	-
Other	(32,561)	(9,937)
Add: other loss from discontinued operations	2,323	38
	\$ (35,130)	122,446

(4) Financial Cost

The composition of other financial cost of the consolidated company of the year 2020 and 2019, as follows:

	Year 2020	Year 2019
Interest expense of bank deposit	\$ 128,229	140,382
Interest expense of imputed interest	524	22
Interest expense of owners	-	116
	\$ 128,753	140,520

22. Financial instruments

(1) Credit risk

i. Credit risk exposure

The maximum credit risk exposure of the Group's financial assets is equal to their carrying amount.

ii. Concentration of credit risk

The consolidated company's account receivable from the customers and securities investment are the main source of credit risk. The customers or the counterpart of the financial instruments failed to perform the obligations of the contract and result in risk of financial impairment.

iii. Credit risk of account receivable

The information on credit risk of note receivable and account receivable, please refer to Note 6 (4).

The related composition of financial assets at amortised (including other receivable),

please refer to Note 6(5).

The aforementioned are financial asset at low credit risk and as impairment loss of the 12-month expected credit losses (The description of determine low credit risk of the consolidated company, please refer to Note 4(7)).

(2) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreements.

	Carrying value	Contractual cash flow	Within 6 months	6 to 12 months	1 to 2 year	2 to 5 year	Over 5 years
December 31, 2020							
Floating interest rate \$ instruments	9,181,214	9,688,893	1,318,643	570,063	1,112,867	2,785,672	3,901,648
Non-interest-bearing liability	547,438	547,438	418,871	4,121	5,854	108,548	10,044
	\$ 9,728,652	10,236,331	1,737,514	574,184	1,118,721	2,894,220	3,911,692
December 31, 2019							
Floating interest rate \$ instruments	9,744,965	10,409,507	1,716,245	1,140,501	2,697,711	1,679,537	3,175,513
Non-interest-bearing liability	509,446	509,446	418,762	2,627	60,320	11,834	15,903
	\$ 10,254,411	10,918,953	2,135,007	1,143,128	2,758,031	1,691,371	3,191,416

The consolidated company does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(3) Currency risk

i. Risk exposure

The consolidated company's financial assets and financial liability exposed to significant. Currency risks were as follows:

	December 31, 2020			December 31, 2019			
	Foreign currency	Exchange rate	New Taiwan Dollars	Foreign currency	Exchange rate	New Taiwan Dollars	
Financial Assets							
Monetary assets							
US Dollars	\$	13,509	28.48	384,736	10,058	29.98	301,539

ii. Sensitivity analysis

The consolidated company's exposure to foreign currency risk arose from cash and cash equivalents, account receivables, other receivables, loans and borrowings, accounts payable and other payables that were denominated in foreign currencies. A 1% appreciation or depreciation of the TWD against the USD as of December 31, 2020 and 2019 would have increased or decreased the net income after tax from the years ended December 21, 2020 and 2019 by NT\$3,847 thousand and NT\$3,015 thousand, respectively. The analysis was performed on the same basis for both periods.

iii. Foreign exchange gain and loss on monetary item

The information on foreign exchange gain(loss) on monetary items is disclosed by the consolidated company in summary. For the December 31, 2020 and 2019, foreign exchange gains (losses) (including realised and unrealised abortions) amounted to NT\$(23,332) thousand and NT\$2,045 thousand.

(4) Interest rate risk

Please refer to the note on liquidity risk management for the interest rate exposure of the consolidated company's financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure to interest rates on derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is on the basis of the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the increment or decrement by 1% when reporting to the management internally, which also represents the management's assessment of the reasonable interest rate change.

If the interest rate had increased or decreased by 1%, the consolidated company's net income before tax would have decreased or increased by NT\$89,220 thousand and NT\$94,511 thousands for the years ended December 31, 2020 and 2019, respectively, with all other variable factors remaining constant. This is mainly due to the consolidated company's borrowing and time deposit at floating rates.

(5) Other price risk

The impact to the comprehensive income and loss if the stock price on reporting date changes (The analysis was performed on the same basis for both periods, and if the other variables remain unchanged), as follow

	Year 2020		Year 2019	
	Amount of comprehensive income or loss after tax	Post-tax profit or loss	Amount of comprehensive income or loss after tax	Post-tax profit or loss
Stock price on reporting date				
Increased by 5%	\$ 25,205	33,955	28,585	12,844
Decreased by 5%	\$ (25,205)	(33,955)	(28,585)	(12,844)

(6) Fair Value and carrying amount

i. Categories and fair value of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the consolidated company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2020				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 594,350	594,350	-	-	594,350
Financial assets at fair value through profit or loss, mandatorily	88,867	-	88,867	-	88,867
Subtotal	683,217	594,350	88,867	-	683,217
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic market	\$ 3	3	-	-	3
Unquoted equity instruments at fair value measured	504,094	-	-	504,094	504,094
Subtotal	504,097	3	-	504,094	504,097
Total	\$ 1,187,314	594,353	88,867	504,094	1,187,314

December 31, 2019					
	Carrying amount	Fair Value			
		Level 1	Carrying amount	Level 1	Carrying amount
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 167,238	167,238	-	-	167,238
Financial assets at fair value through profit or loss, mandatorily	93,655	-	93,655	-	93,655
Subtotal	260,893	167,238	93,655	-	260,893
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic market	\$ 3	3	-	-	3
Unquoted equity instruments at fair value	571,693	-	-	571,693	571,693
Subtotal	571,696	3	-	571,693	571,696
Total	\$ 832,589	167,241	93,655	571,693	832,589

- ii. Valuation techniques and assumptions not used in fair value
The consolidated company estimated the instrument of not used in fair value in the method and the assumptions as follows:
- (i) Financial assets at amortised cost
If there is an open quotation in the active market, the market price shall be the fair value; if there is no market price for reference, the evaluation method is used to estimate or use the quotation of the counterparties.
- (ii) Financial asset and liabilities at amortised cost
If there is quotation information of the transaction or market maker, the latest transaction price and quotation data shall be used as the basis for evaluating the fair value. If there is no market value for reference, the evaluation method is adopted. The fair value is estimated based on the discounted value of cash flow.
- iii. Valuation techniques and assumptions used in fair value determination of financial instrument at fair value
Financial instruments traded in active markets are based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a basis to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.
- If public quotation of financial assets may be obtained from exchange, brokers, underwriters, industry association, pricing service agencies or competent authorities in a timely and frequent manner, and the prices represent actual and frequent fair market transactions, then the financial instrument consider as active market quoted publicly. If the above criteria are not met, the market is regarded as inactive. Generally, significant difference between the buying and selling prices, significant increase in such price difference or the rear transactions are indicators of an inactive market.

The financial instruments held by the company are classified as follows according to the evaluation sources used to determine the fair value:

- Financial instruments with active markets: Shares of listed company, the fair value based on quoted market prices.
- Financial instruments with no active markets: The fair value is estimated using

the market comparable company method. The main assumption is based on the net value multiplier derived from the market quotation of the comparable listed (counter) company of the investor. This estimate has been adjusted for the discount effect of the lack of market liquidity of the equity securities.

iv. Transfer between level 1 and level 2

In September 11, 2019, the shares of Yi Hsin textile Co., Ltd. is on listed of OTC and as quoted market prices in active market, therefore the fair vale transferred from level 3 to level 2 from the date of December 31, 2019.

v. Reconciliation of Level 3 fair values

	Fair value through profit or loss	Fair value through other comprehensive income
	Fair value through profit or loss, designated (designated at initial recognition)	Unquoted equity instruments
January 1, 2020	\$ -	571,693
Total income or loss		
Recognized as other comprehensive income or loss	-	114,054
Disposal	-	(181,653)
December 31, 2020	<u>\$ -</u>	<u>504,094</u>
January 1, 2019	\$ 102,558	614,144
Total income or loss		
Recognized as income or loss	47,259	-
Recognized as other comprehensive income	-	(42,451)
Purchase	10,728	-
Disposal	(66,890)	-
Transferred from level 3	(93,655)	-
December 31, 2019	<u>\$ -</u>	<u>571,693</u>

Above stated total income or loss is recognised as “other income and loss” and “unrealised gains or losses at fair value through other comprehensive income financial asset”. The total income or loss related to the assets held by the date of December 31, 2020 and 2019, as follows:

	Year 2020	Year 2019
Total income or loss		
Recognized as other comprehensive income or loss (listed under the “unrealized gains or losses at fair value through other comprehensive income”)	<u>\$ 87,765</u>	<u>(42,451)</u>

vi. Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The fair value measured at level 3 of the consolidated company are financial assets measured at fair value through profit and loss – equity securities investment and financial assets at fair value through other comprehensive income – equity securities investment.

For fair value measurements categorised within level 3 of the fair value hierarchy quantitative information about significant unobservable inputs used in the fair value measurement, as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income equity investments without an active market	Comparative listed company	·Multiplier of price-to-earnings ratio (as of December 31, 2019 was 14.81) ·Market illiquidity discount rate (as of December 31, 2019 was 25%)	The estimated fair value would increase(decrease) if ·the multiplier was higher (lower) ·the market illiquidity discount were lower(higher)
Financial assets at fair value through other comprehensive income equity investments without an active market	Net asset value method	·Net asset value	N/A
Financial assets at fair value through other comprehensive income equity investments without an active market	Comparative listed company	·Multiplier of price-to-earnings ratio (as of December 31, 2020 and 2019 were 0.67~2.13 and 0.75~5.88, respectively) ·Market illiquidity discount rate (as of December 31, 2020 and 2019 were 30% and 25%, respectively)	·The estimated fair value would increase(decrease) if ·the multiplier were higher (lower) ·the market illiquidity discount were lower(higher)

vii. Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The consolidated company's measurement of the fair value of financial instruments is reasonable, but the use of different evaluation models or evaluation parameters may result in different evaluation results.

For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income:

			Other comprehensive income	
	Input	Assumptions	Favorable	Unfavorable
December 31, 2020				
Financial assets fair value through other comprehensive income				
Equity investments without an active market	Price-to-book multiple	±1%	\$ 5,041	(5,041)
	Liquidity discount	±1%	\$ 17,847	(17,847)
December 31, 2019				
Financial assets fair value through other comprehensive income				
Equity investments without an active market	Price-to-book multiple	±1%	\$ 5,051	(5,051)
	Liquidity discount	±1%	\$ 6,734	(6,734)

The favourable and unfavourable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique.

If the fair value of the financial assets impacted by one or more input, the above table just represent the impact changed by single inputs and not consider of the relevant and the variability of inputs.

23. Financial risk management

(1) Overview

The consolidated company is exposed to the following risks arising from financial instruments:

- i. Credit risk
- ii. Liquidity risk
- iii. Market risk

This note discloses information about the consolidated company's exposure to the aforementioned risks, and its goals, policies, and procedures regarding the measurement and management of these risks. For additional quantitative disclosures of these risks, please refer to the notes regarding each risk disclosed throughout the financial report.

(2) Risk management framework

The consolidated company's risk management policies are established to identify and analyse the risk faced by the consolidated company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the consolidated company's activities. The consolidated company, through its training and management standard and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(3) Credit risk

Credit risk is the risk of financial loss to the consolidated company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the consolidated company receivables from customers and investment securities.

- i. Trade and other receivables

As the consolidated company has a large customer base, and does not significantly concentrate on trading with a single customer and the sales area is scattered, there is no concern of significant concentration in the credit risk of account receivable. To reduce the credit risk, the consolidated company regularly and continuously evaluates on the clients' financial status and as in practice the consolidated company has not request collateral from our clients.

- ii. Investments

The credit risk exposure in the bank deposits, fixed income investment and other financial instruments is measured and monitored by the consolidated company's finance department. Since those who transact with the consolidated company are banks and other external parties with good credit standing, there are no non-compliance issues, and therefore there is no significant credit risk.

(4) Liquidity risk

The consolidated company aims to maintain the level of its cash and cash equivalents for the operating of the consolidated company and reduce the impact of rise and fall of cash flows. The management personnel of the consolidated company monitoring the use of short-term bank facilities and ensure the terms and condition of loan contract is complied.

The bank funding is one of the main sources of liquidity to the consolidated company. The consolidated company has unused short-term bank facilities of NT\$1,384,775 thousand and NT\$1,191,486 thousand on December 31, 2020 and 2019, respectively.

(5) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices will affect the consolidated company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptance parameters and optimize the return on investment.

i. Currency risk

The consolidated company is exposed to currency risk on sales and purchase transactions that are denominated in a currency other than the respective functional currencies of the consolidated company, primarily TWD. The currencies used in these transactions are the TWD and USD.

With regard to monetary assets and liabilities denominated in a foreign currency, when a short-term risk exposure exists, the consolidated company relies on immediate foreign exchange transactions to ensure the net exposure to foreign exchange risk is maintained at an acceptance level.

ii. Interest rate risk

The consolidated company maintained in a combination of fixed interest rate and floating interest rate and make the interest rate perspective and the existing risk preference in consistency to ensure the hedging strategy for cost efficient.

iii. Other market price risk

The equity price risk of the consolidated company is caused by the investment in listed OTC equity securities. The equity investment is not held for trading, but a strategic investment. The consolidated company is not involved in the investment of aforementioned transaction. The management personnel of the company manage the risk by holding different risk investment combination.

24. Capital management

The consolidated company is to maintain a strong capital base so as to maintain investors compensation and the interest of other stakeholder to maintain the best capital structure to reduce the funds cost.

To maintain or adjust the structure, the consolidated company may adjust the dividends to the shareholders and return the capital to the shareholders by capital reduction, issuing new shares and selling assets to settle the liability.

The consolidated company is using debt ratio as basis to control the capital. The ratio is calculated by the net liability divided by total capital. The net liability as the liability listed on the balance sheet and less the cash and cash equivalent. Total amount of capital is the composition of all of the equity (capital stock, capital surplus, retained earnings and other equity) add the net liability.

The capital management strategy of 2020 is consistent with that of 2019, that is to maintain the certain debt ratio in order for funding with the reasonable cost.

The debt ratios on December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Total liability	\$ 10,017,616	10,808,422
Less: cash and cash equivalent	479,716	513,740
Net liability	9,537,900	10,294,682
Total amount of equity	7,763,198	7,409,422
Adjusted capital	\$ 17,301,098	17,704,104
Debt ratio	55.13%	58.15%

VII. Transactions with related parties

1. Name and relationship with the related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements:

<u>Name of the related party</u>	<u>Relationship with the consolidated company</u>
CHANG, CHENG-TIAN	The chairman of the company
Jin Xian Welfare and Charity Foundation	Same chairman as the company

2. Significant transactions with the related parties

(1) Funding to the related parties

The subsidiaries finance from other related parties for the need of operation. The credit funded is NT\$20,000 thousand without interest and as unsecured funding on the December 31, 2019. Until December 31, 2019, the above-mentioned payment is settled.

	<u>Interest expense</u> <u>Year 2019</u>
Key management of the subsidiaries	<u>\$ 116</u>

The consolidated company funding from the related parties and each of the subsidiaries allocate interest of 1.6% as agreed by both parties, and as unsecured funding.

(2) Others

The consolidated company donates to Jin Xian Welfare and Charity Foundation NT\$1,500 thousand and NT\$2,300 thousand as of Year 2020 and 2019.

3. Personnel transaction from key management

	<u>Year 2020</u>	<u>Year 2019</u>
Short-term employee benefits	\$ 30,831	28,819
Post-employment benefits	135	133
	<u>\$ 30,966</u>	<u>28,952</u>

VIII. Assets pledged as collaterals

The composition of the carrying value pledge for endorsement, as follows:

<u>Pledged assets</u>	<u>object</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Other financial asset - current	Short-term rental	\$ -	3,370
Other financial asset – non-current	Long-term rental	5,706	5,704
Property, plant and equipment\	Long-term and short-term rental	2,425,745	2,758,266
Investment property	"	9,849,972	9,176,341
Non-current assets held for sale	"	-	1,136,227
		<u>\$ 12,281,423</u>	<u>13,079,908</u>

IX. Major contingent liabilities and unrecognized contractual commitments**1. Significant unrecognized contractual commitments:**

- (1) The letter of credit that were issued but not used as of the date of December 31, 2020 and 2019:

	December 31, 2020	December 31, 2019
New Taiwan Dollars	<u>\$ 228,293</u>	<u>292,086</u>
US Dollars	<u>\$ 2,370</u>	<u>1,247</u>
Japanese Yen	<u>\$ 29,425</u>	<u>2,843</u>

- (2) The Note received for the guarantee of the sales payment of the consolidated company were NT\$29,735 thousand and NT\$3,604 thousand on the date of December 31, 2020 and 2019, respectively.
- (3) The amount of contract signed for purchase the investment property and the floor are ratio of the consolidated company were NT\$1,419,348 thousand and NT\$2,349,534 thousand on the date of December 31, 2020 and 2019, respectively, and paid NT\$285,415 thousand and NT\$ 410,947 thousand according to the contract (listed as other noncurrent assets-other).
- (4) The land joint development of the consolidated company with Farglory construction Co., Ltd. is approved by the board of director on the January 29, 2019 and with the expected allocation ratio of 64.00%. The allocated land and housing will be used as headquarter and for lease or sell to increase rental income and increase in capital. The consolidated company received the deposit for joint develop were NT\$99,000 thousand and NT\$33,000 thousand on the date of December 31, 2020 and 2019.
- (5) The unrecognized commitments of the consolidated company as follows

	December 31, 2020	December 31, 2019
<u>Contract signed (before tax)</u>		
Purchase of raw material	<u>\$ 49,950</u>	<u>-</u>
Purchase of Equipment	<u>\$ -</u>	<u>23,693</u>
Non-current assets held for sale	<u>\$ -</u>	<u>2,213,605</u>
<u>Payment paid or received</u>		
Purchase of raw material(Note1)	<u>\$ 14,985</u>	<u>-</u>
Purchase of equipment(Note2)	<u>\$ -</u>	<u>20,164</u>
Non-current assets held for sale	<u>\$ -</u>	<u>293,474</u>

Note 1: Recognised as inventories and prepayment account

Note 2: Recognised as property, plant and equipment and other non-current assets.

2. Contingent liabilities

The consolidated company issued the guarantee notes submitted for the purpose of purchasing raw material and loans amounted NT\$1,401,211 thousand and NT\$1,544,211 thousand on the date of December 31, 2020 and 2019, respectively.

X. Loss due to major disasters: N/A**XI. Significant subsequent events: N/A**

XII. Other

The employee benefits expenses, depreciation and amortization, categorized by function, were as follows:

By nature	By function	Year 2020				Year 2019			
		Operating costs	Operating expenses	Discontinued operation	Total	Operating costs	Operating expenses	Discontinued operation	Total
Employee benefit									
Salary		118,499	58,180	5,441	182,120	153,169	92,612	61,244	307,025
Labor and health insurance		14,533	17,819	253	32,605	14,374	5,253	5,439	25,066
pension		7,270	2,277	135	9,682	6,888	2,506	2,194	11,588
Remuneration of directors			18,391		18,391			13,322	13,322
Other		8,678	2,340	154	11,172	10,552	3,154	2,690	16,396
Depreciation		133,001	9,417	480	142,898	101,422	8,898	50,128	160,448
Amortization		570	-	944	1,514	241	123	4,239	4,603

XIII. Additional disclosure

1. Information on major transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of the Financial Reports by Securities Issuers” for the consolidated company for the years ended December 31, 2020:

(1) Loans extended to other parties:

Unit: Thousands of New Taiwan Dollars

No.	Name of lender	Name of borrower	Financial statement account	Related party	Highest balance of financing to other parties during the period	Ending balance	Amount actually drawn	Range of interest rates	Purposes of fund financing for the borrowers	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Financing limit for each borrowing company	Maximum financing limit for the lender
													Item	Value		
1	Yi Tong Fiber Co., Ltd.	Da Yi International Development Co., Ltd.	Other Receivable	Yes	10,000	-	10,000	1.8%	2	-	Operational capital	-		-	177,060	265,589

Note 1: The nature of the loans as follows:

- (1) With business transactions.
- (2) With the necessity of short-term loan.

Note 2: The amount of loan funding shall not exceed 30% of the total capital received of the company and ceiling to individual borrowers shall not exceed 20% of the total capital received of the company.

Note 3: Write-off by the time preparing the consolidated financial statement

(2) Endorsement and guarantees for others: N/A

(3) Securities hold at the end of the period (excluding investing in subsidiaries, affiliated enterprise and joint ventures):

Unit: Thousands of New Taiwan Dollars

Name of holder	Nature and name Of security	Relationship With the security issuer	Account Name	Ending Balance				Maximum investment in 2020	Remark
				Number of shares	Book value	Holding percentage	Market value		
Yi Jinn Industrial Corp., Limited.	Shares of Cheng Shin Rubber Industry Co., Ltd.	None	Fair value through profit or loss financial assets – current	790,000	34,799	0.02 %	34,799	0.02%	
"	Shares of Zig Sheng Industrial Co., Ltd.	"	"	3,543,000	39,682	0.64 %	39,682	0.64%	
"	Shares of Asia Cement Corporation	"	"	2,050,000	88,560	0.06 %	88,560	0.06%	
"	Shares of Far Eastern New Century Corporation	"	"	1,800,000	52,110	0.03 %	52,110	0.03%	
"	Shares of Taiwan Cement	"	"	2,049,000	88,517	0.03 %	88,517	0.03%	

	Corporation								
"	Shares of Universal Textile Co., Ltd.	"	"	2,530,000	29,474	1.94 %	29,474	1.94%	
"	Shares of Hua Nan Financial Holding Co., Ltd.	"	"	1,851,220	33,785	0.01 %	33,785	0.01%	
Yi Jinn Industrial Corp., Limited.	Shares of Taiwan Taffeta Fabric Co., Ltd.	None	Fair value through profit or loss financial assets – current	484,000	4,327	0.37 %	4,327	0.37%	
"	Shares of First Financial Holding Co., Ltd.	"	"	1,236,000	26,389	0.01 %	26,389	0.01%	
"	Taishin Strategy Senior Total Return High Yield Bond Fund Inc USD B	"	"	100,000	1,018	- %	1,018	- %	
"	Franklin Templeton Sino Am AI Hi-Tech Fund-USD	"	"	300,000	3,105	- %	3,105	- %	
"	Ho Chi Tang Investment Co., Ltd.	"	Fair value through other comprehensive income financial assets - non-current	2,430,530	7,196	14.75 %	7,196	14.75%	
"	Shares of Kuanz Ho Securities	The company as the legal entity director	"	6,866,506	142,892	15.58 %	142,892	15.58%	
"	Shares of COCONA.INC.	None	"	3,225,018	44,087	12.77 %	44,087	12.77%	
"	Shares of YaMai (Hong Kong) Limited	"	"	11,700,000	49,869	10.17 %	49,869	10.17%	
"	Shares of Nice Plaza Co., Ltd.	The company as the legal entity director	"	15,000,000	177,150	8.68 %	177,150	8.68%	
Yi Tong Fiber Co., Ltd.	Shares of Cheng Shin Rubber Industry Co., Ltd.	None	Fair value through income or loss financial assets - current	800,000	35,240	0.02 %	35,240	0.02%	
"	Shares of Yi Jinn Industrial Corp., Limited.	Ultimate parent entity	Fair value through other comprehensive income financial assets - non-current	57,954,410	956,248	19.21 %	956,248	19.21%	
"	Shares of KHH Arena Corporation	None	"	1,000,000	14,803	0.40 %	14,803	0.40%	
"	Xin Mao Investment Co., Ltd.	Subsidiaries of parent company	"	2,050,000	39,168	12.15 %	39,168	12.15%	
"	Shares of Taiwan Incubator SME Development Corporation	The company as the legal entity director	"	2,425,280	17,868	3.44 %	17,868	3.44%	
"	Shares of The First Leasing Corporation	"	"	3,072,325	37,413	13.97 %	37,413	13.97%	
Da Tian International Co., Ltd.	Shares of Zig Sheng Industrial CO., LTD.	None	Fair value through income or loss financial assets - current	1,007,000	11,278	0.18 %	11,278	0.18%	
"	Shares of Yi Shin Textile Co., Ltd.	"	Fair value through income or loss financial assets non-current	1,200,000	43,392	2.78 %	43,392	2.78%	
Xin Mao Investment Co., Ltd.	Shares of Yi Jinn Industrial Corp., Limited.	Ultimate parent entity	Fair value through income or loss financial assets - current	20,510,470	338,423	6.80 %	338,423	6.80%	Note
"	Shares of Hung Chou Fiber Industry Co., Ltd	Subsidiaries of parent company	"	152,000	1,376	0.12 %	1,376	0.12%	
"	Shares of Kwang Ming Silk Mill Co., Ltd.	"	"	50,000	1,255	0.12 %	1,255	0.12%	
"	Shares of Yi Shin Textile Co., Ltd.	None	Fair value through income or loss financial assets non-current	1,257,600	45,475	2.91 %	45,475	2.91%	
"	Shares of Yi Tong Fiber Co., Ltd.	Subsidiaries of parent company	Fair value through other comprehensive income financial assets - non-current	1,325,601	16,948	1.50 %	16,948	1.50%	
"	Shares of Ho Chi Tang Investment Co., Ltd.	None	"	150,000	618	0.91 %	618	0.91%	
"	Shares of Cheering Knitting Industrial Co., Ltd.	"	"	25,400	464	0.58 %	464	0.58%	
"	Shares of I Jinn Industrial Co., Ltd.	"	"	105,000	1,365	0.60 %	1,365	0.60%	
Kwang Ming Silk Mill Co., Ltd.	Shares of Cheng Shin Rubber Industry Co., Ltd.	"	Fair value through profit or loss financial assets – current	451,000	19,866	0.01 %	19,866	0.01%	
"	Shares of Formosa Chemicals & Fibre Corporation	"	"	401,000	33,965	0.01 %	33,965	0.01%	
"	Shares of Taiwan Cement Corporation	"	"	1,100,000	47,520	0.02 %	47,520	0.02%	
"	Shares of Far Eastern New Century Corporation	"	"	500,000	14,475	0.01 %	14,475	0.01%	
"	Shares of Asia Cement Corporation	"	"	700,000	30,240	0.21 %	30,240	0.21%	
"	Shares of Yi Tong Fiber Co., Ltd.	Subsidiaries of parent company	Fair value through other comprehensive income financial assets - non-current	670,680	8,583	0.76 %	8,583	0.76%	
Hung Chou Fiber Industry Co., Ltd	Shares of China Man-made Fiber Co., Ltd.	None	Fair value through other comprehensive income financial assets - non-current	278	3	- %	3	- %	
"	Shares of Taiwan Filament Weaving Development Co., Ltd.	"	Fair value through other comprehensive income financial assets - non-current	2,175,660	10,369	3.57 %	10,369	3.57%	

Note: Pledged for 13,500,000 shares.

- (4) Accumulative amount of buy in or sold out of single securities that exceed Three hundred thousand New Taiwan Dollars or 20% of the total capital received: N/A
- (5) The amount of acquired properties exceeds Three hundred thousand New Taiwan Dollars or 20% of the total capital received:

Unit: Thousands of New Taiwan Dollars

Company of Acquired real estate	Name of property	Date of Occurrence of the fact	Amount of Transactions	Condition of payment	Trading parties	Relationship	If the transaction parties is related parties, the information of previous transfer				Price determinati on	Purpose of acquired and condition of using property	Other Occurrence of the fact
							owners	The relationship with the issuer	The date transfer red	Amount			
The Company	Land and building of Gongjian Section, Xizhi District, New Taipei City	July 26, 2018	956,545	239,136	Kuo Yang Construction Co., Ltd.	None	-	-	-	-	Appraisal Report	Owner-occupied or rent	
The Company	Land and building of Haotian Section, Xizhi District, New Taipei City	November 28, 2019	442,695	442,695 (Note)	Farglory Land Development Co., Ltd. And Farglory International Investment Co., Ltd.	None	-	-	-	-	Appraisal Report	Owner-occupied or rent	
The Company	Land and building of Haotian Section, Xizhi District, New Taipei City	August 30, 2019	364,952	364,952 (Note)	Farglory Land Development Co., Ltd. And Farglory International Investment Co., Ltd.	None	-	-	-	-	Appraisal Report	Owner-occupied or rent	
The Company	Land and building of Haotian Section, Xizhi District, New Taipei City	August 30, 2019	72,109	72,109 (Note)	Farglory Land Development Co., Ltd. And Farglory International Investment Co., Ltd.	None	-	-	-	-	Appraisal Report	Owner-occupied or rent	
The Company	Land and building of No.228, Xinhua 2nd Road, Neihu District, Taipei City	September 20, 2019	538,464	538,464 (Note)	CHEN, YONG-HONG	None	-	-	-	-	Appraisal Report	Owner-occupied or rent	
The company	Land and building of Haotian Section, Xizhi District, New Taipei City	December 30, 2020	462,803	46,279	Farglory Land Development Co., Ltd. And Farglory International Investment Co., Ltd.	None	-	-	-	-	Appraisal Report	Owner-occupied or rent	
Yi Tong Fiber Co., Ltd.	Yixian Rd., Xinyi Dist., Two short paragraphs 154-166 Land and buildings	January 4, 2019	224,594	224,594 (Note)	United Daily News Co., Ltd	None	-	-	-	-	Appraisal Report	Owner-occupied or rent	

Note: The ownership is transferred at the year 2020.

- (6) The amount of disposal properties exceeds Three hundred thousand New Taiwan Dollars or 20% of the total capital received:

Unit: Thousands of New Taiwan Dollars

Company of disposing property	Name of the assets	Date of occurrence of the fact	Acquired date	Book Value	Amount of Transaction s	Condition of Receiving	Income and loss from disposal (Note)	Parties of transaction	relation ship	Purpose of disposal	Price determinati on and supporting evidence	Other matters agreed
The Company	Land and Building of Da Ying Section, Sinshih District, Tainan City	July 31, 2019	February 28, 2011	422,540	619,817	619,817	185,293	Fubon Multimedia Technology Co., Ltd.	Third Parties	Revitalizing and use of assets	Appraisal Report	
The Company	Land and Building of Da Ying Section, Sinshih District, Tainan City	October 31, 2019	February 28, 2011	314,607	531,189	531,189	212,727	XIE, HONDE	Third Parties	"	"	
The Company	Land and Building of Da Ying Section, Sinshih District, Tainan City	October 31, 2019	February 28, 2011	314,607	531,189	531,189	212,727	ZHANG, XIU	Third Parties	"	"	
The Company	Land and Building of Da Ying Section, Sinshih District, Tainan City	October 31, 2019	February 28, 2011	314,608	531,188	531,188	212,726	LIN, KUN-HAI	Third Parties	"	"	
The Company	Land and Building of Section four, Zhongxiao East Road	May 14, 2020	December 21, 2017	502,964	534,699	534,699	25,954	Wan Hai Lines Limited	Third Parties	"	"	
The Company	Land and Building of Da Ying Section, Sinshih District, Tainan City	June 3, 2020	February 28, 2011	125,490	314,472	314,472	160,000	ZHOU, MING-HE	Third Parties	"	"	

Note: Net value including deduction from related tax.

- (7) The amount of purchase or sell exceed One Hundred Million New Taiwan Dollars or 20% of the capital received:

Unit: Thousands of New Taiwan Dollars

Unit: Thousands of New Taiwan Dollars

Company of Purchase or Sales	Name of Trading Subject	Relationship	Trading Status				Situation and reasons in difference of trading conditions with normal tradings		Note, Account receivable (payable)		Remarks	
			Purchase or Sales	Amount	Ration to the total purchase or sales	Credit Period	Unit Price	Credit Period	Balance	Ratio to the total Note, Account receivable (payable)		
Hung Chou Fiber Industry Co., Ltd	Kwang Ming Silk Mill Co., Ltd.	associate(s)	Sales	238,884	15.32%	Credit on 15 days	The sales price to the related parties are set by the quotation of the price of the raw material and were not significantly different from those sales to third parties		15 Days	33,301	25.87%	
Kwang Ming Silk Mill Co., Ltd.	Hung Chou Fiber Industry Co., Ltd	associate(s)	Purchase	238,884	53%	"	"		"	(33,301)	85%	

Note: The purchase and sole of entity of the consolidated company is write-offed when the time of preparing consolidated financial statement.

- (8) Account receivable from the related parties exceed One Hundred Million New Taiwan Dollars or 20% of the Capital received: N/A
- (9) Financial derivative transactions: NA
- (10) Business relationship and significant intercompany transactions:

NO	Name of company	Name of counter-party	Existing relationship with counter-party	Transaction details			
				Account name	amount	Trasing terms	Percentage of the total consolidated revenue or total assets
0	Yi Jinn Industrial Corp., Limited.	Kwang Ming Silk Mill Co., Ltd.	1	Disposal of property, plant and equipment	44,360	No significant differences	0.25%
1	Kwang Ming Silk Mill Co., Ltd.	Yi Jinn Industrial Corp., Limited.	2	Note receivable	18,365	No significant differences	0.10%
2	Hung Chou Fiber Industry Co., Ltd	Kwang Ming Silk Mill Co., Ltd.	3	Sale income	238,884	No significant differences	8.82%
2	Hung Chou Fiber Industry Co., Ltd	Kwang Ming Silk Mill Co., Ltd.	3	Rental income	24,000	No significant differences	0.89%
2	Hung Chou Fiber Industry Co., Ltd	Kwang Ming Silk Mill Co., Ltd.	3	Note receivable	33,301	No significant differences	0.19%

Note 1: the number indication as follows:

- 0 as Parent Company.
- Subsidiaries is in order from figure 1 according to the company

Note 2 the existing relationship with counterparty as follows:

- Parent to subsidiaries
- Subsidiaries to parent
- Subsidiaries to Subsidiaries

2. Information on reinvesting enterprise

The information on reinvesting enterprise of the consolidated company in 2020 as follows (not including investing enterprise in Mainland China).

Unit: Thousands of New Taiwan Dollars

Investing company Name	Investee company Name	Location	Main operating business	Initial investing amount		Holdings at the end of period			Maximum shareholding or capital contribution during the period	Investee company Current Profit and loss	Listed of the Period Investment Profit and Loss	Remark
				End of Period	End of last year	Shares	Rate	Book Value				
Yi Jinn Industrial Corp., Limited.	Yi Tong Fiber Co., Ltd.	Taiwan	Real Estate Rental or trading	449,762	449,762	40,771,879	46.05%	408,860	46.05%	55,693	(936)	Subsidiaries
Yi Jinn Industrial Corp., Limited.	Xin Mao Investment Co., Ltd.	Taiwan	Investment	298,091	298,091	5,959,886	35.33%	(7,662)	35.33%	60,151	(3,078)	"
Yi Jinn Industrial Corp., Limited.	Kwang Ming Silk Mill Co., Ltd.	Taiwan	Cotton filament, artificial fibre and others manufacturing, processing and trading business	474,758	474,758	15,586,193	38.53%	667,006	38.53%	(18,664)	(7,285)	"
Yi Jinn Industrial Corp., Limited.	Hung Chou Fiber Industry Co., Ltd	Taiwan	Synthetic fibres, plastic filament manufacturing, processing and trading business	249,778	249,778	36,601,000	27.70%	465,043	27.70%	(162,037)	(43,913)	"
Yi Jinn Industrial Corp., Limited.	Da Tian International Co., Ltd.	Taiwan	Housing and Building Development	100,000	100,000	10,000,000	33.33%	101,900	33.33%	(2,458)	(820)	"
Yi Jinn Industrial Corp., Limited.	Da Yi International Development Co., Ltd.	Taiwan	Housing and Building Development	612,500	490,000	61,250,000	61.25%	514,174	61.25%	(98,226)	(61,401)	"
Yi Tong Fiber Co., Ltd.	Kwang Ming Silk Mill Co., Ltd.	Taiwan	Cotton filament, artificial fibre and others manufacturing, processing and trading business	98,507	98,507	3,246,900	8.03%	141,119	8.03%	(18,664)	Exempted from disclosure	"
Yi Tong Fiber Co., Ltd.	Hung Chou Fiber Industry Co., Ltd	Taiwan	Synthetic fibres, plastic filament manufacturing, processing and trading business.	65,000	65,000	10,000,000	7.57%	175,662	7.57%	(162,037)	"	"
Yi Tong Fiber Co., Ltd.	Chu Sing Industrial CO., Ltd.	Taiwan	All sorts of man-made, natural fibre manufacturing, processing and trading business	22,185	22,185	269,285	31.09%	26,491	31.09%	(4,213)	"	associate(s)
Yi Tong Fiber Co., Ltd.	Da Tian International Co., Ltd.	Taiwan	Housing and Building Development	75,000	75,000	7,500,000	25.00%	76,433	25.00%	(2,458)	"	Subsidiaries
Yi Tong Fiber Co., Ltd.	Da Yi International Development Co., Ltd.	Taiwan	Housing and Building Development	10,000	-	1,000,000	1.00%	9,632	1.00%	(98,226)	"	"
Kwang Ming Silk Mill Co., Ltd.	Hung Chou Fiber Industry Co., Ltd	Taiwan	Synthetic fibres, plastic filament manufacturing, processing and trading business.	45,500	45,500	7,000,000	5.30%	122,987	5.30%	(162,037)	"	"
Kwang Ming Silk Mill Co., Ltd.	Da Yi International Development Co., Ltd.	Taiwan	Housing and Building Development	100,625	80,500	10,062,500	10.06%	84,871	10.06%	(98,226)	"	"
Hung Chou Fiber Industry Co., Ltd	Da Yi International Development Co., Ltd.	Taiwan	Housing and Building Development	61,875	49,500	6,187,500	6.19%	53,426	6.19%	(98,226)	"	"
Da Tian International Co., Ltd.	Da Yi International Development Co., Ltd.	Taiwan	Housing and Building Development	40,000	40,000	4,000,000	4.00%	33,738	5.00%	(98,226)	"	"

Note: the subsidiaries part is write-off by the time of preparing consolidate statement.

3. Information on investment in Mainland China: N/A

4. Information on major shareholders:

Name of major shareholders	Shares	Shareholding	Ratio of shareholding
Yi Tong Fiber Co., Ltd.		57,954,410	19.21%
CHANG, CHENG-TIEN		25,010,494	8.29%
Xin Mao Investment Co., Ltd.		20,510,470	6.79%
Yi Jinn Industrial Co., Ltd.		16,669,717	5.52%

XIV. Segment information

1. General Information

The consolidated company has three segments that shall be disclosed: textile segment, leasing segment and general segments. The textile segment is engaged in the processing and trading of artificial and natural fibre and textile products. Leasing segment is engaged in real estate sales and leasing business. The general segments are engaged in the import and export business of textile products and investment in various securities and real estate development.

The segments of the consolidated company segments that shall be disclosed were the strategic business units providing products and services. Because each strategic business unit needs different technology and marketing strategy, it must be managed separately. Most of the operating units are acquired individually and the management teams were retained by the time of acquisition.

2. The information on the income and loss, assets and liabilities of the reported segments and its measurement and adjustment

The consolidated company takes the income and loss, checked and reviewed by the main operating decision maker with internal management report, as the basis of management sources allocation and assessing performance. The income tax, the recurring income and loss and exchange income and loss were managed in the basis of the Group, therefore the consolidated company not allocating income tax expense (income), and nonrecurring income and loss and exchange income and loss to the reported segment. In addition, not all of the income and loss of disclosed segments include non-cash items, except depreciation and amortised. The amount of the report and the report for operating decision maker is consistent.

The consolidated company assumed the purchase, sale and transfer between the segments as the third parties' transaction and measured in current market price.

Operating Segments Information and Adjustment, as follows

Year 2020					
	Segment of textile	Segment of leasing	Segment of general	Adjustment and elimination	Total
Income:					
Income From outside customers	\$ 2,548,637	158,578	-	-	2,707,215
Income within the segment	328,200	27,625	-	(355,825)	-
Interest income	1,354	60	-	(39)	1,375
Total income	\$ 2,878,191	186,263	-	(355,864)	2,708,590
Interest expense	\$ 75,473	55,814	1,029	(3,563)	128,753
Depreciation and amortization	110,980	33,342	-	(1,424)	142,898
The amount of affiliated enterprise and joint venture under the equity method	(138,129)	(20,340)	-	157,135	(1,334)
Income and loss of reported segment	\$ 597,088	24,910	82,910	105,379	810,287
Assets:					
Investment under equity method	\$ 2,410,605	463,074	-	(2,847,188)	26,491
Capital expense of non-current assets	67,232	1,916,287	4,985	-	1,988,504
Assets of reported segment	\$ 13,349,570	6,692,439	407,618	(2,668,813)	17,780,814
Liabilities of reported segment	\$ 6,451,717	3,722,643	85,332	(242,076)	10,017,616

Year 2019					
	Segment of textile	Segment of leasing	Segment of general	Adjustment and elimination	Total
Income:					
Income From outside customers	\$ 3,886,319	185,154	-	-	4,071,473
Income within the segment	713,803	25,825	-	(739,628)	-
Interest income	2,360	104	-	(116)	2,348
Total income	\$ 4,602,482	211,083	-	(739,744)	4,073,821
Interest expense	\$ 84,977	58,361	1,180	(3,998)	140,520
Depreciation and amortization	133,336	30,480	-	1,235	165,051
The amount of affiliated enterprise and joint venture under the equity method	203,151	40,098	-	(243,239)	10
Income and loss of reported segment	\$ 359,813	489,359	167,079	(365,604)	650,647
Assets:					
Investment under equity method	\$ 2,416,291	478,203	-	(2,866,669)	27,825
Capital expense of non-current assets	1,249,878	515,175	-	-	1,765,053
Assets of reported segment	\$ 14,025,847	6,379,739	371,836	(2,559,578)	18,217,844
Liabilities of reported segment	\$ 7,351,990	3,672,151	84,272	(299,991)	10,808,422

3. Information on regions: Refer to Note 6 (18).

4. Information on major customers

The composition of customers that exceed 10% of the amount of operating income of the consolidated company in 2020 and 2019 is as follows:

	<u>Year 2020</u>	<u>Year 2019</u>
Client B	<u>\$ 270,362</u>	<u>428,399</u>

Independent Auditors' Report

To the board of directors

Yi Jinn Industrial Corp., Limited.

Opinion

We have audited the accompanying parent company only financial statements of Yi Jinn Industrial Co., Ltd., (the “company”) which comprise the parent company only balance sheet as of December 31, 2020 and 2019, and parent company only statements of comprehensive income, changes in equity and cash flows for the years ends December 31, 2020 and 2019, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements represents fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2020 and 2019, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards(IFRSs), International Accounting Standards(IASs), 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 parent company only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled out 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 parent company only financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters for the company's parent company only financial statements for the year ended December 31, 2020 are stated as follows:

1. Revenue recognition

Please refer to Note 4 (15) “revenue recognition” and for more details please refer to Note 6 (18) “revenue from contracts with customers” of the parent company only financial statement.

Description of the key audit matters:

The revenue from processing silk and plain weave fabric products is the main source of operating revenue of Yi Jinn Industrial Co., Ltd., and the risk is in the authenticity of revenue recognition. Because the operating revenue is highly affected by the economic fluctuations, the test of revenue recognition is determined as one of the key audit items for the accountant to audit the financial reports of Yi Jinn Industrial Co., Ltd.

How the matter was addressed in our audit:

Our principal audit procedures included: evaluating the controls on the cycle of sales and payment collection; reviewing and adjusting the record of sales system and general ledger; spot checking whether the management has obtained the vouchers sufficient to prove that the control of commodities has been transferred to the buyers so as to examine the sales transaction before and after the end of the reporting date, and thus to determine whether the revenues have been appropriately recognised during the period and whether the revenue recognition policies have been performed in accordance with related communicate.

2. Accounts receivable valuation

Please refer to Note 4 (6) “Financial Instrument” of the parent company only financial report for details of the accounting policies for the evaluation of accounts receivable; please refer to Note 5 (1) of the parent company only financial report for the uncertainty of accounting estimates and assumptions in the evaluation of accounts receivable; please refer to Note 6 (4) of the parent company only financial report for details of the evaluation of accounts receivable.

Description of the key audit matters:

The Company has a large number of clients in different regions and the financial status of the clients will affect the collection risk of accounts receivable. The judgment of the Company's management on the possibility of the collection of accounts receivable involves subjective judgment. Therefore, the evaluation of accounts receivable is one of the important evaluation items in the audit of the financial report of the Company.

How the matter was addressed in our audit:

Our Principal audit procedures included: Obtain the evaluation policy of expected credit loss of accounts receivable, understand the recent changes of industrial environment, customer credit status and historical collection records of previous years, so as to evaluate the management's assumption of expected credit loss of accounts receivable; analyse and test the correctness of the aging analysis table of accounts receivable and spot check the collection data after the due date, so as to evaluate the rationality of the amount of provision for the expected credit loss of accounts receivable of the Company and the appropriateness of the disclosure items.

Responsibilities of Management and those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 parent company only 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 scepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material disclosure in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the relevant notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities for business activities within the company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit, and forming our audit opinions of the Company.

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 affect 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 parent company only 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 reasonable be expected to outweigh the public interest benefits of such communication.

KPMG

Auditors: CHANG, SHU-YING
CHIH, SHIH-CHIN

The reference No.Taiwan-Financial-Securities-
number of the VI-0940100754
FSC approval No.Financial-Supervisory-
Letter: Securities-auditing- 1020000737

March 25, 2021

Yi Jinn Industrial Co., Ltd.
Parent Company Only Balance Sheet
December 31, 2020 and 2019

In Thousands of New Taiwan Dollars

Assets		December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
Current Assets :					
1100	Cash and cash equivalent (Note 6 (1))	\$ 145,998	2	192,496	2
1110	Financial assets at fair value through profit or loss - current(Note 6 (2))	401,766	5	54,782	1
1150	Notes receivable, net (Note 6 (4) and (18))	4,479	-	30,242	-
1170	Accounts receivables, net (Note 6 (4) (18) and 7)	282,458	4	332,557	4
1200	Other receivables (Note 6 (5) and 7)	5,858	-	1,126	-
1310	Inventories – manufacturing (Note 6 (6))	49,257	1	252,670	3
1410	Prepayments	3,950	-	2,224	-
1460	Non-current assets held for sale (Note 6 (7) and 8)	-	-	1,396,256	16
1476	Other financial assets – current (Note 8)	14,646	-	298,159	3
1470	Other current assets	15,229	-	487	-
Total current assets		923,641	12	2,560,999	29
Non-current assets :					
1551	Investments accounted for using equity method (Note 6 (8))	2,149,321	27	2,164,581	25
1517	Financial assets at fair value through other comprehensive income – non-current (Note 6 (3))	421,194	5	330,141	4
1600	Property, plant and equipment (Note 6 (9))	40,564	-	82,669	1
1760	Investment property, net (Note 6 (10) and 8)	4,145,826	52	3,338,606	38
1840	Deferred tax assets (Note 6 (15))	28,469	-	34,118	-
1980	Other financial assets – non-current	484	-	484	-
1990	Other non-current assets – other (Note 6(11) and 9)	285,540	4	303,456	3
Total non-current assets		7,071,398	88	6,254,055	71
Total		\$ 7,995,039	100	8,815,054	100

Yi Jinn Industrial Co., Ltd.
Parent Company Only Balance Sheet
December 31, 2020 and 2019

In Thousands of New Taiwan Dollars

		<u>December 31, 2020</u>		<u>December 31, 2019</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Liabilities and equity					
Current liabilities					
2100	Short-term loans (Note 6 (12))	\$ 440,000	6	1,382,309	16
2130	Contract liability – current (Note 6 (18))	2,553	-	177	-
2150	Notes payable (Note 7)	39,469	-	36,190	-
2171	Accounts payable (Note 7)	88,485	1	53,460	1
2200	Other payable (Note 6 (19))	24,601	-	68,656	1
2230	Tax liabilities of the period (Note 6 (15))	-	-	7,979	-
2322	Long-term borrowings-current portion (Note 6 (13))	206,738	3	751,106	8
2399	Other current liabilities – other (Note 6 (7), 7 and 9)	1,581	-	350,776	4
Total current liabilities		<u>803,427</u>	<u>10</u>	<u>2,650,653</u>	<u>30</u>
Non-current liabilities					
2540	Long-term loans (Note 6 (13))	2,515,422	31	1,997,019	23
2645	Guarantee deposits (Note 9)	59,886	1	33,807	-
Total non-current liabilities		<u>2,575,308</u>	<u>32</u>	<u>2,030,826</u>	<u>23</u>
Total liabilities		<u>3,378,735</u>	<u>42</u>	<u>4,681,479</u>	<u>53</u>
Equity (Note 6 (16))					
3110	Common Stock	3,016,476	38	3,016,476	34
3200	Capital Reserve	458,206	6	419,079	5
3300	Retained Earnings	1,401,974	17	1,043,639	12
3490	Other interest	65,111	1	(20,939)	-
3500	Treasury Stock	(325,463)	(4)	(324,680)	(4)
Total equity		<u>4,616,304</u>	<u>58</u>	<u>4,133,575</u>	<u>47</u>
Total liabilities and equity		<u>\$ 7,995,039</u>	<u>100</u>	<u>8,815,054</u>	<u>100</u>

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

Chairman: ZHAN, ZHENG-TIAN Managerial Officer : WENG, MAO-CHENG Accounting Supervisor: LAI, YU-MIN

Yi Jinn Industrial Co., Ltd.
Statement of comprehensive income
For the years ended December 31, 2020 and 2019

In Thousands of New Taiwan Dollars

		Year 2020		Year 2019	
		Amount	%	Amount	%
4110	Operating revenue (Note 6 (14) (18) and 7)	\$ 815,566	101	921,713	101
4170	Less: Sales returns	56	-	1,609	-
4190	Sales allowance	7,918	1	7,248	1
	Net Operating Revenue	807,592	100	912,856	100
5110	Cost of goods sold (Note 6 (14) (19) and 7)	617,973	77	623,569	68
	Gross Profit	189,619	23	289,287	32
	Operating Expenses (Note 6 (19) and 7):				
6100	Selling expenses	40,124	5	34,990	4
6200	Administrative expenses	55,178	7	50,899	6
	Net operating expenses	95,302	12	85,889	10
	Other income and expenses:				
6510	Non-current assets held for sale (Note 6 (7) (20))	973,130	120	-	-
	Net other income and expenses	973,130	120	-	-
	Net operating profit	1,067,447	131	203,398	22
	Non-operating income and expenses (Note 6 (10) (21)):				
7010	Other income	7,371	1	2,120	-
7020	Other gains and losses	(31,021)	(4)	(4,861)	(1)
7050	Financial costs	(43,299)	(5)	(62,140)	(7)
7055	Impairment loss	-	-	(58,741)	(6)
7070	Share of profit or loss of associates and joint ventures accounted for using equity method	(117,433)	(15)	203,679	22
	Total non-operating revenue and expenses	(184,382)	(23)	80,057	8
	Profit before tax from continuing operations	883,065	108	283,455	30
7950	Less: income tax expense (Note 6 (15))	163,173	20	8,108	1
8000	Income from continuing operation	719,892	88	275,347	29
	Income(loss) from discontinued operation:				
8100	Loss from discontinued operation (Note 6 (4) (6) (7))	(75,635)	(9)	(45,044)	(5)
8200	Net income	644,257	79	230,303	24
8300	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss (Note 6 (16))				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	91,053	11	(26,453)	(3)
8330	Share of profit or loss of associates and joint ventures accounted for using equity method — components of other comprehensive income that will not be reclassified to profit or loss.	10,723	1	(2,359)	-
8349	Less: income tax related to components of other comprehensive income that will not be classified to profit or loss	-	-	-	-
8300	Other comprehensive income	101,776	12	(28,812)	(3)
	Total comprehensive income	\$ 746,033	91	201,491	21
	Basic earnings per share (in dollar) (Note 6 (7) (17))				
	From continuing operations	\$	3.23		1.22
	From discontinued operations		(0.34)		(0.20)
		\$	2.89		1.02
	Diluted earnings per share (in dollar)				
	From continuing operations	\$	3.22		1.22
	From discontinued operations		(0.34)		(0.20)
		\$	2.88		1.02

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

Chairman: ZHAN, ZHENG-TIAN Managerial Officer : WENG, MAO-CHENG Accounting Supervisor: LAI, YU-MIN

Yi Jinn Industrial Co., Ltd.
Statement of changes in equity
For the years ended December 31, 2020 and 2019

	In Thousands of New Taiwan Dollard								
			Retained Earnings			Other equity items			
			Legal Reserve	Special Reserve	Undistributed retained earnings	Total	Unrealized gain or losses on FVTOCI financial assets	Treasury Stock	Total Equity
	Common Stock	Capital Surplus							
Balance at January 1 2019	\$ 3,016,476	367,960	139,741	4,425	1,034,855	1,179,021	7,873	(298,476)	4,272,854
Net income for the year	-	-	-	-	230,303	230,303	-	-	230,303
Other comprehensive income	-	-	-	-	-	-	(28,812)	-	(28,812)
Total comprehensive income	-	-	-	-	230,303	230,303	(28,812)	-	201,491
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	49,538	-	(49,538)	-	-	-	-
Special reserve	-	-	-	(4,425)	4,425	-	-	-	-
Cash dividends of preferred stock	-	-	-	-	(361,977)	(361,977)	-	-	(361,977)
Subsidiary purchase parent's shares as treasury stock	-	-	-	-	-	-	-	(26,204)	(26,204)
Dividends to subsidiary in adjusting capital surplus	-	41,356	-	-	-	-	-	-	41,356
Difference between consideration and carrying amount of Subsidiaries acquired or disposed	-	1,409	-	-	-	-	-	-	1,409
Changes in ownership interests in Subsidiaries	-	8,354	-	-	(3,708)	(3,708)	-	-	4,646
Balance at December 31 2019	3,016,476	419,079	189,279	-	854,360	1,043,639	(20,939)	(324,680)	4,133,575
Net income for the year	-	-	-	-	644,257	644,257	-	-	644,257
Other comprehensive income	-	-	-	-	-	-	101,776	-	101,776
Total comprehensive income	-	-	-	-	644,257	644,257	101,776	-	746,033
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	23,030	-	(23,030)	-	-	-	-
Special reserve	-	-	-	20,939	(20,939)	-	-	-	-
Cash dividends of preferred stock	-	-	-	-	(301,648)	(301,648)	-	-	(301,648)
Subsidiary purchase parent's shares as treasury stock	-	-	-	-	-	-	-	(783)	(783)
Dividends to subsidiary in adjusting capital surplus	-	37,779	-	-	-	-	-	-	37,779
Difference between consideration and carrying amount of Subsidiaries acquired or disposed	-	5,871	-	-	-	-	-	-	5,871
Changes in ownership interests in Subsidiaries	-	(4,523)	-	-	-	-	-	-	(4,523)
Investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	15,726	15,726	(15,726)	-	-
Balance at December 31, 2020	\$ 3,016,476	458,206	212,309	20,939	1,168,726	1,401,974	65,111	(325,463)	4,616,304

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

Chairman: ZHAN, ZHENG-TIAN

Managerial Officer : WENG, MAO-CHENG

Accounting Supervisor: LAI, YU-MIN

Yi Jinn Industrial Co., Ltd.
Statements of cash flows
For the years ended December 31, 2020 and 2019
In Thousands of New Taiwan Dollars

	Year 2020	Year 2019
Cash flow from operating activities:		
Income from continuing operation before income tax	\$ 883,065	283,455
Loss from discontinued operation	(75,635)	(45,044)
Net income before income tax	807,430	238,411
Adjustment for:		
Income and expense		
Depreciation expense	16,014	52,302
Amortization expense	944	4,239
Expected credit impairment (reversal gains) losses	(378)	58,741
Valuation gain on financial investments	(46,441)	(2,382)
Interest expense	43,299	62,140
Interest income	(23)	(157)
Dividend income	(5,181)	(1,083)
Share of profit(loss) of associates and joint ventures accounted for using equity method	117,433	(203,679)
Loss on disposal of property, plant and equipment	5,893	88
Disposal of non-current interests held for sale	(973,130)	-
Impairment loss on non-financial assets	45,262	-
Total adjustments to reconcile profit (loss)	(796,308)	(29,791)
Changes in operating assets and liabilities		
Changes in operating assets:		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	(300,543)	(4,564)
Notes receivable	25,763	4,914
Accounts receivable	50,477	(18,455)
Another receivable	(4,732)	876
Current inventories	203,413	35,533
Prepayments	(1,726)	24,928
Other current assets	(14,742)	5,949
Other financial assets	(13,330)	5,896
Total changes in operating assets	(55,420)	55,077
Changes in operating liabilities:		
Contract liabilities	2,376	(8,838)
Notes payable	3,279	(54,822)
Accounts payable	35,025	6,655
Other payable	(43,285)	(22,869)
Other current liabilities	(2,998)	12,175
Total changes in operating liabilities	(5,603)	(67,699)
Total changes in operating assets and liabilities	(61,023)	(12,622)
Total adjustment	(857,331)	(42,413)
Net cash generated (used) by operating activities	(49,901)	195,998
Interest received	23	174
Interest paid	(44,069)	(63,193)
Income taxes paid	(165,503)	(33,035)
Net cash generated (used) by operating activities	(259,450)	99,944

Yi Jinn Industrial Co., Ltd.

Statements of cash flows

For the years ended December 31, 2020 and 2019

In Thousands of New Taiwan Dollars

	<u>Year 2020</u>	<u>Year 2019</u>
Cash flows from investing activities :		
Acquisition of investments accounted for using equity method	(122,500)	(10,000)
Disposal of investments accounted for using equity method	-	30,150
Disposal of non-current assets	3,019,806	-
Acquisition of property, plant and equipment	(34,515)	(29,133)
Proceeds from disposal of property, plant and equipment	11,951	44,855
Acquisition of investment property	(1,433,230)	-
Increase in other financial assets	3,369	(2,882)
Decrease in other receivable	-	10,000
Increase(decrease) in other non-current assets	2,476	(4,232)
Increase in prepayments for property	(53,261)	(186,054)
Dividends received	62,699	67,953
Net cash flows from investing activities	<u>1,456,795</u>	<u>(79,343)</u>
Cash flows from financing activities:		
Increase(decrease) in short-term loans	(942,309)	484,627
Proceeds for long-term debt	1,336,110	220,000
Repayments of long-term debt	(1,362,075)	(361,325)
Increase in deposits received	26,079	15,000
Cash dividends paid	(301,648)	(361,977)
Net cash used in financing activities	<u>(1,243,843)</u>	<u>(3,675)</u>
Net increase (decrease) in cash and cash equivalents	(46,498)	16,926
Cash and cash equivalents, beginning of period	192,496	175,570
Cash and cash equivalents, end of period	<u>\$ 145,998</u>	<u>192,496</u>

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

Chairman: ZHAN, ZHENG-TIAN Managerial Officer : WENG, MAO-CHENG Accounting Supervisor: LAI, YU-MIN

Yi Jinn Industrial Corp., Ltd
Notes to Parent Company Only Financial Statements
For the years ended December 31, 2020 and 2019
(Amount in Thousands of New Taiwan Dollars, unless specified otherwise)

I. Company history

Yi Jinn Industrial Corp., Ltd (The “Company”) has been officially listed in the Taiwan Stock Exchange on October 20, 1994. The registered address of the company is 7th Floor, No.607, Ruiguang Rd., Neihu Dist., Taipei City. The main scope of business is as follows:

1. Manufacturing, processing and trading business of all kinds of artificial and natural fibre and its false twist.
2. Manufacturing, processing and trading business of all kinds of bulk continuous filament, nylon stretch yarn, tetoron of synthetic fibre, fabrics of male or female ready-to-wear and its dyeing and finishing.
3. Import and export trading business of raw materials, materials and final products of items mentioned in two preceding paragraphs.
4. Commissioning construction enterprises to build public housing and commercial buildings for lease and sale.
5. Commissioning construction enterprises to develop industrial areas approved by industrial supervisory authority.
6. Real estate trading and leasing business.

II. Date and procedures of authorization of financial statements for issuance

The accompanying parent company only financial statements were approved and authorized for issue by the board of directors on March 25, 2021.

III. Newly issued or revised standards and interpretations

1. Impact of newly issued and amended standards and interpretations approved by the Financial Supervisory Commission (FSC).

The Company started to apply the following amendments to the IFRSs from January 1, 2020, which did not have a significant effect on the Company’s parent company only financial reports.

- Amendments to IFRS 3, “Definition of Business”
 - Amendments to IFRS 9, IAS 39 and IFRS 7, “Interest Benchmark Reform”
 - Amendments to IAS 1 and IAS 8 “Definition of Significant”
 - Amendments to IFRS 16 “COVID-19 Related Rent Concessions”
2. The impact of not adopting the international financial reporting standards endorsed by the FSC
The Company evaluates that the following amendments to IFRS standards, effective from January 1, 2021, will not have a significant impact on the parent company only financial reporting.
 - Amendments to IFRS 4, “Extension of the Temporary Exemption from Applying IFRS 9”
 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, “Interest Rate Benchmark Reform-Phase 2”

3. New and amended standards and interpretations not yet endorsed by the FSC.

The IFRSs issued and amended by IASB but not yet endorsed by the FSC, which may be related to the company, as follows:

Newly issued or Amended Standards	Main Amended Content	Effective Date Issued by IASB
Amendment to IAS 1, "Classification of Liabilities as Current or Non-current"	The amendment is to improve the consistency of the standards, to assist the enterprise to determine the debts of uncertain settlement day or other liabilities of the balance sheet to fall under current (may be due within one year) or non-current. The amendment also stated that the enterprise may transfer liability to equity in classification.	January 1, 2023

The company is still evaluating the effect on the company's financial status and operating result by the abovementioned standards and interpretation, and will further disclose related effects when the evaluation is completed.

The Company expected that other newly issued and amended standards not yet endorsed and issued into effect by the FSC did not result in significant impact on Individual financial statements.

IV. Summary of significant accounting policies

The summary of significant accounting policies are as follows; the following accounting policy is applied in this parent only financial statement.

1. Statement of Compliance

The accompanying parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the "Accounting Standards Used in Preparation of the Parent Company Only Financial Statements), the IFRS, IAS, interpretations and announcements of interpretation (hereinafter referred to as "IFRSs endorsed by the FSC") endorsed and issued into effect by the FSC.

2. Basis of Preparation

(1) Basis of Measurement

The accompanying parent company only financial statements have been prepared on the historical cost basis except the following significant items of the balance sheet:

- Financial assets measured at fair value through profit and loss; and
- Financial assets measured at fair value through other comprehensive profit and loss.

(2) Functional Currency and presentation currency

The functional currency is the currency for the economic environment in which the company operates. The parent company only financial statement is in our functional currency and presented in New Taiwan Dollars. All of the information provided in this financial statement is presented in Thousands of New Taiwan Dollars.

3. Foreign Currencies

Transactions in Foreign Currencies

Foreign currency transactions are translated into functional currencies at the exchange rate on the transaction date. At the end of each reporting period (hereinafter referred to as the "reporting date), monetary items denominated in foreign currencies are retranslated into the functional currency at the rates prevailing at that date. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated into the functional currency at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured at historical cost in foreign currencies are translated at the rates of exchange prevailing at the dates of the transactions.

Exchange differences arising from foreign currency exchange, if any, are recognized in

profit or loss, except for the following circumstances recognized as other comprehensive income:

- (1) Designated equity instrument at fair value through other comprehensive income.
- (2) Designated as net investment of the operation in overseas and effective hedging in financial liability; or
- (3) Qualified effective hedging in cash flow.

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

Assets meeting one of the following criteria are classified as current assets, and all other assets not classified to the current assets are classified as non-current assets:

- (1) Assets expected to be converted to cash or intended to be sold or consumed in its normal business cycle;
- (2) Assets held for trading purpose;
- (3) Assets expected to be converted to cash within one year from the end of the reporting date; or
- (4) Assets as cash or cash equivalent, but the assets with other restrictions (used for exchange or to settle liabilities at least 12 months after the reporting period) shall be excluded.

Liabilities meeting one of the following criteria as current liabilities, and all other liabilities not classified to the current liabilities are classified as non-current liabilities:

- (1) Liabilities expected to be settled within one normal operating period;
- (2) Liabilities held for trading purposes;
- (3) Liabilities expected to be settled within one year from the end of the reporting date; or
- (4) Liabilities that have not the right to defer the due date to the 12 months after the reporting date, unconditionally. The condition of liabilities may be settled by the issuing of equity instrument at the choice of the counter party of the transaction, which will not affect the classification.

5. Cash and Cash Equivalent

Cash includes cash in hand and cash deposit. Cash Equivalent refers to short-term and highly liquid investments that are readily convertible to fixed amounts of cash and with low risk of value change. Time deposits that meet the above definition and are held for the purpose of meeting short-term cash commitments rather than investment or other purposes are recognized in cash equivalents.

6. Financial Instruments

Account receivable and the bond issued are recognized when it happens. All of the other financial assets are recognized when the Company becomes one of the parties to a financial instrument contract. Financial assets that are not measured at the fair value (except the account receivable as part of the significant financial composition) or original financial liabilities are measured at the fair value plus the transaction cost attributable to their acquisition or issuance. Account receivable not as part of the significant financial composition shall be measured by the price of transaction.

(1) Financial Assets

The financial assets purchased or sold in regular ways are recognized and derecognized on a trade date or settlement date basis for which financial assets were classified in the same way, respectively.

The originated financial assets are classified into: financial assets measured at amortised cost, investment in equity instruments measured at fair value through other comprehensive income or financial assets measured at fair value through profit or loss. The Company reclassified the affected financial assets from the first day of next reporting date only when the Company change its management mode of managing financial assets.

i. Financial assets at amortised cost

The financial assets that fall under the following criteria and not designated to be measured at fair value are measured at amortised cost:

- Financial assets are held under the management mode for the purpose of receiving cash flow from the contract.
- Cash flow on the certain date under the contract of financial assets is solely for paying the principal and the interest of principal outstanding.

These assets are subsequently measured at amortised cost calculated by the original recognized amount plus or minus the accumulated amortisation calculated by the effective interest method, and after adjusting any impairment loss. Interest income, foreign exchange gains and losses and impairment losses are recognised as profit and loss. At derecognition, the profit or loss shall be recognized in profit and loss.

ii. Financial assets measured at fair value through other comprehensive income

On initial recognition, the Company may irrevocably select to recognize the subsequent changes in fair value of equity instrument investment not held for trading in other comprehensive profits and losses. The above selection is based on the item by item basis.

Investments in equity instruments are subsequently measured at fair value. Dividends on these investments in equity instruments at fair value through other comprehensive income are recognized in profit or loss unless they clearly represent a recovery of part of the cost of the investment. Other net income or loss are recognized as other comprehensive income and not reclassified as profit and loss.

Dividend income of the equity investment is recognised on the date the Company has the right to obtain the dividends (usually the ex-dividend date).

iii. Financial assets at fair value through profit or loss

Financial assets that are not measured at amortised cost or at fair value through other comprehensive income are measured at fair value. At the time of original recognition, in order to eliminate or significantly reduce the accounting mismatch, the company may irrevocably designate financial assets that meet the conditions of measuring at amortised cost or at fair value through other comprehensive profit and loss as financial assets measured at fair value through profit and loss.

Such assets are subsequently measured at fair value and their net income or loss (including any dividend and interest income) is recognised as profit and loss.

iv. Impairment loss on financial assets

The company recognised the expected credit loss of the financial assets measured at amortised cost (including cash and cash equivalent, notes receivable, accounts receivable, other receivables, refundable deposit and other financial assets) as the impairment loss.

The impairment loss of the financial assets meeting the following circumstances are measured at the amount of the expected credit loss within 12 months and the rest are measured at expected credit loss during the lifetime:

- The credit risk of the debt securities on the reporting date is determined to be low, and
- The credit risk of other debt securities and bank deposits (that is, the risk of default during the expected life of financial instruments) has not increased significantly since the original recognition.

The impairment loss of accounts receivable is measured by the amount of expected credit loss during the lifetime.

Expected credit loss during the lifetime is the expected credit loss of all the possible

reason of breach of contract within the expected lifetime of the financial instrument.

Expected credit loss within 12 months are the expected credit loss that may occur due to the reason of breach the contract of financial instrument within the 12 months after reporting date (or even shorter, if the lifetime of financial instruments is shorter than 12 months).

When measuring the longest lifetime of expected credit loss are the longest contract lifetime of the Company expose under the credit risk.

When measuring if the credit risk is significantly increased after the initial recognition, the Company may consider from reasonable and verifiable information (that can be acquired without excessive cost or effort), including qualitative and quantitative information, and analysis made based on the historical experience, credit evaluation and forward-looking information of the company.

If the payment of contract is due over 90 days, the expected credit loss of the company is increased significantly.

If the payment of contract is due over 180 days or the borrower is unlikely to perform its credit obligation to repay the company with full amount, the company assumed that the financial assets are in breach of contract.

Expected credit losses are the weighted estimate of the ratio of credit loss during the lifetime of the financial instrument. Credit loss is measured under the current value of the cash shortfall, which is the difference between the cash inflow according to the contract and the cash inflow expected. The expected credit loss is discounted under the effective interest rate of the financial asset.

The company estimates the credit loss of financial asset at amortised cost and debt securities at fair value through other comprehensive income on each reporting date. When one or more of the matters that may affected the expected future cash flow of the financial assets occurred, the financial asset is in credit loss. The evidence of credit loss of financial assets includes observable data on the following matters:

- The borrower or issuer is under significant financial difficulties;
- Breach of contract, like lag or due over 180 days;
- Due to economic or contractual reasons with related to the financial difficulties of the borrower, the company offers the borrower certain concession that originally will not be considered.
- The borrower will possibly file in bankruptcy or other financial reorganization; or
- The active market of the financial asset may disappear due to the financial difficulties.

The impairment loss of the financial assets at amortised cost is deducted from the book value of the assets.

When the company cannot reasonably expect to recover the whole or part of the financial assets, it will directly reduce the total amount of the financial assets. For company accounts, the company analyses the time point and amount of write-off on the basis of whether it reasonably expects to be recoverable. The expected write-off amount will not be reversed significantly. However, the financial assets already written off still can be enforced in order to fulfil the procedure of recovering overdue amount of the Company.

v. Derecognize of financial assets

he company will only derecognize the financial assets when the contractual rights from the cash flow of the assets are terminated, or the financial assets have been transferred and almost all the risks and rewards of the ownership of the assets have been transferred to other enterprises, or almost all the risks and rewards of the ownership have not been transferred or retained and the control of the financial assets has not been

retained.

If the company enters into a transaction of transferring financial assets and retains all or almost all the risks and rewards of the ownership of the transferred assets, it will continue to be recognized in the balance sheet.

(2) Financial Liability and equity instrument

i. Classification of debt and equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

ii. Transaction of equity

Equity instruments represent the contract of residual interest after the deduction of assets from the liability. The amount of equity instrument is recognised based on the acquired amount less the direct issuing cost.

iii. Treasury Stock

When the company buys back the equity instrument recognised, the consideration it paid (including the directly attributable cost) is recognized as the reduction of the equity. Shares bought back by the company is categorised as the treasury stock. The amount collected for further sale or reissuing of treasury stock is recognized as increase in equity, and the balance or loss of the transaction is recognized as capital surplus or retained earnings (if the capital surplus is not insufficient for offset).

iv. Financial Liabilities

Financial liabilities are measured at amortised cost. Financial liabilities are subsequently measured at amortised cost under effective interest. Interest expense and exchange income (loss) are recognized in profit and loss. Upon derecognition, any income or loss shall be recognized in income and loss.

v. Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expire. When the terms of financial liabilities are amended and there is a significant difference in the cash flow of the amended liabilities, the original financial liabilities are derecognized and new financial liabilities are recognized at fair value on the basis of the amended terms.

When the financial liabilities are derecognised, the difference between the carrying amount and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognised in profit and loss

vi. Offsetting of financial assets and liabilities

Financial assets and financial liabilities can only be offset and expressed in net amount in the balance sheet when the company has the right to offset legally and intends to deliver the assets with net amount or realize the assets and settle the liabilities simultaneously.

7. Inventories

Inventories are measured by the cost and the net realizable value, whichever is lower. The cost includes the acquisition, manufacturing or processing costs and other costs incurred in making it available for use, and is calculated by the weighted average method. The cost of finished goods and work in progress inventory includes the manufacturing cost apportioned according to the normal production capacity in an appropriate proportion.

Net realizable value refers to the balance of the estimated selling price under normal operation minus the estimated cost still to incur upon completion and the estimated cost for sale.

8. Non-current assets to be sold and discontinued operations

(1) Non-current assets held for sale

Non-current assets or disposal groups composed of assets and liabilities are classified as to be sold when it is highly likely that their carrying amount will be recovered through sale rather than continuous use. The asset or components of the disposal group shall be re-measured in accordance with the accounting policies of the company before the original classification to be sold. After classified as to be sold, it is measured on the basis of the lower of its carrying amount and fair value minus cost to sell. The impairment loss of any disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis. However, the loss is not allocated to assets that are not within the scope of IAS 36: Impairment. The above items shall continue to be measured in accordance with the accounting policies of the company. The impairment loss originally classified as to be sold and the profits and losses arising from subsequent re-measurement are recognized as profits and losses, but the recovered profits shall not exceed the recognized cumulative impairment loss.

Depreciation or amortization shall not be recognized for property, plant and equipment held for sale. When an associated enterprise recognized by the equity method is classified as to be sold, the equity method shall be discontinued.

(2) Discontinued operations

The discontinued operations refer to the compositions of the Company that are disposed or held for sale and:

- i. Single business line or operating region
- ii. Part of a single integrated plan for a single major business line or operating region
- iii. Subsidiaries acquired for resale.

Operating operations are categorised discontinued operations at the earlier stage of disposal or meeting the criteria for held for sale.

9. Investing affiliated enterprise

Affiliated enterprise refers to a company that has significant influence on the financial and operating policies of the Company, but is not the controller or joint controller.

The company adopts the equity method to deal with the rights and interests in the affiliated enterprises. Under the equity method, the original acquisition is recognized at cost, and the investment cost includes the transaction cost. The carrying amount of an investment in an associated enterprise includes the goodwill recognized at the time of the original investment, less any accumulated impairment losses.

Individual financial statement includes the amount of profit and loss and other comprehensive profit and loss of each investment affiliated enterprise recognized by the company according to the proportion of equity after adjustment consistent with the company's accounting policies from the date of significant influence to the date of loss of significant influence. When the non-profit equity change and the equity change of other comprehensive profit and loss occurs in the affiliated enterprise, which does not affect the shareholding ratio of the Company, the Company will recognize the equity change under the shares of the affiliated enterprise attributable to the Company as capital reserve according to the shareholding ratio.

The unrealized gains or loss from the transactions between the Company and the affiliated enterprise are recognized in the financial statement only within the scope of the rights and interests of non-related party investors in affiliated enterprises.

When the loss shares of the affiliated enterprise recognized by the company in proportion is equal to or more than its rights and interests in the affiliated enterprise, the company shall stop recognizing its losses, and recognize additional losses and related liabilities only within the scope of legal obligations, presumptive obligations or payments made on behalf of the invested company.

10. Investing subsidiaries

When preparing the parent company only financial statement, the company evaluates the investee company with control by equity method. Under equity method, the current profits and losses and other comprehensive profits and losses in the parent company financial report are the same as those in the financial report prepared on a consolidated basis. The owner's equity in the parent company only financial report is the same as that of the parent company in the financial report prepared on the consolidated basis

If the change of the ownership rights and interests of the subsidiary does not result in the loss of control, it shall be regarded as the rights and interests transaction with the owner..

11. Investment property

Investment property refers to the property held for rent or asset appreciation, or both, rather than for normal business sale, production, provision of goods or services, or for administrative purposes. The original investment property is measured by cost, and subsequently is measured by cost less accumulated depreciation and accumulated impairment. The depreciation method, service life and residual value of investment property are subject to the provisions of real estate, plant and equipment.

Profit or loss from disposal of investment property (calculated in the difference of net disposal amount and the book value) are recognized in profit and loss.

Rental income of the investment property during the leasing period is recognized as operating income under the straight-line method and the leasing incentives are recognized as part of the leasing revenue.

The estimated service life in the current and the comparative period is as follows:

Building and Structures	50 Years
-------------------------	----------

12. Property, plant and equipment

(1) Recognition and measurement

Property, plant and equipment are measured by the cost (including the cost of loans in capital) deducted the accumulative depreciation and all of the accumulative impairment.

If the significant part of property, plant and equipment is with different service life, it is regarded as the individual items (major components) of property, plant and equipment.

The profit or loss from disposal of property, plant and equipment are recognised as profit and loss.

(2) Subsequent expenditure

Subsequent expenditure is capitalized only when its future economic benefits are likely to flow into the company.

(3) Depreciation

Depreciation is calculated by the assets cost less the residual value and is recognized in profit or loss within the estimated service life each component using the straight-line method

No depreciation is recognized for land.

The estimated service life of current and the comparative period is as follows:

Building and Structure	2~55 Years
Machinery and Equipment	1~15 Years
Utilities Equipment	2~20 Years
Transportation Equipment	3~10 Years
Office Equipment	1~11 Years
Rental Assets	3~20 Years
Other Facilities	3~50 Years

The company reviews the method of depreciation, service life and residual value at every reporting date and makes appropriate adjustment if necessary.

(4) Reclassification to investment property

If the property changes the purpose of its property from self-use to investment, the carrying amount of the property is reclassified as investment property when the use of property changes.

13. Leasing

(1) Determination of leasing

The company determine whether the contract is leasing or include leasing on the day of conclusion of contract. If the contract can be determined to obtain the control of an asset within the period of time to receive the consideration, then it is considered as leasing or including leasing. The company evaluates whether the contract is leasing by the following:

- i. The contract involves the use of an identified asset, which is explicitly specified in the contract or implicitly specified when it is available for use, and which can distinguish or represent substantially all production capacity. If the supplier has a material right to replace the asset, the asset is not an identified asset; and
- ii. The right to obtain almost all the economic benefits from the use of the identified assets during the whole use period; and
- iii. In either following conditions, obtain the right to control the use of the identified assets:
 - The clients has the right to dominate the use mode and purpose of the identified assets during the whole use period.
 - The use and usage purpose of the asset were decided beforehand, and:
 - Clients have the right to operate the assets with the duration in whole and the provider have no right in changing such operation instruction; or
 - The way in which the client designs the asset has determined in advance the use mode and purpose of the asset during its whole use period.

On the establishment date of the lease or when re-evaluating whether the lease is included in the contract, the Company allocates the consideration in the contract to individual lease components on a relatively separate price basis.

(2) The company as lessee

The company recognised the right-of-use asset and the leasing liability on the date the lease starts. The right-to-use assets are originally measured at cost, which includes the original measured amount of lease liabilities, adjustment of any lease payments paid on or before the lease start date, addition of the original direct costs incurred and the estimated costs for dismantling, removing and restoring the target assets, and deduction of any lease incentives received.

The depreciation of the right-of-use asset is recognized from the beginning of the lease to the expiry of the service life of the right-of-use assets or when the lease terminates, which is earlier, by the straight-line-method. In addition, the company shall evaluate the impairment of the right-of-use assets and handle all of the impairment loss occurred and adjust the right-of-use asset when re-measurement of leasing liabilities occurs.

The initial measure of the leasing liability is on the present value of the lease payment payable from the commencement of lease. If the implied interest rate of the lease is easy to determine, the discount rate shall be the interest rate. If it is not easy to determine, the incremental borrowing rate of the company shall be used. Generally speaking, the company adopts its incremental loan interest rate as the discount rate.

The leasing payment measured under the leasing liability includes:

- i. Fixed payment, including the substantial fixed payment;
- ii. Variable lease payment depends on an index or a rate are included in the initial measurement of the lease liability;

- iii. Amounts expected to be payable by the lessee under residual value; and
- iv. The exercise amount of purchase option or termination option or the penalty to be paid when it is reasonably determined that the purchase option or lease termination option will be exercised.

The lease liability is subsequently re-measured to reflect changes in:

- i. An index or a rate used to determine the payment;
- ii. The amounts expected to be payable under residual value guaranteed;
- iii. The assessment of a purchase option;
- iv. Estimation on extension or termination option to change in the rental duration;
- v. Lease objectives, scope or other terms.

The lease liability is adjusted in the book value of the right-of-use assets when the above-stated change in index or rate, residual value guaranteed, and assessment of purchase, extension and termination. When the book value of right-of-use assets deducted to zero, the remaining balance shall be recognised in profit or loss.

For a lease modification that reduces the scope of the lease, the carrying amount of the right-to-use asset is reduced to reflect the partial or full termination of the lease, and the difference between it and the re-measured amount of the lease liability is recognized in profit or loss.

The company represent the right-of-use assets and leasing liability disqualified the definition of the investment property in single item on the balance sheet.

For short-term leasing of machinery equipment and office equipment or lease of subjects with low value, the company selects to not recognise them as right-of-use asset and leasing liability but to recognise the leasing payment as expenses within the duration of leasing under straight-line-basis.

(3) The company as lessor

For the transactions with the company as lessor, a lease is classified as finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise a lease is classified as an operating lease. In the evaluation, the company considers whether the lease term covers the main part of the economic life of the target asset and other relevant specific indicators.

If the company is an intermediate lessor, it shall account the head lease and a sublease separately, and the head lease is classified as right-of-use asset assessed subtle transaction. If the head lease is a short-term lease and the recognition exemption is applicable, the sublease transaction should be classified as an operating lease.

If the agreement consists of leasing and non-leasing parts, the company allocates the consideration in the contract in accordance with IFRS 15

14. Impairment of non-financial assets

The company reviews its book value of non-financial assets for indications of impairment at the end of each report date. If any indication of impairment exists, the asset's recoverable amount is estimated.

For the purpose of impairment test, a group of assets with cash inflow mostly independent of other individual assets or asset groups is regarded as the smallest identifiable asset group.

The recoverable amount is the higher of the fair value of an individual asset or cash generating unit less disposal costs and its value in use. When evaluating the value in use, the estimated future cash flow is converted to the present value at the pre-tax discount rate, which should reflect the current market assessment of the time value of money and the specific risk of the asset or cash generating unit.

The impairment loss is recognized when the carrying amount of an individual asset or cash generating unit exceeds its recoverable amount.

The impairment loss is recognized immediately in profit and loss, and the carrying amount of the amortization goodwill of the cash generating unit is reduced first, and then the carrying amount of each asset is reduced in proportion to the carrying amount of other assets in the unit. For non-financial assets other than goodwill, they can only be reversed within the range not exceeding the carrying amount (less depreciation or amortization) determined when the impairment loss of the asset was not recognized in the previous year.

15. Income recognition

Income from contracts with customers

Income is measured according to the consideration expected to be obtained by transferring goods or services. The company recognizes the income when the control over goods or services is transferred to customers and the performance obligations are met. The description of the main income of the company as follows:

(1) Sales of goods

The company recognizes income when the control over the products is transferred. The transfer of control over the product means that the product has been delivered to the customer, and the customer can completely determine the sales channel and price of the product, and there is no un-performed obligation that will affect the customer's acceptance of the product. Delivery occurs when the product is delivered to a specific place, the risk of obsolescence and loss has been transferred to the customer, the customer has accepted the product according to the sales contract, the acceptance terms have expired, or the company has objective evidence that all acceptance conditions have been met.

The company recognises receivables from the time of goods delivery as the company has the right to receive the price of transaction, unconditionally.

(2) Composition of finance

The company expected that the time between transferring the goods or services to the clients and the time of customer payment for the goods or services should be within a year. Therefore, the company does not make any adjustment on the time value of currency for the price of transaction.

16. Employee Benefits

(1) Defined benefit plans

The allocation obligation of defined benefit pension plans is recognized as expenses while the employees are under service duration.

(2) Short-term employee benefit

Short-term employee benefit is recognized as expense while the service is provided. If the company has the current legal or constructive payment obligation due to the past service provided by the employees, and the obligation can be estimated reliably, the amount shall be recognized as a liability.

17. Income tax

Income tax consists of current tax and deferred tax. Except for expenses related to business merger or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current tax comprises the expected tax payables or receivables on the taxable profits (losses) for the year and adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, the following temporarily differences not recognized as deferred tax:

- (1) The initial recognition of an asset or liability other than in a business combination which, at the time of the transaction, does not affect accounting profit or taxable profit;
- (2) Temporarily differences associated with investment in subsidiaries, affiliated enterprise and joint venture, but only to the extent that the company is able to control the timing of the reversal of the differences and it is probable that the reversal will not occur in the foreseeable future; and
- (3) Liabilities arising from initial recognition of goodwill.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period and reflect the related uncertainty of income tax, if any.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

- (1) The company has the legal right to offset the current income tax assets and current income tax liabilities; and
- (2) The taxing of deferred tax assets and liabilities fulfil one of the below scenarios:
 - i. Levied by the same taxing authority; or
 - ii. Levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset should be recognized for the carry-forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits and deductible temporary differences can be utilized.

18. Earnings per share

The company discloses the basic and diluted earnings per share attributed to the common stock equity owners of the company. The basic earnings per share of the company is calculated by dividing the profit and loss attributable to the common equity interest holders of the company by the weighted average number of common shares outstanding in the current period. Diluted earnings per share is calculated by adjusting the profit and loss attributable to the company's common equity interest holders and the weighted average number of outstanding common shares, respectively, for the impact of all potential diluted common shares. The dilutive potential common stock includes the compensation to the employees in form of shares.

19. Information on department

Information on department is disclosed within the consolidated financial statement, therefore excluded from Individual financial statement.

V. Critical accounting judgments and key sources of estimation and uncertainty

The preparation of the financial statements in conformity with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, requires management to make judgment, estimates, and assumptions that affect the application of the accounting policies and the reported

amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next periods.

Information on accounting policies consists of critical accounting judgments and significant impact on the amount listed on the accompanying parent only financial statements: None.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment with the next financial year, and reflected the impact of COVID-19 pandemic, are as follows:

1. Impairment loss of accounts receivable

The impairment loss of the accounts receivable of the company is estimated by the basis of default risk and the expected rate of loss as assumption. The company consider the historical experience, the current market and with prospective to determine the input and assumption chosen for calculating impairment. For the relevant assumption and input, please refer to Note 6 (4).

2. Valuation on inventories

As the inventory must be measured at the lower of cost and net realizable value, the company assesses the amount of inventory due to normal wear and tear, obsolescence or no market sales value on the reporting date, and offsets the inventory cost to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time horizon, so major changes may occur due to rapid industrial changes. For the estimation on valuation on inventories please refer to Note 6(6).

3. Recognition of deferred income tax assets

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred tax assets can be utilized. Assessment of the realization of the deferred tax assets requires the company's subjective judgment and estimate, including the future revenue growth and profitability, tax holidays, the amount of tax credits can be utilized and feasible tax planning strategies. Any changes in the global economic environment, the industry trends and relevant laws and regulations could result in significant adjustments to the deferred tax assets. For the recognition of deferred income tax assets please refer to Note 6(15).

Valuation procedure

The company's accounting policies and disclosure include fair value measurement of its financial and non-financial assets and liabilities. The company has established relevant internal control system for fair value measurement, and regularly reviews and adjusts major unobservable input values. If the input value used to measure the fair value is the information from an external third party (such as a broker or a pricing service provider), the evaluation team will evaluate the evidence provided by the third party in support of the input value to determine that the evaluation and its fair value classification are in line with the IFRS.

The company used the fair value that can be observed in the market to measure the value of assets and liabilities. Fair value levels are based on the degree in which the fair value can be observed and grouped in to level 1 to 3 as follows:

1. Level 1: Quoted prices (unadjusted) in active markets for identified assets or liabilities.
2. Level 2: inputs, other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).
3. Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

Transfer within levels

If there is fact or condition for transfer within levels, the company shall recognize such transfer at the reporting date

Further information on the assumption used in fair value

For further information on the assumption used in fair value, please refer to the following notes:

1. Note 6(22), Financial Instrument

VI. Contents of significant accounts

1. Cash and cash equivalent

	December 31, 2020	December 31, 2019
Cash on Hand	\$ 120	220
Check Deposit	109,207	182,015
Demand Deposit	1,941	4,478
Foreign Currency Deposit	34,730	5,783
Cash and Cash Equivalent stated on statement of cash flow	\$ 145,998	192,496

The disclosure of interest rate risk and the sensitivity analysis of the financial assets and liability, please refer to Note 6 (22)

2. Financial asset at fair value through profit or loss

	December 31, 2020	December 31, 2019
Financial Assets at Fair Value through Profit or Loss		
Beneficiary Certificate	\$ 4,123	4,018
Shares of domestic companies listed the exchange and OTC	397,643	50,764
Total	\$ 401,766	54,782

Financial assets at fair value through profit or loss of the company are not provided as pledge endorsement by the date of December 31, 2020 and 2019.

3. Financial asset at fair value through comprehensive income or loss

	December 31, 2020	December 31, 2019
Equity Instrument at Fair Value through Profit or Loss		
Non-current:		
Shares of domestic companies not listed the exchange and OTC	\$ 421,194	330,141

- (1) The equity instrument of the company is for strategic investment and not for the purpose of trading, and therefore is designated as measured at fair value through comprehensive income or loss.
- (2) For information regarding credit risk and market risk, please refer to Note 6(22).
- (3) Financial assets at fair value through comprehensive income of the company are not provided as pledge endorsement by the date of December 31, 2020 and 2019.

4. Note Receivable and Account Receivable

	December 31, 2020	December 31, 2019
Note receivable-resulting from operating activities	\$ 4,479	30,242
Account receivable-amortized cost	284,003	334,480
Less: Allowance loss	(1,545)	(1,923)
	<u>\$ 286,937</u>	<u>362,799</u>

- (1) The company adopts a simplified method to estimate the expected credit loss for all notes receivable and accounts receivable, that is, to measure the expected credit loss during the period of existence. For this purpose, these notes receivable and accounts receivable are grouped according to the common credit risk characteristics representing the customer's ability to pay all amounts due according to the contract terms, and have been included in the forward-looking information, Including the overall economy and related industry information. An analysis of the company's expected credit losses on notes and accounts receivable is as follows:

December 31, 2020			
	Book value of accounts receivable	Forecast weighted average credit loss ratio	Lifetime allowance forecast credit loss
Not overdue	\$ 286,919	0%~0.03%	-
Past due under 90 days	18	0.92%~8.68%	-
Past due over 180 days	1,545	100%	1,545
	<u>\$ 288,482</u>		<u>1,545</u>

December 31, 2019			
	Accounts receivable book value	Forecast weighted average credit loss ratio	Lifetime allowance forecast credit loss
Not overdue	\$ 350,751	0%~0.01%	12
Past due under 90 days	10,124	0%~0.11%	11
Past due over 90 days and under 180 days	2,549	4.94%~25%	602
Past due over 180 days	1,298	100%	1,298
	<u>\$ 364,722</u>		<u>1,923</u>

(2) The change in impairment loss of note receivable and account receivable, as follows:

	Year 2020	Year 2019
Opening balance	1,923	42,626
Amount of unrecoverable write-off	-	(40,703)
Reversal on impairment loss (Listed under income(loss) from discontinued operation)	(378)	-
Ending balance	\$ 1,545	1,923

(3) The note receivable and account receivable of the company are not provided as pledge endorsement on the date of December 31, 2020 and 2019.

(4) Other information on credit risk, please refer to Note 6(22).

5. Other receivables

	December 31, 2020	December 31, 2019
Other receivables-equity transfer	\$ 58,741	58,741
Other receivables-other	4,735	1,091
Other receivables-related parties	1,123	35
Less: Allowance loss	(58,741)	(58,741)
	\$ 5,858	1,126

(1) The un-received price of transferring shares is NT\$ 58,741 thousand (RMB11,844,000) until December 31, 2020. The company has negotiated with the debtor about repayment of transferring shares, however, the debtor may not be able to repay the price within short term due to the impact of US-China trade war and Mainland China restriction on the P2P. The company agrees the debtor to extend the debt to December 31, 2020. Under the conservatism principle, the company recognised the outstanding amount as expected credit impairment loss in 2019 and will continuously collect the debts. As the region of the debtor is impacted seriously under COVID-19 in 2020, the duration of collecting the account is delayed and until the reviewing date there is no further negotiation progress.

(2) Except for the aforementioned share transfer receivable, the company has no other due receivables.

(3) For other Information on credit loss, please refer to Note 6 (22)

6. Inventories

	December 31, 2020	December 31, 2019
Finished goods	\$ 24,447	216,990
Raw material	28,643	67,380
Less: Allowance loss	(3,833)	(31,700)
	\$ 49,257	252,670

(1) Allowance for inventory valuation losses

	Year 2020	Year 2019
Opening balance	\$ 31,700	31,700
Gain from price recovery of inventory (Listed under income(loss) from discontinued operation)	(27,867)	-
Ending balance	<u>\$ 3,833</u>	<u>31,700</u>

(2) The inventories of the company are not provided as pledge endorsement on the date of December 31, 2020 and 2019.

7. Assets or discontinued operations held for sale

(1) Discontinued operations:

The company's board of directors decided to terminate the factory in Tainan of department of processing yarn to terminate the continuous loss to reduce the operation loss of the company on the Board meeting on October 31, 2019.

The operating result of discontinued operation is as follows:

	Year 2020	Year 2019
Operational result of discontinued operation:		
Operating income	\$ 102,410	787,556
Operating cost	(166,953)	(805,037)
Gross Loss from operations	(64,543)	(17,481)
Operating expense	(10,250)	(32,521)
Net loss from operation	(74,793)	(50,002)
Non-operating income and expense	(842)	4,958
Net loss before tax	(75,635)	(45,044)
Income tax expense	-	-
Net loss from discontinued operation	<u>\$ (75,635)</u>	<u>(45,044)</u>
Primary loss per share (NT\$)	<u>\$ (0.34)</u>	<u>(0.20)</u>
Diluted loss per share (NT\$)	<u>\$ (0.34)</u>	<u>(0.20)</u>
Net cash flow from discontinued operation		
Net cash flow from operating activities	\$ 215,058	12,266
Net cash flow from investing activities	-	(15,882)
Net cash flow	<u>\$ 215,058</u>	<u>(3,616)</u>

(2) Assets held for sale:

The details of the amount of assets held for sale on the date of December 31, 2020 and 2019 as follows:

	December 31, 2020	December 31, 2019
Property, plant and equipment	\$ -	631,975
Investment property	-	764,281
Total	<u>\$ -</u>	<u>1,396,256</u>

i. The change in assets held for sale as follows:

	Year 2020	Year 2019
Opening balance	\$ 1,396,256	-
Transferred-in	691,267	1,396,256
Disposal	(2,087,523)	-
Ending balance	<u>\$ -</u>	<u>1,396,256</u>

The board of directors of the company approved to sell the land and structure of DaYing District, Tainan City with several instalments on July 31, 2019, October 31, 2019 and June 3, 2020. The advance payment received is NT\$301,837,000 (recognised as other current liabilities) on December 31, 2019, the procedure of real estate settlement has been complete in 2020 and NT\$970,755,000 is recognised as benefits from disposal of noncurrent assets held for sale. For the description on significant contractual information and the significant disposal information, please refer to Note 9(1) and Note 13, respectively. Until December 31, 2020, the above-mentioned price is received in full amount.

The board of the directors of the company approved to terminate the manufacturing of processing yarn of the Tainan factory since January 1, 2020 on the date of October 31, 2019 and sell all of its machinery equipment to the related parties. The trading agreement was signed on December 26, 2019 with the amount sold at NT\$44,360,000 and the full amount of NT\$44,360,000 was received on the date of December 30, 2019 (recognized under other current liabilities). The abovementioned transaction was complete by January, 2020, therefore, the company transferred the amount of equipment of NT\$29,894,000 to non-current assets held for sale. For description on related contracts, please refer to Note 7.

8. Investment under equity method

The investment under equity method on the report date as follows:

	December 31, 2020	December 31, 2019
Subsidiaries	\$ 2,149,321	2,164,581
(1) Subsidiaries		
Please refer to the 2020 consolidated financial statement.		
(2) Endorsement		

The investment under equity method is not provided as pledge endorsement on the date of December 31, 2020 and 2019.

9. Property, plant and equipment

The cost, depreciation and change in impairment loss of the property, plant and equipment of 2020 and 2019 as follows:

	<u>Land</u>	<u>Building & Structure</u>	<u>Machinery and Equipment</u>	<u>Utilities Equipment</u>	<u>Transportat ion Equipment</u>	<u>Office Equipment</u>	<u>Rental Assets</u>	<u>Unfinished construction and equipment pending acceptance</u>	<u>Total</u>
Cost or deemed cost:									
Balance at January 1, 2020	\$ 32,235	3,852	88,948	-	7,350	7,168	-	28,133	167,686
Addition	-	-	-	-	4,985	-	-	29,530	34,515
Reclassified as non-current assets held for sale	-	(798)	-	-	-	-	-	-	(798)
Reclassified as other non-current assets	-	-	-	-	-	-	-	(57,663)	(57,663)
Disposal	-	-	(88,948)	-	(3,100)	(1,464)	-	-	(93,512)
Balance at December 31, 2020	\$ 32,235	3,054	-	-	9,235	5,704	-	-	50,228
Balance at January 1, 2019	\$ 514,763	116,201	249,660	64,659	10,740	9,719	73,876	546	1,040,164
Addition	-	-	170	220	-	611	-	28,132	29,133
Disposal	-	-	-	-	(3,390)	(138)	-	-	(3,528)
Reclassified as other non-current assets	(482,528)	(112,349)	(160,882)	(64,879)	-	(3,024)	(73,876)	(545)	(898,083)
Balance at December 31, 2019	\$ 32,235	3,852	88,948	-	7,350	7,168	-	28,133	167,686
Depreciation:									
Balance at January 1, 2020	\$ -	2,173	71,157	-	6,126	5,561	-	-	85,017
Depreciation of the fiscal year	-	70	480	-	207	269	-	-	1,026
Disposal	-	-	(71,637)	-	(2,583)	(1,448)	-	-	(75,668)
Reclassified as other non-current assets	-	(711)	-	-	-	-	-	-	(711)
Balance at December 31, 2020	\$ -	1,532	-	-	3,750	4,382	-	-	9,664
Balance at January 1, 2019	\$ -	32,106	183,485	28,343	8,951	7,898	66,110	-	326,893
Depreciation of the fiscal year	-	3,649	19,204	2,931	-	297	1,096	-	27,177
Disposal	-	-	-	-	(2,825)	(120)	-	-	(2,945)
Reclassified as other non-current assets	-	(33,582)	(131,532)	(31,274)	-	(2,514)	(67,206)	-	(266,108)
Balance at December 31, 2019	\$ -	2,173	71,157	-	6,126	5,561	-	-	85,017
Book value:									
December 31, 2020	\$ 32,235	1,522	-	-	5,485	1,322	-	-	40,564
January 1, 2019	\$ 514,763	84,095	66,175	36,316	1,789	1,821	7,766	546	713,271
December 31, 2019	\$ 32,235	1,679	17,791	-	1,224	1,607	-	28,133	82,669

The property, plant and equipment are not provided as bank deposit or financing credit endorsement on the date of December 31, 2020 and 2019.

10. Investment Property

The Investment property as the office building rented to third parties for operating rental owned by the company. The rental period of investment property is five to ten years and part of the contracts allows the lessee to have options on extension.

The change in investment property of the company as follows:

	Land	Building & Structure	Total
Cost or deemed cost:			
Balance at January 1, 2020	\$ 2,613,733	816,183	3,429,916
Addition	871,645	561,585	1,433,230
Transfer from real estate prepayment	125,420	-	125,420
Reclassification	170,056	(170,056)	-
Reclassified as non-current assets held for sale	(655,131)	(38,380)	(693,511)
Balance at December 31, 2020	\$ 3,125,723	1,169,332	4,295,055
Balance at January 1, 2019	\$ 3,111,939	1,177,751	4,289,690
Reclassified as non-current assets held for sale	(498,206)	(361,568)	(859,774)
Balance at December 31, 2019	\$ 2,613,733	816,183	3,429,916
Depreciation and impairment loss:			
Balance at January 1, 2020	\$ 30,980	60,330	91,310
Depreciation	-	14,988	14,988
Reclassified as non-current assets held for sale	-	(2,331)	(2,331)
Impairment loss	45,262	-	45,262
Balance at December 31, 2020	\$ 76,242	72,987	149,229
Balance at January 1, 2019	\$ 30,980	130,698	161,678
Depreciation	-	25,125	25,125
Reclassified as non-current assets held for sale	-	(95,493)	(95,493)
Balance at December 31, 2019	\$ 30,980	60,330	91,310
Book Value:			
December 31, 2020	\$ 3,049,481	1,096,345	4,145,826
January 1, 2019	\$ 3,080,959	1,047,053	4,128,012
December 31, 2019	\$ 2,582,753	755,853	3,338,606

- (1) The investment property consists of various commercial property and plant for renting to others. The agricultural land of Huantan Township, Changhua held by CHANG, ZHEN TIAN and various people, created the pledge for the company. The above-mentioned land is used for renting.
- (2) The investment property held by the company were NT\$5,068,698,000 and NT\$3,986,336,000 at fair value on the date of December 31, 2020 and 2019 and the price is determined by the market price of deal for the surrounding area and the real estate appraisal report.
- (3) For the purchase of significant investment property of the company on the date December 31, 2020, please refer to Note 13(1).5.
- (4) The company recognised the impairment loss of NT\$45,262,000 in the year 2020 after assessing the investment property asset of Huantan and Dachun township with its conditions in use and the value impairment.

(5) For the investment property used as pledge for long-term funding and funding endorsement credit, please refer to Note 8.

11. Other non-current assets

Details of other non-current assets of the company as follows:

	December 31, 2020	December 31, 2019
Real estate Prepayment	\$ 285,415	300,855
Other	125	2,601
	<u>\$ 285,540</u>	<u>303,456</u>

The information on significant real estate prepayment on the date of December 31, 2020 and 2019 as stated on Note 13 (1).5.

12. Short-term loan

Details of short-term loan as follows:

	December 31, 2020	December 31, 2019
Unsecured loan from bank	\$ 440,000	999,302
Secured loan from bank	-	383,007
Total	<u>\$ 440,000</u>	<u>1,382,309</u>
Unused facilities	<u>\$ 830,000</u>	<u>437,691</u>
Interest rate collars	<u>0.58%~1.35%</u>	<u>1.08%~1.55%</u>

The assets created for bank deposit pledge as stated on Note 8.

13. Long-term loan

Details, terms and conditions of long loan as follows:

December 31, 2020			
	currency	Interest rate collars	Year of maturity
Secured loan from bank	New Taiwan Dollar	1.12%~1.53%	2021~2040
			\$ 2,722,160
Less: due within one year			(206,738)
Total			<u>\$ 2,515,422</u>
Unused facilities			<u>\$ -</u>

December 31, 2019			
	currency	Interest rate collars	Year of maturity
Secured loan from bank	New Taiwan Dollar	1.42%~1.78%	2021~2038
			\$ 2,748,125
Less: due within one year			(751,106)
Total			<u>\$ 1,997,019</u>
Unused facilities			<u>\$ -</u>

The assets created for bank deposit pledge is stated in Note 8.

14. Operating leasing

The investment property for rental of the company are not transfer the ownership and its risk and compensation, therefore the contract classified as operating rental, please refer to Investment Property of Note 6(10).

The undiscounted amount of rental payment due after the report date as follows:

	December 31, 2020	December 31, 2019
Less than one year	\$ 73,849	55,082
One to two years	70,286	49,281
Two to three years	69,417	38,474
Three to four years	69,390	26,190
Four to five years	33,920	22,662
More than five years	46,897	69,559
Total undiscounted lease payment	<u>\$ 363,759</u>	<u>261,248</u>

The rental income from the investment property, please refer to Note 6 (18) of the year 2020 and 2019. The maintenance expense of investment property (listed as operating cost) as follows:

	Year 2020	Year 2019
Making rent income	<u>\$ 23,691</u>	<u>29,383</u>

15. Income tax from continuing operation

1. Income tax expenses

The details of income tax of the year 2020 and 2019 as follows:

	Year 2020	Year 2019
Current income tax expense		
Generate within the period	\$ -	249
Land Value Increment tax	158,517	-
Surtax on undistributed retained earnings	-	7,729
Over-estimate(under-estimate) of income tax for the past years	(993)	130
	<u>157,524</u>	<u>8,108</u>
Deferred income tax expense		
Reverse and occur of temporary difference	5,649	-
Income tax expense	<u>\$ 163,173</u>	<u>8,108</u>

The adjustment of income tax expense and net income before tax of continuing operation of year 2020 and 2019 as follows:

	Year 2020	Year 2019
Profit before tax from continuing operations	\$ 883,065	283,455
Income tax calculated with the tax rate of the region the company registered	\$ 176,613	56,691
Investment profit or loss under the equity method	23,487	(40,736)
Dividend income	(1,036)	(217)
Valuation gain on financial assets	(9,288)	(476)
Land Value Increment tax	158,517	-
Impairment loss of expect credit (reversal income)	(76)	11,748
Impairment loss on non-financial asset	9,052	-
Income of selling land without tax	(222,658)	-
Surtax on undistributed retained earnings	-	7,729
Over-estimate(under-estimate) of income tax for the past years	(993)	130
Tax loss of not listed as deferred tax assets	28,541	-
Income basic tax	-	249
Loss carryforward	-	(27,671)
Other	1,014	661
Total	\$ 163,173	8,108

2. Deferred tax assets

i. Unlisted deferred tax assets

The unlisted deferred tax assets as follows:

	December 31, 2020	December 31, 2019
Loss from uncollectible	\$ 12,133	12,133
Loss carryforward	21,355	4,980
	\$ 33,488	17,113

ii. Listed deferred tax assets

Change in deferred tax assets of year 2020 and 2019 as follows:

	Loss carryforward	Other	Total
Deferred income tax liabilities:			
Balance at January 1, 2020:	\$ 27,778	6,340	34,118
Debit profit and loss statement	-	(5,649)	(5,649)
Balance at December 31, 2020:	\$ 27,778	691	28,469
Balance at January 1, 2019	\$ 27,778	6,340	34,118
Balance at December 31, 2019	\$ 27,778	6,340	34,118

The loss of tax is under the rule of Income Tax Act, with the approval of tax collection authorities may deducted the loss from the net income of the year and re-assessing the income tax. These are not listed as unlisted deferred income tax assets because the company may not have sufficient temporary difference for the income tax.

The tax loss of deferred income tax assets that the company has not recognized as of December 31, 2020, and the deduction period is as follows

Year of loss	Loss not deducted	The year of latest deduction
Year 2011(authorized number)	\$ 96,977	2021
Year 2012(authorized number)	57,416	2022
Year 2013(authorized number)	11,266	2023
Year 2020(declared number)	80,004	2030
	\$ 245,663	

If the actual taxable income is higher or lower than expected, it may be necessary to reverse or recognize a significant amount of deferred asset and recognize the income tax expense or income in the period of reversal or recognition.

- iii. The tax authorities have completed examination of income tax returns of the Company through 2018.

16. Capital and other equity

As of December 31, 2020 and 2019, the authorized share of common stock of the Company amounted to NT\$5,600,000 thousand with a par value of NT\$10 per share of which 560,000 thousand shares. 301,648 thousand shares were issued and all issued shares were paid up upon issuance.

(1) Capital Surplus

The component of capital surplus as follows:

	December 31, 2020	December 31, 2019
Share premium	\$ 178,238	178,238
Treasury stock	252,773	214,994
Recognise changes in all equity in Subsidiaries	8,170	12,693
Difference between consideration and carrying amount of Subsidiaries acquired or disposed	7,280	1,409
Other	11,745	11,745
	\$ 458,206	419,079

According to the Company Act, capital Surplus is used to make up the loss and distribute the realised capital surplus to the shareholders with their original ratio of shareholding in form of new shares or cash. The realised capital surplus is including the additional paid-in capital in excess of par-issued stock and the income of gift received. According to the “Regulations Governing the Offering and Issuance of Securities by Securities Issuers”, the distribution capital of capital surplus may not exceed 10% of the total capital every year.

(2) Retained earnings

According to the Article of Incorporation, the retained earnings of the annual final account shall be used for tax payment, to make up the loss of the past years and to reserve 10% for the legal reserve, but it is not restricted if the legal reserve exceed the capital of the Company. The company may allocate the special reserve depending on the need of operating and legal restriction; if there are still earnings, they can be added to the undistributed earnings at the opening balance and distributed by the proposal of board of directors and the approval from the shareholders' meeting.

The bonus policy of the Company is to cope with the current and future development plan, considering the investment environment, capital needed and the competition within the country and oversea. For the interest of shareholders and the development of the company, not more than 10% of the cash dividend will be distributed and the rest will be distributed with share dividend when the shareholders approved to distribute shareholders' dividends and bonuses.

i. Legal Reserve

When the company has no losses, it may, through the resolution of the shareholders' meeting, issue new shares or cash from the statutory earnings reserve, provided that the earnings exceeds 25% of the paid in capital.

ii. Special Reserve

In accordance of the No. Financial-Supervisory-Securities-Development-1010012865 issued by FSC on April 6, 2012, when distributing the distributable earnings, the company shall make up for the special earnings reserve from the current profit and loss and the previous undistributed earnings according to the difference between the net amount of other shareholders' equity decrease and the balance of the special earnings reserve; If the amount of other shareholders' equity deduction is accumulated in the previous period, the special earnings reserve shall be added from the undistributed earnings of the previous period and shall not be distributed. If there is a reversal in the amount of the subsequent reduction in other shareholders' equity, the earnings may be distributed in respect of the reversal.

According to the resolution of the regular meeting of shareholders on the date of June 11, 2020 and June 6, 2019, the special surplus reserve of NT\$20,939 thousand and NT\$4,425 thousand were respectively recognized in the surplus distribution proposal.

iii. Earning distribution

The Earning distribution of July 1, 2019 to December 31, 2019 and January 1, 2019 to June 30, 2019 is approved by the shareholders' meeting and board of directors on June 11, 2020 and August 12, 2019, respectively. The amount of owners' dividend distribution as follows:

	January to June, 2019		July to December, 2019	
	Dividend rate(yuan)	Amount	Dividend rate(yuan)	Amount
Dividends to common stockholder:				
Cash	\$ 0.50	<u>150,824</u>	0.50	<u>150,824</u>

The earning distribution of January 1, 2020 to June 30, 2020 was approved by the board of directors on August 11, 2020. The amount of owners' dividend distribution as follows:

	January to June, 2020	
	Dividend rate(yuan)	Amount
Dividends to common stockholder:		
Cash	\$ 0.50	<u>150,824</u>

The information regards to the above-stated earning distribution is available on MOPS.

(3) Treasury stock

The following table shows the treasury stock of the company holds by the reinvesting subsidiaries (Xin Mao Investment Co., Ltd. and Yi Tong Fiber Co., Ltd.) on the date December 31, 2019 and 2020.

	December 31, 2020	December 31, 2019
Subsidiary holding parent company shares (Thousands of shares)	<u>78,465</u>	<u>78,305</u>
Acquisition cost	<u>\$ 729,809</u>	<u>728,162</u>
Stock market price	<u>\$ 1,294,671</u>	<u>1,123,675</u>
Amount of treasury stock	<u>\$ 325,463</u>	<u>324,680</u>

The above-mentioned treasury stock is not sold until December 31, 2020. The market price per share is NT\$16.5 and NT\$14.35 on date December 31, 2020 and December 31, 2019 respectively.

(4) Other equity (net value after tax)

	Unrealized gains or losses on fair value through other comprehensive income financial assets.
Balance at January 1, 2020	\$ (20,939)
Unrealized gains or losses on fair value through other comprehensive income financial assets.	91,053
Unrealized gains or losses on fair value through other comprehensive income financial assets of Associates & Joint Ventures Accounted for Using Equity Method	10,723
Share of Profit or Loss on fair value through other comprehensive income financial assets of Associates & Joint Ventures Accounted for Using Equity Method	<u>(15,726)</u>
Balance at December 31, 2020	<u>\$ 65,111</u>
Balance at January 1, 2019	\$ 7,873
Unrealized gains or losses on fair value through other comprehensive income financial assets.	(26,453)
Unrealized gains or losses on fair value through other comprehensive income financial assets of Associates & Joint Ventures Accounted for Using Equity Method	(2,359)
Balance at December 31, 2019	<u>\$ (20,939)</u>

17. Earnings per share

The calculation of basic earnings per share and the diluted earnings of the year 2020 and 2019, show as follows:

	Year 2020	Year 2019
Basic earnings per share		
Net profit from continuous operations of the company	\$ 719,892	275,347
Net loss from discontinued operations	<u>(75,635)</u>	<u>(45,044)</u>
	<u>\$ 644,257</u>	<u>230,303</u>
Weighted average number of common shares outstanding (thousands of shares)	<u>223,209</u>	<u>225,676</u>
From continuous operations	\$ 3.23	1.22
From discontinued operations	<u>(0.34)</u>	<u>(0.20)</u>
	<u>\$ 2.89</u>	<u>1.02</u>

	Year 2020	Year 2019
Diluted earnings per share		
Net profit from continuous operations of the company	\$ 719,892	275,347
Net loss from discontinued operations	(75,635)	(45,044)
	<u>\$ 644,257</u>	<u>230,303</u>
Weighted average number of common shares outstanding (thousands of shares)	223,209	225,676
Influence on dilutive potential common share		
Influence of employees' stock compensation (thousands of shares)	433	591
Weighted average number of dilutive potential common share outstanding (thousands of shares)	<u>223,642</u>	<u>226,267</u>
From continuous operations	\$ 3.22	1.22
From discontinued operations	(0.34)	(0.20)
	<u>\$ 2.88</u>	<u>1.02</u>

18. Revenue from Contracts with Customers

(1) Disaggregation of revenue

	Year 2020	Year 2019
Main region and market		
Taiwan	\$ 118,239	160,275
Asia	400,430	433,858
America	147,628	192,585
Europe	74,864	61,910
Africa	66,431	64,228
	<u>\$ 807,592</u>	<u>912,856</u>
Main Products		
Sales of goods-polyester yarn	\$ 14,529	51
Sales of goods -draw textured yarn	205,488	207,373
Sales of goods -woven fabric	529,568	622,762
Rent income	58,007	82,270
other	-	400
	<u>\$ 807,592</u>	<u>912,856</u>

(2) Balance of the contracts

	December 31, 2020	December 31, 2019	January 1, 2019
Notes and account receivable	\$ 288,482	364,722	391,884
Less: Allowance loss	(1,545)	(1,923)	(42,626)
Total	<u>\$ 286,937</u>	<u>362,799</u>	<u>349,258</u>
Contract Liabilities	<u>\$ 2,553</u>	<u>177</u>	<u>9,015</u>

- i. Disclosure of note receivable and account receivable, and their impairment please refer to Note 6(4)
- ii. The contract liabilities of January 1, 2020 and 2019 is listed as the amount of revenue of opening balance of the year 2020 and 2019 as NT\$177 thousand and NT\$8,933 thousand, respectively.

19. Employees' compensation and directors' remuneration

As stated in the Article of Incorporation, if the company gained in profit, the company shall appropriate no less than 0.5% as the employees' compensation and not more than 2% as the directors' remuneration. If the company has accumulated losses, the profit earned shall be reserved to make up the losses. Recipients entitled to receive shares or cash distributed as employee remunerations include employees of controlled companies and subordinate companies meeting certain requirements. The remuneration to the directors may only in form of cash.

The Company estimated the compensation to employees were NT\$4,758,000 and NT\$4,992,000 in 2020 and 2019, respectively, and the remuneration to Directors were NT\$8,204,000 and NT\$4,942,000 in 2020 and 2019, respectively. The amount was estimated using the profits before tax and before net of the remuneration in each period to multiply a designated percentage specified in the Articles of Incorporation. The distribution was recorded as operating costs or operating expenses of 2020 and 2019.

The compensation to the employees in 2019 and 2018 were NT\$4,992,000 and NT\$11,963,000, respectively, and the remuneration to the directors were NT\$4,942,000 and NT\$8,086,000, respectively. There is no difference between the actual distribution and the amount stated on the financial statement. For relevant information, please log on to MOPS hosted by TWSE for inquiry.

20. Other income and expenses

Other income and expenses of the company of the Year 2020 and 2019 as follows:

	Year 2020	Year 2019
Disposal of non-current assets held for sale	\$ 973,130	-

21. Non-operating income and expense

(1) Other income

The detail of other income of the Year 2020 and 2019 as show as follows:

	Year 2020	Year 2019
Interest from bank deposit	\$ 23	157
Dividend income	5,181	1,083
Other	3,648	5,876
Less: other income from discontinued operation	(1,481)	(4,996)
	\$ 7,371	2,120

(2) Other gains and losses

The detail of other interest and loss of the Year 2020 and 2019 as show as follows:

	Year 2020	Year 2019
Gains or loss of foreign currency exchange	\$ (20,142)	985
Net gains on financial assets at fair value through profit or loss	46,441	2,382
Losses on disposals of property, plant and equipment	(5,893)	(88)
Impairment loss	(45,262)	-
Other	(8,488)	(8,178)
Add: Other loss from discontinued operations	2,323	38
	\$ (31,021)	(4,861)

(3) Financial cost

The details of financial cost of the Year 2020 and 2019 as follows:

	Year 2020	Year 2019
Interest expense of bank deposit	\$ 42,992	61,944
Interest expense of imputed interest	307	196
	\$ 43,299	62,140

22. Financial Instruments

(1) Credit risk

i. Credit risk exposure

The maximum credit risk exposure of the company's financial assets is equal to their carrying amount.

ii. Concentration of credit risk

The company's account receivable from the customers and securities investment are the main source of credit risk. The customers or the counterpart of the financial instruments failed to perform the obligations of the contract and result in risk of financial impairment.

iii. Credit risk of account receivable

The information on credit risk of note receivable and account receivable, please refer to Note 6 (4).

The related composition of financial assets at amortised (including other receivable), please refer to Note 6(5).

The aforementioned are financial asset at low credit risk and as impairment loss of the 12-month expected credit losses (The description of determine low credit risk of the company, please refer to Note 4(6)).

(2) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreements.

	Carrying value	Contractual cash flows	Within 6 months	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
December 31, 2020							
Floating rate instrument	\$ 3,162,160	3,341,301	374,104	306,621	77,225	1,003,250	1,580,101
Non-interest-bearing liability	212,441	212,441	152,650	-	2,684	47,063	10,044
	\$ 3,374,601	3,553,742	526,754	306,621	79,909	1,050,313	1,590,145
	Carrying value	Contractual cash flows	Within 6 months	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
December 31, 2019							
Floating rate instrument	\$ 4,130,434	4,354,233	1,512,125	810,482	744,466	430,319	856,841
Non-interest-bearing liability	192,113	192,113	158,306	-	-	33,807	-
	\$ 4,322,547	4,546,346	1,670,431	810,482	744,466	464,126	856,841

The company does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(3) Currency risk

i. Risk exposure

The consolidate company's financial assets and financial liability exposed to significant. Currency risk were as follows:

	December 31, 2020			December 31, 2019			
	Foreign Currencies	Exchange rate (Yuan)	New Taiwan Dollars	Foreign Currencies	Exchange rate (Yuan)	New Taiwan Dollars	
Financial Assets							
Monetary assets							
US Dollars	\$	11.204	28.48	31.909	8.670	29.98	259.927

ii. Sensitivity analysis

The company's exposure to foreign currency risk arose from cash and cash equivalents, account receivables, other receivables, loans and borrowings, accounts payable and other payables that were denominated in foreign currencies. A 1% appreciation or depreciation of the TWD against the USD as of December 31, 2020 and 2019 would have increased or decreased the net income after tax from the years ended December 31, 2020 and 2019 by NT\$319 thousand and NT\$2,599 thousand. The analysis was performed on the same basis for both periods.

iii. Foreign exchange gains and loss on monetary item

The information on foreign exchange gain(loss) on monetary items is disclosed by the company in summary. For the December 31, 2020 and 2019, foreign exchange gains (losses) (including realised and unrealised abortions) amounted to NT\$(20,142) thousand and NT\$985 thousand.

(4) Interest rate risk

Please refer to the note on liquidity risk management for the interest rate exposure of the company's financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure to interest rates on derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is on the basis of the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the increment or decrement by 1% when reporting to the management internally, which also represents the management's assessment of the reasonable interest rate change.

If the interest rate had increased or decreased by 1%, the company's net income before tax would have decreased or increased by NT\$31,255 thousand and NT\$41,168 thousands for the years ended December 31, 2020 and 2019, respectively, with all other variable factors remaining constant. This is mainly due to the company's borrowing and time deposit at floating rates.

(5) Other price risk

The impact to the comprehensive income and loss if the stock price on reporting date changes (The analysis was performed on the same basis for both periods, and if the other variables remain unchanged), as follow:

Stock Price on reporting date	Year 2020		Year 2019	
	Amount of comprehensive income or loss after tax	Post-tax profit or loss	Amount of comprehensive income or loss after tax	Post-tax profit or loss
Increased by 5%	\$ 21,060	19,882	16,507	2,538
Decreased by 5%	\$ (21,060)	(19,882)	(16,507)	(2,538)

(6) Information on fair value

i. Categories and fair value of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

December 31, 2020					
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Financial asset at fair value through profit or loss mandatorily	\$ 401,766	401,766	-	-	401,766
Financial Assets at fair value through other comprehensive income					
Unquoted equity instruments at fair value	421,194	-	-	421,194	421,194
Total	\$ 822,960	401,766	-	421,194	822,960

December 31, 2019					
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Financial asset at fair value through profit or loss mandatorily	\$ 54,782	54,782	-	-	54,782
Financial Assets at fair value through other comprehensive income					
Unquoted equity instruments at fair value	330,141	-	-	330,141	330,141
Total	\$ 384,923	54,782	-	330,141	384,923

ii. Valuation techniques and assumptions not used in fair value

The company estimated the instrument of not used in fair value in the method and the assumptions as follows:

(i) Financial assets at amortised cost

If there is an open quotation in the active market, the market price shall be the fair value; if there is no market price for reference, the evaluation method is used to estimate or use the quotation of the counterparties..

(ii) Financial asset and liabilities at amortised

If there is quotation information of the transaction or market maker, the latest transaction price and quotation data shall be used as the basis for evaluating the fair value. If there is no market value for reference, the evaluation method is adopted. The fair value is estimated based on the discounted value of cash flow.

iii. Valuation techniques and assumptions used in fair value determination of financial instrument at fair value

Financial instruments traded in active markets are based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a basis to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.

If public quotation of financial assets may be obtained from exchange, brokers, underwriters, industry association, pricing service agencies or competent authorities in a timely and frequent manner, and the prices represent actual and frequent fair market transactions, then the financial instrument consider as active market quoted publicly. If the above criteria are not met, the market is regarded as inactive. Generally, significant difference between the buying and selling prices, significant increase in such price difference or the rear transactions are indicators of an inactive market.

The financial instruments held by the company are classified as follows according to the evaluation sources used to determine the fair value:

- Financial instruments with active markets: Shares of listed company, the fair value based on quoted market prices.
- Financial instruments with no active markets: When the financial instrument of the company is not traded in an active market, its fair value is determined based on the ratio of the quoted market price of the comparative listed company, and the main assumption for the model basis of both the net equity value of the equity of the investee and the equity multiplier derived from the quoted market price of the comparative listed company. The estimated adjustments of the fair value are discounted for its lack of liquidity in the market.

iv. There is no transformation of any financial asset of the company at the year 2020 and 2019.

v. Reconciliation of level 3 fair values

	Fair value through other comprehensive income
	<u>Unquoted equity instruments</u>
January 1, 2020	\$ 330,141
Total profit or loss	
Listed under other comprehensive income	91,053
December 31, 2020	<u><u>\$ 421,194</u></u>
January 1, 2019	<u>\$ 356,594</u>
Total profit or loss	
Listed under other comprehensive income	<u>(26,453)</u>
December 31, 2019	<u><u>\$ 330,141</u></u>

Above stated total income or loss is recognised as “other income and loss” and “unrealised gains or losses at fair value through other comprehensive income financial asset” . The total income or loss related to the assets held by the date of December 31, 2020 and 2019, as follow:

	<u>Year 2020</u>	<u>Year 2019</u>
Total income or loss		
Recognized as other comprehensive income or loss (listed under the “unrealized gains or losses at fair value through other comprehensive income”)	<u><u>\$ 91,053</u></u>	<u><u>(26,453)</u></u>

- vi. Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

Those categorized as level 3 in fair value measurement are financial assets at fair value through other comprehensive income – equity securities investment.

For fair value measurements categorised within level 3 of the fair value hierarchy quantitative information about significant unobservable inputs used in the fair value measurement, as follows:

Items	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income – investment in equity instrument with no active market	Comparable listed company	<ul style="list-style-type: none"> • Multiplier of market to book ratio (0.80~2.13 and 0.75~5.88 on December 31, 2020 and December 31, 2019 respectively) • Discount for lack of marketability (30% and 25% on December 31, 2020 and December 31, 2019 respectively) 	<ul style="list-style-type: none"> • The estimated fair value would increase(decrease) if • the multiplier were higher (lower) • the market illiquidity discount were lower(higher)

- vii. Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The consolidated company's measurement of the fair value of financial instruments is reasonable, but the use of different evaluation models or evaluation parameters may result in different evaluation results.

For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income:

			<u>Other comprehensive income</u>	
	<u>Input</u>	<u>Assumptions</u>	<u>Favorable</u>	<u>Unfavorable</u>
December 31, 2020				
Financial assets at fair value through other comprehensive income				
equity Investment without active market	Price-to-book multiple	1%	\$ 4,212	(4,212)
	Liquidity discount	1%	16,663	(16,663)
December 31, 2019				
Financial assets at fair value through other comprehensive income				
Equity investment without active market	Price-to-book multiple	1%	2,774	(3,891)
	Liquidity discount	1%	3,680	(4,634)

The favourable and unfavourable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique.

The favourable and unfavourable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a

valuation technique.

23. Financial Risk Management

(1) Overview

The company is exposed to the following risks arising from financial instruments:

- i. Credit risk
- ii. Liquidity risk
- iii. Market risk

This note discloses information about the aforementioned risks the company is exposed to, and its goals, policies, and procedures regarding the measurement and management of these risks. For additional quantitative disclosures of these risks, please refer to the notes regarding each risk disclosed throughout the financial report.

(2) Risk management framework

The company's risk management policies are established to identify and analyse the risk faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company, through its training and management standard and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(3) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company receivables from customers and investment securities.

- i. Trade and other receivables

The company with the vast customers and not significantly concentrated to single customer and spread in distribution region, therefore there is no concern of significant concentrated in the credit risk of account receivable. To reduce the credit risk, the company regularly and continuously evaluating on the clients' financial status and as in practice the company has not request collateral from our clients.

- ii. Investments

The credit risk exposure in the bank deposits, fixed income investment and other financial instruments is measured and monitored by the company's finance department. Since those who transact with the company are banks and other external parties with good credit standing, there are no non-compliance issues, and therefore there is no significant credit risk.

- iii. Guarantee

The policy of the company stated only provides financial Guarantee to the fully-owned subsidiaries, as until December 31, 2019 and 2020, the company did not provide any endorsement or guarantees to the other.

(4) Liquidity risk

The company aims to maintain the level of its cash and cash equivalents for the operating of the company and reduce the impact of rise and fall of cash flows. The management personnel of the company monitoring the use of short-term bank facilities and ensure the terms and condition of loan contract is complied.

The bank funding is one of the main sources of liquidity to the company. The balance of the company's short-term bank facilities is NT\$830,000 thousand and NT\$437,691 thousand on December 31, 2020 and 2019, respectively.

(5) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates,

interest rates, and equity prices will affect the company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptance parameters.

i. Currency risk

The company is exposed to currency risk on sales and purchase transactions that are denominated in a currency other than the respective functional currencies of the consolidated company, primarily TWD. The currencies used in these transactions are the TWD and USD.

With regard to monetary assets and liabilities denominated in a foreign currency, when a short-term risk exposure exists, the company relies on immediate foreign exchange transactions to ensure the net exposure to foreign exchange risk is maintained at an acceptance level.

ii. Interest rate risk

The company maintained in a combination of fixed interest rate and floating interest rate and make the interest rate perspective and the existing risk preference in consistency to ensure the hedging strategy for cost efficient.

iii. Other market price risk

The company listed on exchange OTC and expose the risk in equity price. The equity investment is not for transaction and as strategic investment. The company not involved in the investment of aforementioned transaction. The management personnel of the company manage the risk by holding different risk investment combination.

24. Capital Management

The company is to maintain a strong capital base so as to maintain investors compensation and the interest of other stakeholder to maintain the best capital structure to reduce the funds cost.

To maintain or adjust the structure, the company may adjust the dividends to the shareholders and return the capital to the shareholders by capital reduction, issuing new shares and selling assets to settle the liability.

The company is using debt ratio as basis to control the capital. The ratio is calculated by the net liability divided by total capital. The net liability as the liability listed on the balance sheet and less the cash and cash equivalent. Total amount of capital is the composition of all of the equity (capital stock, capital surplus, retained earnings and other equity) add the net liability.

The capital management strategy of 2020 is consistent with 2019 and maintain the certain debt ratio in order for funding with the reasonable cost.

The Debt ratios of the Republic of China on December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Total liabilities	\$ 3,378,735	4,681,479
Less: Cash and cash equivalent	145,998	192,496
Net liabilities	3,232,737	4,488,983
Total equity	4,616,304	4,133,575
Adjusted capital	\$ 7,849,041	8,622,558
Debt ratio	41.19%	52.06%

At the date of December 31, 2020, the debt ration decrease is due to the company sell the investment property to increase in operating capital and the ratio for bank funding repayment is decrease.

VII. Transactions with the related parties

1. Name and relationship with the related parties

Individual financial statement shows the transactions with related parties (subsidiaries of the company and other related parties transacts with the company) as follows:

<u>Name of the related parties</u>	<u>Relationship to the Company</u>
Yi Tong Fiber Co., Ltd.	Subsidiaries of the Company
Kwang Ming Silk Mill Co., Ltd.	Subsidiaries of the Company
Hung Chou Fiber Industry Co., Ltd	Subsidiaries of the Company
Jin Xian Welfare and Charity Foundation	Same chairman as the Company.

2. Major transactions with the related parties

(1) Operating revenue

The amount of major transactions with the related parties show as follows:

	<u>Year 2020</u>	<u>Year 2019</u>
Subsidiaries		
Kwang Ming Silk Mill Co., Ltd.	\$ 2,188	16
Hung Chou Fiber Industry Co., Ltd	526	4,820
	<u>\$ 2,714</u>	<u>4,836</u>

The sales price to the related parties is set by the quotation of the price of the raw material and is not significantly different from those sales to third parties. The term of credit for the sale of goods to related party and general non related parties is about 30 days for the monthly settlement of domestic sales, and the term of credit for non-related parties is about 30 days for the monthly settlement of domestic sales and 90-180 days for the export sales. Receivables between related parties do not involve collateral, and after evaluation, there is no need to make provision for bad debt expenses.

(2) Purchase

The amount of purchase from the related parties as follows:

	<u>Year 2020</u>	<u>Year 2019</u>
Subsidiaries		
Kwang Ming Silk Mill Co., Ltd.	\$ 81,923	5,720
Hung Chou Fiber Industry Co., Ltd	(932)	302,989
	<u>\$ 80,991</u>	<u>308,709</u>

There is no difference in the purchase price of the above-mentioned companies and the third parties' companies; the payment period is 30 to 60 days with no significantly difference from third parties' companies.

(3) Account receivable with the related parties

The details of account receivable with the related parties as follows:

<u>Listed account items</u>	<u>Related Party Categories</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Account receivable	Subsidiaries — Hung Chou Fiber Industry Co., Ltd	\$ -	1,062
Other receivable	Subsidiaries — Hung Chou Fiber Industry Co., Ltd	1,123	35
		<u>\$ 1,123</u>	<u>1,097</u>

(4) Account payable with the related parties

The details of account payable with the related parties as follows:

<u>Listed account items</u>	<u>Related Party Categories</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Note payable	Subsidiaries – Hung Chou Fiber Industry Co., Ltd	\$ -	2,754
Account payable	Subsidiaries – Kwang Ming Silk Mill Co., Ltd.	18,365	1,492
		<u>\$ 18,365</u>	<u>4,246</u>

(5) Advanced payment

The details of advanced payment to the related parties as follows:

<u>Listed account items</u>	<u>Related Party Categories</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Other current liabilities (Equipment pre-receipt)	Subsidiaries – Kwang Ming Silk Mill Co., Ltd.	\$ -	44,360

(6) Contract of leasing

The office of the company is leased from the related parties; the rental expense as follows:

<u>Year 2020</u>	<u>Lessor</u>	<u>Subject matter for lease</u>	<u>Period</u>	<u>Monthly Rent before tax</u>	<u>Rent expense</u>	<u>Payment method</u>
	Subsidiaries – Yi Tong Fiber Co., Ltd.	7th Floor, No.607, Ruiguang Rd., Neihu Dist., Taipei City	January 1, 2020 ~ December 31, 2020	\$ 150	<u>1,800</u>	Monthly payment

<u>Year 2019</u>	<u>Lessor</u>	<u>Subject matter for lease</u>	<u>Period</u>	<u>Monthly Rent before tax</u>	<u>Rent expense</u>	<u>Payment method</u>
	Subsidiaries – Yi Tong Fiber Co., Ltd.	7th Floor, No.607, Ruiguang Rd., Neihu Dist., Taipei City	January 1, 2018 ~ December 31, 2019	\$ 150	<u>1,800</u>	Monthly payment

(7) Others

- The company donates NT\$1,500 thousand to Jin Xian Welfare and Charity Foundation on the year 2020 and 2019.
- The development project of the company and with its subsidiaries, please refer to Note 9 for description.

3. Transactions with key management personnel

Compensation to the key management personnel

	<u>Year 2020</u>	<u>Year 2019</u>
Short-term employee benefits	<u>\$ 16,329</u>	<u>10,065</u>

VIII. Pledged Assets as Collaterals

The detail of book value of the pledged assets as follows:

Assets	Subject matter for pledge guarantee	December 31, 2020	December 31, 2019
Other financial assets-current	Short-term loan	\$ -	3,369
Noncurrent asset held for sale	Long-term and short-term loan	-	1,136,227
Investment Property	"	3,893,097	3,108,628
		<u>\$ 3,893,097</u>	<u>4,248,224</u>

IX. Commitments and contingencies

1. Significant unrecognized contractual commitments:

(1) The letter of credit is issued and not be used on the date of December 31, 2020 and 2019:

	December 31, 2020	December 31, 2019
New Taiwan Dollar	\$ -	4,086

(2) The contract signed for purchase of property were NT\$1,419,348,000 and NT\$1,937,704,000, and paid according to the contract (listed under other current liabilities) were NT\$285,415,000 and NT\$292,791 thousand on the date of December 31, 2020 and December 31, 2019, respectively.

(3) Until December 31, 2019, the contract signed for selling land and building of Shinshih District, Tainan were NT\$2,221,769,000 and received NT\$301,838,000 according to the contract (listed under other current liabilities), the rest of the price were received in the year 2020.

(4) The board of directors of the company approved the joint land development with Farglory Land Development Co., Ltd. on the date of January 29, 2019. The expected ratio of allocating housing will be 64.00%, and will be used in operating headquarters and for rent and trading to increase in rental income and capital. The deposit received for joint development were NT\$33,000,000 and NT\$15,000,000 on the date of December 31, 2020.

2. Contingent liabilities

The promissory note issued by the company for the purpose of purchasing raw materials and loan funding on December 31, 2020 and 2019 were NT\$301,111,000 and NT\$444,111,000, respectively.

X. Loss due to major disasters: None

XI. Major Subsequent Events: None

XII. Other

Employees' benefit, depreciation, damage and amortised expense are compiled as follows:

Character	Year 2020				Year 2019			
	Belongs to operating cost	Belongs to operating expense	Discontinued operations	Total	Belongs to operating cost	Belongs to operating expense	Discontinued operations	Total
Classification								
Employee benefits expenses								
Salaries expenses	-	19,969	5,441	25,410	-	28,964	61,244	90,208

Labor and Health care expenses	-	1,795	253	2,048	-	1,943	5,439	7,382
Pension expenses	-	879	135	1,014	-	845	2,194	3,039
Directors' remuneration	-	15,805	-	15,805	-	10,380	-	10,380
Other employee benefits expense	-	1,094	154	1,248	-	1,547	2,690	4,237
Depreciation expense	14,988	546	480	16,014	25,125	2,174	25,003	52,302
Amortizations	-	-	944	944	-	-	4,239	4,239

The additional information of number of employees and the expense of employees' benefit on 2020 and 2019 as follows:

	Year 2020	Year 2019
Number of employees	<u>36</u>	<u>143</u>
Number of directors who do not serve concurrently as an employee or officer	<u>6</u>	<u>6</u>
Average expense of employee benefits	<u>\$ 991</u>	<u>765</u>
Average expense of employee salary	<u>\$ 847</u>	<u>658</u>
Adjusted Average expense of employee salary	<u>28.72%</u>	
Remuneration to supervisors	<u>\$ -</u>	<u>-</u>

The information of the salaries and compensation policy as follows:

Due to the huge quantity of our employees with different nature of work, the compensation system is set, added to the basic salary, in order to manage and calculate.

Duty allowance: Duty allowance is given monthly according to the duty and the rank of the employee.

All sorts of allowance: Allowance and bonus is given monthly according to the content of the duty.

Performance bonuses: Bonus is given with different performance.

Overtime pay: The company pays and calculates the overtime pay according to the Article 24 of Labour Standard Acts.

Board expenses: The board expenses are given by the company with NT\$2,400 per month per person.

XIII. Additional disclosure

1. Information on major transactions

The company shall disclose other major transactions of 2020 according to the "Regulations Governing the Preparation of Financial Reports by Securities Issue" as follows:

(1) Loan funding to others:

Unit: Thousands of New Taiwan Dollars

Number	Company of loan funding	Other party of loan funding	Accounting items	As related parties	The highest amount of the period	Ending Balance	The actual used amount	Interest rate collars	Nature of loan funding	Amount of business transactions between two parties	Reasons of necessity for short-term loan	Amount of listed impairment loss	Pledge		Ceiling of funding to other to single borrowers	Ceiling of funding to others of the company
													Name	Value		
1	Yi Tong Fiber Co., Ltd.	Da International Development Co., Ltd.	Y Other Receivable	Yes	10,000	-	10,000	1.8%	2	-	Operational capital	-		-	177,060	265,589

Note 1: The nature of the loans as follows:

- (1) With business transactions.
- (2) With the necessity of short-term loan.

Note 2: The amount of loan funding shall not exceed 30% of the total capital received of the company and ceiling to individual borrowers shall not exceed 20% of the total capital received of the company.

(2) Endorsement or guarantees to others: None

(3) Securities hold at the end of the period (excluding investing in subsidiaries, affiliated enterprise and joint ventures):

Unit: Thousands of New Taiwan Dollars

Company of shareholding	Nature and name Of security	Relationship With the securities issuers	Account name	End of Period				Remark
				Number of shares	Book Value	Holding Percentage	Market Value	
Yi Jinn Industrial Corp., Limited.	Shares of Cheng Shin Rubber Industry Co., Ltd.	None	Fair value through profit or loss financial assets – current	790,000	34,799	0.02 %	34,799	
"	Shares of Zig Sheng Industrial Co., Ltd.	"	"	3,543,000	39,682	0.64 %	39,682	
"	Shares of Asia Cement Corporation	"	"	2,050,000	88,560	0.06 %	88,560	
"	Shares of Far Eastern New Century Corporation	"	"	1,800,000	52,110	0.03 %	52,110	
"	Shares of Taiwan Cement Corporation	"	"	2,049,000	88,517	0.03 %	88,517	
"	Shares of Universal Textile Co., Ltd.	"	"	2,530,000	29,474	1.94 %	29,474	
"	Shares of Hua Nan Financial Holding Co., Ltd.	"	"	1,851,220	33,785	0.01 %	33,785	
"	Shares of Taiwan Taffeta Fabric Co., Ltd.	"	"	484,000	4,327	0.37 %	4,327	
"	Shares of First Financial Holding Co., Ltd.	"	"	1,236,000	26,389	0.01 %	26,389	
"	Taishin Strategy Senior Total Return High Yield Bond Fund Inc USD B	"	"	100,000	1,018	- %	1,018	
"	Franklin Templeton Sino Am AI Hi-Tech Fund-USD	"	"	300,000	3,105	- %	3,105	
"	Ho Chi Tang Investment Co., Ltd.	"	Fair value through other comprehensive income financial assets - non-current	2,430,530	7,196	14.75 %	7,196	
"	Shares of Kuanz Ho Securities	The company as the legal entity director	"	6,866,506	142,892	15.58 %	142,892	
"	Shares of COCONA, INC.	None	"	3,225,018	44,087	12.77 %	44,087	
"	Shares of YaMai (Hong Kong) Limited	"	"	11,700,000	49,869	10.17 %	49,869	
"	Shares of Nice Plaza Co., Ltd.	The company as the legal entity director	"	15,000,000	177,150	8.68 %	177,150	
Yi Tong Fiber Co., Ltd.	Shares of Cheng Shin Rubber Industry Co., Ltd.	None	Fair value through profit or loss financial assets – current	800,000	35,240	0.02 %	35,240	
"	Shares of Yi Jinn Industrial Corp., Limited.	Ultimate parent entity	Fair value through other comprehensive income financial assets - non-current	57,954,410	956,248	19.21 %	956,248	
"	Shares of KHH Arena Corporation	None	"	1,000,000	14,803	0.40 %	14,803	
"	Xin Mao Investment Co., Ltd.	Subsidiaries of Parent company	"	2,050,000	39,168	12.15 %	39,168	
"	Shares of Taiwan Incubator SME Development Corporation	The company as the legal entity director	"	2,425,280	17,868	3.44 %	17,868	
Yi Tong Fiber Co., Ltd.	Shares of The First Leasing Corporation	The company as the legal entity director	Fair value through other comprehensive income financial assets - non-current	3,072,325	37,413	13.97 %	37,413	
Da Tian International Co., Ltd.	Shares of Zig Sheng Industrial CO., LTD.	None	Fair value through profit or loss financial assets – current	1,007,000	11,278	0.18 %	11,278	
"	Shares of Yi Shin Textile Co., Ltd.	"	Fair value through profit or loss financial assets – non-current	1,200,000	43,392	2.78 %	43,392	
Xin Mao Investment Co., Ltd.	Shares of Yi Jinn Industrial Corp., Limited.	Ultimate parent entity	Fair value through profit or loss financial assets – current	20,510,470	338,423	6.80 %	338,423	note
"	Shares of Hung Chou Fiber Industry Co., Ltd.	Subsidiaries of Parent company	"	152,000	1,376	0.12 %	1,376	
"	Shares of Kwang Ming Silk Mill Co., Ltd.	"	"	50,000	1,255	0.12 %	1,255	
"	Shares of Yi Shin Textile Co., Ltd.	None	Fair value through other comprehensive income financial assets - non-current	1,257,600	45,475	2.91 %	45,475	
"	Shares of Yi Tong Fiber Co., Ltd.	Subsidiaries of Parent company	Fair value through other comprehensive income financial assets - non-current	1,325,601	16,948	1.50 %	16,948	
"	Shares of Ho Chi Tang Investment Co., Ltd.	None	"	150,000	618	0.91 %	618	
"	Shares of Cheering Knitting industrial Co., Ltd.	None	"	25,400	464	0.58 %	464	
"	Shares of I Jinn Industrial Co., Ltd.	"	"	105,000	1,365	0.60 %	1,365	
Kwang Ming Silk Mill Co., Ltd.	Shares of Cheng Shin Rubber Industry Co., Ltd.	"	Fair value through other comprehensive income financial assets - non-current	451,000	19,866	0.01 %	19,866	
"	Shares of Formosa Chemicals & Fibre Corporation	"	"	401,000	33,965	0.01 %	33,965	

"	Shares of Taiwan Cement Corporation	"	"	1,100,000	47,520	0.02 %	47,520	
"	Shares of Far Eastern New Century Corporation	"	"	500,000	14,475	0.01 %	14,475	
"	Shares of Asia Cement Corporation	"	"	700,000	30,240	0.21 %	30,240	
"	Shares of Yi Tong Fiber Co., Ltd.	Subsidiaries of Parent company	Fair value through other comprehensive income financial assets - non-current	670,680	8,583	0.76 %	8,583	
Hung Chou Fiber Industry Co., Ltd	Shares of China Man-made Fiber Co., Ltd.	None	Fair value through other comprehensive income financial assets - current	278	3	- %	3	
"	Shares of Taiwan Filament Weaving Development Co., Ltd.	"	Fair value through other comprehensive income financial assets - non-current	2,175,660	10,369	3.57 %	10,369	

Note: Pledged for 13,500,000 shares.

- (4) Accumulative amount of buy in or sold out of single securities that exceed Three hundred thousand New Taiwan Dollars or 20% of the total capital received: N/A
- (5) The amount of acquired properties exceeds Three hundred thousand New Taiwan Dollars or 20% of the total capital received:

Unit: Thousands of New Taiwan Dollars

Company of Acquired real estate	Name of property	Date of Occurrence of the fact	Amount of Transactions	Condition of payment	Trading parties	Relationship	If the transaction parties is related parties, the information of previous transfer				Price determination and supporting reference	Purpose of acquired and condition of using	Other matters agreed
							Owners	The relationship with the issuer	The date transferred	Amount			
The Company	Land and building of Gongjian Section, Xizhi District, New Taipei City	July 26, 2018	956,545	239,136	Kuo Yang Construction Co., Ltd.	None	-	-	-	-	Appraisal Report	Owner-occupied or rent	
The Company	Land and building of Haotian Section, Xizhi District, New Taipei City	November 28, 2019	442,695	442,695 (Note)	Farglory Land Development Co., Ltd. And Farglory International Investment Co., Ltd.	None	-	-	-	-	Appraisal Report	Owner-occupied or rent	
The Company	Land and building of Haotian Section, Xizhi District, New Taipei City	August 30, 2019	364,952	364,952 (Note)	Farglory Land Development Co., Ltd. And Farglory International Investment Co., Ltd.	None	-	-	-	-	Appraisal Report	Owner-occupied or rent	
The Company	Land and building of Haotian Section, Xizhi District, New Taipei City	August 30, 2019	72,109	72,109 (Note)	Farglory Land Development Co., Ltd. And Farglory International Investment Co., Ltd.	None	-	-	-	-	Appraisal Report	Owner-occupied or rent	
The Company	Land and building of No.228, Xinhua 2nd Road, Neihu District, Taipei City	September 20, 2019	538,464	538,464 (Note)	CHEN, YONG-HONG	None	-	-	-	-	Appraisal Report	Owner-occupied or rent	
The company	Land and building of Haotian Section, Xizhi District, New Taipei City	December 30, 2020	462,803	46,279	Farglory Land Development Co., Ltd. And Farglory International Investment Co., Ltd.	None	-	-	-	-	Appraisal Report	Owner-occupied or rent	
Yi Tong Fiber Co., Ltd.	Yixian Rd., Xinyi Dist., Two short paragraphs 154-166 Land and buildings	January 4, 2019	224,594	224,594 (Note)	United Daily News Co., Ltd	None	-	-	-	-	Appraisal Report	Owner-occupied or rent	

Net value after less from related tax and other expenses.

- (6) The amount of disposal properties exceeds Three hundred thousand New Taiwan Dollars or 20% of the total capital received:

Unit: Thousands of New Taiwan Dollars

Company of disposing property	Name of the assets	Date of occurrence of the fact	Acquired date	Book Value	Amount of Transactions	Condition of Receiving	Income and loss from disposal (Note)	Parties of transaction	relationship	Purpose of disposal	Price determination and supporting evidence	Other matters agreed
The Company	Land and Building of Da Ying Section, Sinshih District, Tainan City	July 31, 2019	February 28, 2011	422,540	619,817	619,817	185,293	Fubon Multimedia Technology Co., Ltd.	Third Parties	Revitalizing and use of assets	Appraisal Report	
The Company	Land and Building of Da Ying Section, Sinshih District, Tainan City	October 31, 2019	February 28, 2011	314,607	531,189	531,189	212,727	XIE, HON-DE	Third Parties	"	"	
The Company	Land and Building of Da Ying Section, Sinshih District, Tainan City	October 31, 2019	February 28, 2011	314,607	531,189	531,189	212,727	ZHANG, XIU	Third Parties	"	"	
The Company	Land and Building of Da Ying Section, Sinshih District, Tainan City	October 31, 2019	February 28, 2011	314,608	531,188	531,188	212,726	LIN, KUN-HAI	Third Parties	"	"	
The Company	Land and Building of Section four, Zhongxiao East Road	May 14, 2020	December 21, 2017	502,964	534,699	534,699	25,954	Wan Hai Lines Limited	Third Parties	"	"	
The Company	Land and Building of Da Ying Section, Sinshih District, Tainan City	June 3, 2020	February 28, 2011	125,490	314,472	314,472	160,000	ZHOU, MING-HE	Third Parties	"	"	

Note: Net value including deduction from related tax.

- (7) The amount of purchase or sell exceed One Hundred Million New Taiwan Dollars or 20% of the capital received:

Unit: Thousands of New Taiwan Dollars

Company of Purchase or Sales	Name of Trading Subject	Relationship	Trading Status				Situation and reasons in difference of trading conditions with normal tradings		Note, Account receivable (payable)		Remark
			Purchase or Sales	Amount	Ratio to the total purchase or sales	Credit Period	Unit Price	Credit Period	Balance	Ratio to the total Note, Account receivable (payable)	
Hung Chou Fiber Industry Co., Ltd	Kwang Ming Silk Mill Co., Ltd.	associate(s)	Sales	238,884	15.32%	Credit on 15 days	The sales price to the related parties are set by the quotation of the price of the raw material and were not significantly different from those sales to third parties	15 Days	33,301	25.87%	
Kwang Ming Silk Mill Co., Ltd.	Hung Chou Fiber Industry Co., Ltd	associate(s)	Purchase	238,884	53%				(33,301)	85%	

- (8) Account receivable from the related parties exceed One Hundred Million New Taiwan Dollars or 20% of the Capital received: N/A

- (9) Financial derivative transactions: NA

2. Information on reinvesting enterprise:

The company's reinvestment business information for 2020 is as follows (excluding mainland investee companies):

Unit: Thousands of New Taiwan Dollars

Investing company Name	Investee company Name	Location	Main operating business	Initial investing amount		Holdings at the end of period			Investee company Current Profit and loss	Listed of the Period Investment Profit and Loss	Remark
				End of Period	End of last year	Shares	Rate	Book Value			
Yi Jinn Industrial Corp., Limited.	Yi Tong Fiber Co., Ltd.	Taiwan	Real Estate Rental or trading	449,762	449,762	40,771,879	46.05%	408,860	55,693	(936)	Subsidiaries
Yi Jinn Industrial Corp., Limited.	Xin Mao Investment Co., Ltd.	Taiwan	Investment	298,091	298,091	5,959,886	35.33%	(7,662)	60,151	(3,078)	"
Yi Jinn Industrial Corp., Limited.	Kwang Ming Silk Mill Co., Ltd.	Taiwan	Cotton filament, artificial fibre and others manufacturing, processing and trading business	474,758	474,758	15,586,193	38.53%	667,006	(18,664)	(7,285)	Subsidiaries
Yi Jinn Industrial Corp., Limited.	Hung Chou Fiber Industry Co., Ltd	Taiwan	Synthetic fibres, plastic filament manufacturing, processing and trading business	249,778	249,778	36,601,000	27.70%	465,043	(162,037)	(43,913)	"
Yi Jinn Industrial Corp., Limited.	Da Tian International Co., Ltd.	Taiwan	Housing and Building Development	100,000	100,000	10,000,000	33.33%	101,900	(2,458)	(820)	"
Yi Jinn Industrial Corp., Limited.	Da Yi International Development Co., Ltd.	Taiwan	Housing and Building Development	612,500	490,000	61,250,000	61.25%	514,174	(98,226)	(61,401)	"
Yi Tong Fiber Co., Ltd.	Kwang Ming Silk Mill Co., Ltd.	Taiwan	Cotton filament, artificial fibre and others	98,507	98,507	3,246,900	8.03%	141,119	(18,664)	Exempted from disclosure	"

			manufacturing, processing and trading business								
Yi Tong Fiber Co., Ltd.	Hung Chou Fiber Industry Co., Ltd	Taiwan	Synthetic fibres, plastic filament manufacturing, processing and trading business.	65,000	65,000	10,000,000	7.57%	175,662	(162,037)	"	"
Yi Tong Fiber Co., Ltd.	Chu Sing Industrial Co., Ltd.	Taiwan	All sorts of man-made, natural fibre manufacturing, processing and trading business	22,185	22,185	269,285	31.09%	26,491	(4,213)	"	associate(s)
Yi Tong Fiber Co., Ltd.	Da Tian International Co., Ltd.	Taiwan	Housing and Building Development	75,000	75,000	7,500,000	25.00%	76,433	(2,458)	"	Subsidiaries
Yi Tong Fiber Co., Ltd.	Da Yi International Development Co., Ltd.	Taiwan	Housing and Building Development	10,000	-	1,000,000	1.00%	9,632	(98,226)	"	"
Kwang Ming Silk Mill Co., Ltd.	Hung Chou Fiber Industry Co., Ltd	Taiwan	Synthetic fibres, plastic filament manufacturing, processing and trading business.	45,500	45,500	7,000,000	5.30%	122,987	(162,037)	"	"
Kwang Ming Silk Mill Co., Ltd.	Da Yi International Development Co., Ltd.	Taiwan	Housing and Building Development	100,625	80,500	10,062,500	10.06%	84,871	(98,226)	"	"
Hung Chou Fiber Industry Co., Ltd	Da Yi International Development Co., Ltd.	Taiwan	Housing and Building Development	61,875	49,500	6,187,500	6.19%	53,426	(98,226)	"	"
Da Tian International Co., Ltd.	Da Yi International Development Co., Ltd.	Taiwan	Housing and Building Development	40,000	40,000	4,000,000	4.00%	33,738	(98,226)	"	"

3. Information on investment in Mainland China: N/A

4. Information on major shareholders:

Name of main shareholders	Shares	Amount of Shareholding	Ratio of Shareholding
Yi Tong Fiber Co., Ltd.		57,954,410	19.21%
CHANG, CHENG-TIEN		25,010,494	8.29%
Xin Mao Investment Co., Ltd.		20,510,470	6.79%
Yi JINN INDUSTRIAL CO., Ltd.		16,669,717	5.52%

XIV. Segment information

Please refer to the 2020 Consolidated Financial Statement.

Company Chop : Yi Jinn Industrial Co., Ltd.

Chairman : Chan, Cheng-Tien