

**YC CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REPORT**  
**DECEMBER 31, 2020 AND 2019**

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

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of YC Co., Ltd.

### ***Opinion***

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

In our opinion, based on our audits and the reports of other auditors (please refer to the Other matter section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 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, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

### ***Basis for opinion***

We conducted our audit of the consolidated financial statements as at and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China; and in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No. Financial-Supervisory-Securities-Auditing-1090360805 issued by the Financial Supervisory Commission on February 25, 2020 and generally accepted auditing standards in the Republic of China for our audit of the consolidated financial statements as at and for the year ended December 31, 2019. 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 Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, 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 judgement, were of most significance in our audit of the Group's 2020 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2020 consolidated financial statements are stated as follows:

### **Valuation of inventory**

#### Description

Refer to Note 4(14) for accounting policy on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions applied on inventory valuation and Note 6(6) for details of inventories. As of December 31, 2020, the inventories and allowance for valuation loss amounted to NT\$7,142,330 thousand and NT\$153,193 thousand, respectively.

The Group is mainly engaged in manufacturing, processing, and selling of packaging materials, including BOPP film, adhesives and polystyrene sheets, as well as land development and construction. The Group's inventories are measured at the lower of cost and net realisable value, and an allowance for inventory valuation losses is provided based on individually identified reasonable net realisable value and usable condition of obsolete or slow-moving inventories.

Considering that the Group's inventories and the allowance for inventory valuation losses are material to the financial statements and the determination of net realisable value for obsolete or slow-moving inventories involves judgements and estimates, we identified the valuation of inventory as a key audit matter.

#### How our audit addressed the matter

As this key audit matter had covered different consolidated entities based on our audit and the reports of other auditors, we performed the following audit procedures on the above key audit matter:

1. Assessed and obtained an understanding of the provision policies in relation to the allowance for inventory valuation losses.

2. For packaging material business, we have:

- (1) Obtained the net realisable value valuation report of inventories, assessed the calculation logic, verified the related records, and selected samples to check the source data of net realisable value.
- (2) Obtained the details of the individually identified obsolete or slow-moving inventories, reviewed the related supporting documents, and verified the records.
- (3) Obtained an understanding of the Group's warehousing control procedures. Reviewed annual physical inventory count plan and participated in the annual inventory count event in order to assess the classification of obsolete inventory and effectiveness of obsolete inventory internal control.

3. For land development and construction business, we have:

- (1) Obtained the valuation data in relation to the net realisable value of inventories and compared with the last sales contract in order to assess the reasonableness of the net realisable value of buildings and land held for sale at the end of the year.
- (2) Obtained the valuation data in relation to the net realisable value of inventories to ascertain whether the data source, assumptions and methods adopted by the Group are reasonable. Tested data in order to check the reasonableness of the net realisable value of buildings and land held for sale.

### **Valuation of investment property**

#### Description

Refer to Note 4(19) for accounting policy on investment property, Note 5(2) for uncertainty of accounting estimates and assumptions applied on fair value valuation and Note 6(11) for details of investment property. As of December 31, 2020, the fair value of investment property was NT\$1,890,332 thousand.

The Group's investment property is valued by external experts using the fair value model. Additionally, the Group's investment property is material to the financial statements. Given that the valuation process is subject to significant assumptions on discount rate and future lease income and has material effect on the fair value measurement, we consider it as a key audit matter.

### How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed the appointed external appraisers in conformity with the rules of qualification and independence.
2. Reviewed whether the valuation method used in the appraisal report is consistent with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
3. For investment properties accounted for using the income approach, assessed whether the lease income and rental growth rate are reasonable by referencing to the market rental rate.

### **Appropriateness of impairment assessment of property, plant and equipment**

#### Description

Refer to Notes 4(17)(21) for the accounting policy on property, plant and equipment and non-financial assets impairment, Note 5(2) for the uncertainty of accounting estimates and assumptions in relation to the impairment of non-financial assets, and Note 6(13) for the details of non-financial assets impairment. The Group recognised impairment loss on property, plant and equipment of NT\$767,057 thousand for the year ended December 31, 2020.

Considering the market factors in 2020, the second-tier company of the Group, Wan Chio Petrochemical (Jiangsu) Co., Ltd., was laid idle temporarily in line with some operation adjustments. Thus, certain property, plant and equipment may be impaired for the year ended December 31, 2020. Management appointed an external appraiser to assess the recoverable amount of property, plant and equipment. Since the assessment involves subjective judgment, contained a high degree of uncertainty, and may have a significant effect to the financial statements, we considered the impairment assessment of property, plant and equipment as a key audit matter.

#### How our audit addressed the matter:

We performed the following audit procedures in respect of the above key audit matter:

1. Confirmed whether management has identified all individual assets which may be impaired and ascertained whether these were all included in the valuation process.
2. Verified whether the appointed independent appraisers have complied with the specialisation, qualification and independence requirements.
3. Obtained an understanding of the valuation method and assumptions used by the appraiser, and examined whether the valuation method is reasonable.

### ***Other matter –Audits by other auditors***

We did not audit the financial statements of a wholly-owned consolidated subsidiary, which statements reflect total assets of NT\$1,572,091 thousand and NT\$1,524,589 thousand as at December 31, 2020 and 2019, both constituting 5% of consolidated total assets, respectively, and net sales revenue of NT\$1,336,045 thousand and NT\$1,255,335 thousand, constituting 10% and 8% of consolidated total sales revenue for the years then ended, respectively. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other auditors.

### ***Other matter – Parent company only financial reports***

We have audited and expressed an unqualified opinion with other matter section on the parent company only financial statements of YC Co., Ltd. as at and for the years ended December 31, 2020 and 2019.

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

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

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

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

## ***Auditors' responsibilities for the audit of the consolidated financial statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards 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 generally accepted auditing standards in the Republic of China, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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Lin, Yi-Fan

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Chen, Chin-Chang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 4, 2021

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

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



YC CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2020		December 31, 2019		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 1,648,794	5	\$ 2,965,198	9
1110	Financial assets at fair value through profit or loss - current	6(2)	362,825	1	358,634	1
1120	Financial assets at fair value through other comprehensive income - current	6(3) and 8	1,151,957	4	592,909	2
1136	Current financial assets at amortised cost	6(4) and 8	300,303	1	553,252	2
1150	Notes receivable, net	6(5)	329,099	1	667,034	2
1170	Accounts receivable, net	6(5) and 8	2,300,998	8	2,391,730	7
1200	Other receivables		288,793	1	94,562	-
1220	Current tax assets		-	-	1,982	-
130X	Inventories, net	6(6) and 8	6,989,137	23	7,232,836	22
1410	Prepayments		812,616	3	583,474	2
1460	Non-current assets held for sale - net	6(14) and 8	186,501	1	-	-
1470	Other current assets		194,280	1	110,762	-
11XX	<b>Total current assets</b>		<u>14,565,303</u>	<u>49</u>	<u>15,552,373</u>	<u>47</u>
<b>Non-current assets</b>						
1510	Non-current financial assets at fair value through profit or loss	6(2)	59,906	-	435,460	1
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	67,952	-	86,960	-
1535	Non-current financial assets at amortised cost	6(4) and 8	362,045	1	237,807	1
1550	Investments accounted for under equity method	6(7)	460,937	2	355,724	1
1600	Property, plant and equipment, net	6(8) and 8	11,549,183	39	13,192,774	40
1755	Right-of-use assets	6(9) and 8	429,654	1	1,000,751	3
1760	Investment property, net	6(11) and 8	1,890,332	6	1,857,961	5
1780	Intangible assets, net	6(12)	186,007	1	269,763	1
1840	Deferred income tax assets	6(29)	193,283	1	207,935	1
1900	Other non-current assets	8	51,223	-	82,689	-
15XX	<b>Total non-current assets</b>		<u>15,250,522</u>	<u>51</u>	<u>17,727,824</u>	<u>53</u>
1XXX	<b>Total assets</b>		<u>\$ 29,815,825</u>	<u>100</u>	<u>\$ 33,280,197</u>	<u>100</u>

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YC CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>						
2100	Short-term borrowings	6(15) and 8	\$ 6,393,320	21	\$ 6,505,803	20
2110	Short-term notes and bills payable	6(16)	480,000	2	550,000	2
2120	Financial liabilities at fair value through profit or loss - current	6(2)	-	-	1,150	-
2130	Current contract liabilities	6(24)	479,355	2	141,778	-
2150	Notes payable		295,125	1	292,919	1
2170	Accounts payable		795,402	3	725,871	2
2200	Other payables		761,736	3	666,763	2
2230	Current income tax liabilities		126,832	-	89,559	-
2280	Current lease liabilities		14,727	-	110,818	-
2300	Other current liabilities	6(17)(19) and 8	3,966,777	13	7,970,828	24
21XX	<b>Total current liabilities</b>		<u>13,313,274</u>	<u>45</u>	<u>17,055,489</u>	<u>51</u>
<b>Non-current liabilities</b>						
2530	Corporate bonds payable	6(18) and 8	983,541	3	971,544	3
2540	Long-term borrowings	6(19) and 8	4,716,932	16	4,246,818	13
2570	Deferred income tax liabilities	6(29)	503,188	2	513,094	2
2580	Non-current lease liabilities		51,335	-	427,012	1
2600	Other non-current liabilities	6(20)	270,762	1	494,991	1
25XX	<b>Total non-current liabilities</b>		<u>6,525,758</u>	<u>22</u>	<u>6,653,459</u>	<u>20</u>
2XXX	<b>Total liabilities</b>		<u>19,839,032</u>	<u>67</u>	<u>23,708,948</u>	<u>71</u>
<b>Equity attributable to owners of parent</b>						
Share capital						
3110	Common stock	6(21)	5,700,402	19	5,718,342	17
3130	Certificate of entitlement to new shares from convertible bonds		150,076	1	-	-
Capital surplus						
3200	Capital surplus	6(22)	2,592,442	8	2,751,507	8
Retained earnings						
3310	Legal reserve	6(23)	279,187	1	620,361	2
3320	Special reserve		637,634	2	637,634	2
3350	Unappropriated retained earnings (accumulated deficit)		800,561	3 (	341,174) (	1)
Other equity interest						
3400	Other equity interest		( 176,879) (	1)	55,037	-
3500	Treasury stocks	6(21)	( 562,488) (	2)	( 414,770) (	1)
31XX	<b>Equity attributable to owners of the parent</b>		<u>9,420,935</u>	<u>31</u>	<u>9,026,937</u>	<u>27</u>
36XX	Non-controlling interest		555,858	2	544,312	2
3XXX	<b>Total equity</b>		<u>9,976,793</u>	<u>33</u>	<u>9,571,249</u>	<u>29</u>
Significant contingent liabilities and unrecognised contract commitments						
Significant events after the balance sheet date						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 29,815,825</u>	<u>100</u>	<u>\$ 33,280,197</u>	<u>100</u>

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

YC CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars, except earnings (loss) per share amounts)

	Items	Notes	2020		2019	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(24) and 7	\$ 13,948,716	100	\$ 16,177,441	100
5000	Operating costs	6(6)(28) and 7	( 11,649,517)	( 84)	( 14,293,020)	( 88)
5950	Net operating margin		2,299,199	16	1,884,421	12
	Operating expenses	6(28)				
6100	Selling expenses		( 970,591)	( 7)	( 950,894)	( 6)
6200	General and administrative expenses		( 563,558)	( 4)	( 648,566)	( 4)
6300	Research and development expenses		( 47,288)	-	( 62,763)	-
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	( 5,462)	-	3,757	-
6000	Total operating expenses		( 1,586,899)	( 11)	( 1,658,466)	( 10)
6900	Operating profit		712,300	5	225,955	2
	Non-operating income and expenses					
7100	Interest income		23,266	-	25,329	-
7010	Other income	6(25)	292,761	2	353,071	2
7020	Other gains and losses	6(26)	117,189	1	( 696,657)	( 4)
7050	Finance costs	6(27)	( 298,115)	( 2)	( 450,962)	( 3)
7060	Share of profit of associates and joint ventures accounted for under equity method	6(7)	95,718	1	102,089	1
7000	Total non-operating income and expenses		230,819	2	( 667,130)	( 4)
7900	<b>Profit (loss) before income tax</b>		943,119	7	( 441,175)	( 2)
7950	Income tax expense	6(29)	( 164,214)	( 1)	( 123,201)	( 1)
8200	<b>Profit (loss) for the year</b>		\$ 778,905	6	( \$ 564,376)	( 3)

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YC CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars, except earnings (loss) per share amounts)

Items	Notes	2020		2019		
		AMOUNT	%	AMOUNT	%	
<b>Other comprehensive income</b>						
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>						
8311	Actuarial gains (losses) on defined benefit plans	6(20)	\$ 21,403	-	(\$ 9,945)	-
8312	Gains on revaluation	6(11)	-	-	563,270	3
8316	Unrealised (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)	( 16,791)	-	100,754	1
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(29)	( 4,281)	-	( 121,705)	( 1)
8310	Other comprehensive income that will not be reclassified to profit or loss		331	-	532,374	3
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>						
8361	Financial statements translation differences of foreign operations		( 240,034)	( 2)	( 132,214)	( 1)
8367	Unrealised gains from investments in debt instruments measured at fair value through other comprehensive income	6(3)	4,110	-	433	-
8370	Share of other comprehensive loss of associates and joint ventures accounted for under equity method		( 7,895)	-	( 13,466)	-
8360	Other comprehensive loss that will be reclassified to profit or loss		( 243,819)	( 2)	( 145,247)	( 1)
8300	<b>Other comprehensive (loss) income for the year</b>		<u>(\$ 243,488)</u>	<u>( 2)</u>	<u>\$ 387,127</u>	<u>2</u>
8500	<b>Total comprehensive income (loss) for the year</b>		<u>\$ 535,417</u>	<u>4</u>	<u>(\$ 177,249)</u>	<u>( 1)</u>
Profit (loss) attributable to:						
8610	Owners of the parent		\$ 805,604	6	(\$ 509,016)	( 3)
8620	Non-controlling interest		( 26,699)	-	( 55,360)	-
			<u>\$ 778,905</u>	<u>6</u>	<u>(\$ 564,376)</u>	<u>( 3)</u>
Comprehensive income (loss) attributable to:						
8710	Owners of the parent		\$ 568,645	4	(\$ 109,858)	( 1)
8720	Non-controlling interest		( 33,228)	-	( 67,391)	-
			<u>\$ 535,417</u>	<u>4</u>	<u>(\$ 177,249)</u>	<u>( 1)</u>
Earnings (loss) per share (in dollars) 6(30)						
9750	Basic earnings (loss) per share		<u>\$</u>	<u>1.51</u>	<u>(\$</u>	<u>0.99</u>
9850	Diluted earnings (loss) per share		<u>\$</u>	<u>1.28</u>	<u>(\$</u>	<u>0.99</u>

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

YC CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent												Non-controlling interest	Total equity
	Capital			Retained Earnings				Other Equity Interest						
	Notes	Share capital - common stock	Certificate of entitlement to new shares from convertible bonds	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Revaluation surplus	Treasury stocks	Total		
<u>2019</u>														
Balance at January 1, 2019		\$ 5,300,623	\$ -	\$ 2,640,718	\$ 566,002	\$ 369,130	\$ 875,702	(\$ 161,732)	(\$ 312,188)	\$ -	(\$ 531,049)	\$ 8,747,206	\$ 621,963	\$ 9,369,169
Loss for the year		-	-	-	-	-	( 509,016)	-	-	-	-	( 509,016)	( 55,360)	( 564,376)
Other comprehensive income (loss) for the year		-	-	-	-	-	( 7,956)	( 133,649)	101,187	439,576	-	399,158	( 12,031)	387,127
Total comprehensive income (loss)		-	-	-	-	-	( 516,972)	( 133,649)	101,187	439,576	-	( 109,858)	( 67,391)	( 177,249)
Distribution of 2018 earnings :	6(23)													
Legal reserve		-	-	-	54,359	-	( 54,359)	-	-	-	-	-	-	-
Special reserve		-	-	-	-	268,504	( 268,504)	-	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	( 255,198)	-	-	-	-	( 255,198)	-	( 255,198)
Issuance of shares	6(21)(22)	450,000	-	74,500	-	-	-	-	-	-	-	524,500	-	524,500
Share-based payments	6(21)(22)	-	-	9,045	-	-	-	-	-	-	-	9,045	-	9,045
Disposal of equity investment valued at fair value through other comprehensive income	6(3)	-	-	-	-	-	( 121,843)	-	121,843	-	-	-	-	-
Treasury stocks transferred to employees	6(21)(22)	-	-	( 187)	-	-	-	-	-	-	70,924	70,737	-	70,737
Changes in ownership interests in subsidiaries	6(22)	-	-	2,508	-	-	-	-	-	-	-	2,508	-	2,508
The Company's stocks held by subsidiaries deemed as cash dividends distributed to treasury stocks	6(22)	-	-	8,906	-	-	-	-	-	-	-	8,906	-	8,906
Due to recognition of equity component of convertible bonds issued	6(18)(22)	-	-	29,091	-	-	-	-	-	-	-	29,091	-	29,091
Cancellation of treasury stocks	6(22)	( 32,281)	-	( 13,074)	-	-	-	-	-	-	45,355	-	-	-
Decrease in non-controlling interest		-	-	-	-	-	-	-	-	-	-	-	( 10,260)	( 10,260)
Balance at December 31, 2019		\$ 5,718,342	\$ -	\$ 2,751,507	\$ 620,361	\$ 637,634	(\$ 341,174)	(\$ 295,381)	(\$ 89,158)	\$ 439,576	(\$ 414,770)	\$ 9,026,937	\$ 544,312	\$ 9,571,249

(Continued)

YC CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent												Non-controlling interest	Total equity
	Capital			Retained Earnings				Other Equity Interest						
	Notes	Share capital - common stock	Certificate of entitlement to new shares from convertible bonds	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Revaluation surplus	Treasury stocks	Total		
<u>2020</u>														
Balance at January 1, 2020		\$ 5,718,342	\$ -	\$ 2,751,507	\$ 620,361	\$ 637,634	(\$ 341,174)	(\$ 295,381)	(\$ 89,158)	\$ 439,576	(\$ 414,770)	\$ 9,026,937	\$ 544,312	\$ 9,571,249
Profit (loss) for the year		-	-	-	-	-	805,604	-	-	-	-	805,604	( 26,699)	778,905
Other comprehensive income (loss) for the year		-	-	-	-	-	17,122	( 241,400)	( 12,681)	-	-	( 236,959)	( 6,529)	( 243,488)
Total comprehensive income (loss)		-	-	-	-	-	822,726	( 241,400)	( 12,681)	-	-	568,645	( 33,228)	535,417
Legal reserve used to offset against accumulated deficit	6(23)	-	-	-	( 341,174)	-	341,174	-	-	-	-	-	-	-
Cash dividends from capital surplus	6(22)(23)	-	-	( 166,265)	-	-	-	-	-	-	-	( 166,265)	-	( 166,265)
Disposal of equity investment valued at fair value through other comprehensive income	6(3)	-	-	-	-	-	( 22,165)	-	22,165	-	-	-	-	-
Dividends for which the claim period has elapsed and unclaimed by shareholders	6(22)	-	-	86	-	-	-	-	-	-	-	86	-	86
Changes in ownership interests in subsidiaries	6(22)	-	( 33,223)	-	-	-	-	-	-	-	( 33,223)	-	( 33,223)	-
Purchase of treasury shares	6(21)	( 17,940)	( 4,692)	-	-	-	-	-	-	( 170,350)	( 192,982)	-	( 192,982)	-
Cancellation of treasury stocks	6(21)(22)	-	-	-	-	-	-	-	-	22,632	22,632	-	-	22,632
Conversion of convertible bonds	6(21)(22)	-	150,076	39,630	-	-	-	-	-	-	-	189,706	-	189,706
The Company's stocks held by subsidiaries deemed as cash dividends distributed to treasury stocks		-	-	5,399	-	-	-	-	-	-	-	5,399	-	5,399
Decrease in non-controlling interest		-	-	-	-	-	-	-	-	-	-	-	44,774	44,774
Balance at December 31, 2020		\$ 5,700,402	\$ 150,076	\$ 2,592,442	\$ 279,187	\$ 637,634	\$ 800,561	(\$ 536,781)	(\$ 79,674)	\$ 439,576	(\$ 562,488)	\$ 9,420,935	\$ 555,858	\$ 9,976,793

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

YC CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars)

	Notes	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit (loss) before tax		\$ 943,119	(\$ 441,175 )
Adjustments			
Adjustments to reconcile profit (loss)			
Gain on financial assets at fair value through profit or loss	6(2)(26)	( 1,430 )	( 230,445 )
Expected credit impairment loss (gain)	12(2)	5,462	( 3,757 )
Share of profit of associates and joint ventures accounted for under equity method	6(7)	( 95,718 )	( 102,089 )
Impairment loss on property, plant and equipment	6(8)(13)(26)	767,057	607,383
Depreciation	6(8)(9)(28)	714,460	907,203
Impairment loss on intangible assets	6(12)(13)(26)	62,092	-
(Gain) loss on disposal of property, plant and equipment	6(26)	( 65,355 )	46,900
Loss on write-off of property, plant and equipment	6(8)(26)	263,369	-
Gain on fair value adjustment of investment property	6(11)(26)	( 27,817 )	( 12,216 )
Gain on disposal of investments	6(26)	( 1,066,964 )	-
Gains arising from transfer of right in sale and lease-back transaction	6(9)(26)	( 237,191 )	-
Losses from lease modification	6(9)(26)	85,915	-
Amortization	6(12)(28)	13,164	9,593
Employees' compensation		14,811	-
Interest income		( 23,266 )	( 25,329 )
Dividend income	6(25)	( 85,125 )	( 59,856 )
Interest expense	6(27)	298,115	450,962
Gains on write-off of past due payable		-	( 55,830 )
Share-based payments	6(21)(22)	-	9,045
Subsidiaries' share-based payments		3,615	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		325,935	355,958
Accounts receivable, net		85,270	4,245
Other receivables		( 1,718 )	( 725 )
Inventories		166,035	563,240
Prepayments		( 272,720 )	11,995
Other current assets		( 83,518 )	( 13,257 )
Changes in operating liabilities			
Current contract liabilities		39,590	44,776
Notes payable		2,206	( 187,774 )
Accounts payable		100,376	( 145,941 )
Accounts payable - related parties		-	( 100,832 )
Other payables		143,769	121,364
Other current liabilities		4,142	( 7,559 )
Other non-current liabilities		( 20,210 )	( 4,897 )
Cash inflow generated from operations		2,057,470	1,740,982
Interest received		23,162	23,516
Dividends received		84,925	160,771
Interest paid		( 370,130 )	( 436,353 )
Income tax paid		( 68,140 )	( 185,561 )
Net cash flows from operating activities		<u>1,727,287</u>	<u>1,303,355</u>

(Continued)

YC CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars)

	Notes	2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss		( \$ 3,781,729 )	( \$ 1,491,467 )
Proceeds from disposal of financial assets at fair value through profit or loss		3,992,483	1,354,255
Acquisition of financial assets at fair value through other comprehensive income		( 969,715 )	( 704,464 )
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	418,575	978,247
Decrease (increase) in financial assets at amortised cost		426,698	( 87,659 )
Proceeds from disposal of subsidiaries		1,387,264	-
Acquisition of property, plant and equipment	6(31)	( 372,165 )	( 1,028,658 )
Proceeds from disposal of property, plant and equipment		90,062	97,754
Acquisition of right-of-use assets		( 92,395 )	( 11,528 )
Acquisition of intangible assets		-	( 15,033 )
Decrease in other non-current assets		31,466	92,882
(Decrease) increase in other non-current liabilities		( 3,875 )	288,121
Net cash flows from (used in) investing activities		<u>1,126,669</u>	<u>( 527,550 )</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term borrowings	6(32)	( 65,795 )	244,274
Decrease in short-term notes and bills payable	6(32)	( 70,000 )	( 40,000 )
Proceeds from issuance of bonds	6(32)	203,710	996,260
Proceeds from long-term borrowings	6(32)	1,912,162	6,578,327
Repayment of long-term borrowings	6(32)	( 5,539,299 )	( 8,221,952 )
Decrease in lease liabilities	6(32)	( 181,382 )	( 129,927 )
Proceeds from issuance of shares	6(21)	-	524,500
Purchase of treasury shares	6(21)	( 170,350 )	-
Treasury stocks transferred to employees		-	66,444
Payment of cash dividends		-	( 246,292 )
Cash dividends from capital surplus		( 160,866 )	-
Change in non-controlling interest		( 71,651 )	( 10,260 )
Purchase of treasury shares by subsidiaries		( 99,211 )	-
Proceeds from issuance of shares by subsidiaries		148,000	-
Net cash flows used in financing activities		<u>( 4,094,682 )</u>	<u>( 238,626 )</u>
Effect of exchange rate fluctuations on cash and cash equivalents		( 75,678 )	( 46,474 )
Net (decrease) increase in cash and cash equivalents		( 1,316,404 )	490,705
Cash and cash equivalents at beginning of year		<u>2,965,198</u>	<u>2,474,493</u>
Cash and cash equivalents at end of year		<u>\$ 1,648,794</u>	<u>\$ 2,965,198</u>

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



YC CO., LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

(1) YC Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in researching, designing, manufacturing, processing, and sale of petrochemical and packaging materials, including BOPP film and adhesive tape, as well as land development and construction.

(2) The Company had been listed as Second (TIGER) category securities on Grew Tai Securities Market since April, 2000, and had been listed as general securities since April, 2001. Since January 21, 2008, the Company had been listed on the Taiwan Stock Exchange.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on March 4, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### (1) Compliance statement

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

##### (2) Basis of preparation

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

- (1) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (2) Financial assets and liabilities at fair value through other comprehensive income measured at fair value.
- (3) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- (4) Investment property remeasured at fair value.

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

##### (3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2020	December 31, 2019	
YC Co., Ltd.	YEM CHIO (BVI) Co., Ltd. (YEM CHIO)	Manufacturing of adhesives and polystyrene sheets; investment holdings	100	100	
	ACHEM Technology Corporation	Manufacturing of adhesives and polystyrene sheets; investment holdings	100	100	
	Xin Chio Co., Ltd.	Manufacturing of wrapping material and computer hardware, software and peripherals for cloud service; business of import and export; design, research, development and distributing for the aforementioned products	41.76	43.84	
	Chuang-Yi Investment Co., Ltd.	Investment holdings	100	100	
	UINN Hotel Co., Ltd. (UINN Hotel)	Hotel management and related business	100	100	
	Wong Chio Development, Ltd.	Undertaking civil engineering and hydraulic engineering	100	100	
	WONG CHIO (Samoa) Co., Ltd. (WONG CHIO)	Investment holdings	-	-	
YEM CHIO	ASIA PLASTICS (BVI) Co., Ltd. (ASIA PLASTICS)	Manufacturing of adhesives and polystyrene sheets; investment holdings	45	45	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2020	December 31, 2019	
YEM CHIO	WAN CHIO (BVI) Co., Ltd. (WAN CHIO)	Manufacturing and marketing of raw materials; investment holdings	49.66	49.66	
ACHEM Technology Corporation	ASIACHEM International Corporation	Investment holdings	100	100	
	ACHEM Opto-Electronic Corporation	Manufacturing of electronic parts and components	78.48	78.48	
	Valueline Investment Corporation	Investment holdings	100	100	
	ACHEM Technology Holdings Limited	Investment of high technology industry	100	100	
	Xin Chio Co., Ltd.	Manufacturing of wrapping material and computer hardware, software and peripherals for cloud service; business of import and export; design, research, development and distributing for the aforementioned products	24.16	25.39	
Xin Chio Co., Ltd.	Master Package (Shanghai) Material Technology Co., Ltd.	Wholesale, import and export of various wrapping materials, computer software, hardware and peripherals	100	100	
	ACHEM (Tianjin) Adhesive Product Co., Ltd.	Sales of various adhesive products	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2020	December 31, 2019	
Xin Chio Co., Ltd.	ACHEM Technology (Wuhan) Limited	Sales of various adhesive products	100	100	
ASIA PLASTICS	Achem Technology (Ningbo) Co., Ltd. (Ningbo Yem Chio Co., Ltd.)	Manufacturing and sales of adhesives and polystyrene sheets	100	100	Note 4
WAN CHIO	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Manufacturing and sale of various plastic materials	50.06	50.06	
ASIACHEM International Corporation	Fuzhou Fuda Plastic Products Co., Ltd.	Discontinued operations	100	100	
	Shaanxi Heyangder Adhesive Product Co., Ltd. (Formerly: Wanchio Technology Adhesive Product (Weinan) Co., Ltd.)	Manufacturing and sale of various adhesives products, raw materials, wrapping materials and paper products	-	100	Note 3
ACHEM Technology Holdings Limited	ACHEM Technology China	Investment in high technology industry	100	100	
	ACHEM Technology Americas Ltd.	Investment in high technology industry	100	100	
	ACHEM Technology (M) Sdn. Bhd.	Business of import, export and distribution	90	90	
	ACHEM Technology (Vietnam) Ltd.	Manufacturing and sales of various adhesive products	100	100	
	WAN CHIO (BVI) Co., Ltd. (WAN CHIO)	Manufacturing and marketing of raw materials; investment holdings	31.53	31.53	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2020	December 31, 2019	
ACHEM Technology Holdings Limited	ACHEM Technology (India) Ltd.	Sales of various adhesive products	100	100	Note 1
	ASIA PLASTICS (BVI) Co., Ltd. (ASIA PLASTICS)	Sales of adhesives and polystyrene sheets; investment holdings	55	55	
ACHEM Technology China	ACHEM Technology Huizhou Adhesive Products Ltd.	Discontinued operations	100	100	
	ACHEM Technology (Chengdu) Limited	Manufacturing and sales of various adhesive products	100	100	
	ACHEM Technology (Dongguan) Adhesive Products Co., Ltd.	Manufacturing and sales of various adhesive products	100	100	
	Foshan Inder Adhesive Product Co., Ltd.	Manufacturing and sales of various adhesive products	62.30	62.30	
	Wanchio Adhesive Product (Jiangsu) Co., Ltd.	Manufacturing and sales of various adhesive products	100	100	
	LANDMART Global Limited (LANDMART)	Manufacturing and sales of various adhesives products; investment holdings	100	100	Note 2
ACHEM Technology Americas Ltd.	ACHEM Industry America Inc.	Manufacturing and sales of various adhesive products	100	100	
ACHEM Opto-Electronic Corporation	AOE Holding Limited	Investment in high technology industry	100	100	



Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2020	December 31, 2019	
ACHEM Technology (Dongguan) Adhesive Products Co., Ltd.	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Manufacturing and sales of various plastic materials	-	23.78	Note 5
Ningbo Yem Chio Co., Ltd.	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Manufacturing and sales of various plastic materials	26.16	26.16	
Wanchio Adhesive Product (Jiangsu) Co., Ltd.	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Manufacturing and sales of various plastic materials	23.78	-	Note 5
LANDMART	ACHEM Technology (Shanghai) Limited	Manufacturing and sales of various adhesive products	100	100	Note 2

Note 1: ACHEM Technology (India) Ltd. underwent liquidation in May 2017.

Note 2: In October 2017, ACHEM Technology China increased its investment in its wholly-owned subsidiary, LANDMART, in the amount of US\$28 million and then transferred its 100% equity interest in ACHEM Technology (Shanghai) Limited to LANDMART. As of December 31, 2020, ACHEM Technology (Shanghai) Limited has not completed the registration.

Note 3: In April 2020, ASIACHEM International Corporation disposed its 100% equity interest in Shaanxi Heyangder Adhesive Product Co., Ltd. Accordingly, the Group lost control over the subsidiary and recognised gain on disposal of investment in the amount of \$167,367, which was recognised in other gains and losses in the consolidated statements of comprehensive income. The registration for the change had been completed.

Note 4: In May 2020, Ningbo Yem Chio Co., Ltd. split into Ningbo Yem Chio Co., Ltd. and Ningbo WAN DAO New Material Co., Ltd. (“WAN DAO New Material”), and the registration for the spin-off was completed. Additionally, Asia Plastics disposed its 100% equity interest in WAN DAO New Material in September 2020. Accordingly, the Group lost control over the subsidiary and recognised gain on disposal of investment in the amount of \$899,597 and gain arising from transfer of right in sale and lease-back transaction in the amount of \$237,191, both were recognised in other gains and losses in the consolidated statements of comprehensive income. The registration of the above had been completed.

Note 5: On January 2, 2020, the Board of Directors of ACHEM Technology (Dongguan) Adhesive Products Co., Ltd. resolved to transfer its equity interest in Wan Chio Petrochemical (Jiangsu) Co., Ltd. to Wanchio Adhesive Product (Jiangsu) Co., Ltd. The registration for the transfer was completed on July 21, 2020.

C. Related parties in the consolidated financial statements:

Names and relationship of related parties

Associate

Winda Opto-Electronics Co., Ltd.

Other related party - companies with significant influence over WAN CHIO - Toyota Tsusho Corporation

Other related party - companies with significant influence over Foshan Inder Adhesive Product Co., Ltd. - Foshan Plastics Group Co., Ltd.

Other related parties

Yong Chen International, LLC.

Key management

Li, Zhi-Xian

D. Subsidiaries not included in the consolidated financial statements: None.

E. Adjustments for subsidiaries with different balance sheet dates: None.

F. Significant restrictions: None.

G. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

- A. The Group's operating cycle on construction projects is usually longer than 1 year. The assets and liabilities in relation to constructions and long-term construction contracts are classified as current or non-current based on operating cycle (usually 4 to 5 years). Other assets and liabilities are classified as current or non-current based on a year.
- B. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
  - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
  - (b) Assets held mainly for trading purposes;
  - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
  - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
- C. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
  - (a) Liabilities that are expected to be paid off within the normal operating cycle;
  - (b) Liabilities arising mainly from trading activities;
  - (c) Liabilities that are to be paid off within twelve months from the balance sheet date;

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

(6) Cash equivalents

- A. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
- B. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.
- D. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
- (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
- (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:
- (a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

- (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(9) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
  - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has not retained control of the financial asset.

(13) Lease receivables/ leases (lessor)

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(14) Inventories

- A. Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads allocated based on normal operating capacity. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.
- B. Except for recognising profit or loss using the completed contract method, costs are stated at acquisition cost basis during construction. In accordance with IFRSs, the related interest expense is capitalised.

(15) Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

(16) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity are not recognised in profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(17) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated and the main production equipment of Wan Chio Petrochemical (Jiangsu) Co., Ltd. is depreciated using the units-of-output depreciation method to allocate the cost. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

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

Buildings and structures	3 ~ 60 years
Machinery and equipment	2 ~ 25 years
Transportation equipment	3 ~ 12 years
Office equipment	2 ~ 15 years

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

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:
- (a) Fixed payments, less any lease incentives receivable; and
  - (b) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option.

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

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (a) The amount of the initial measurement of lease liability;
  - (b) Any lease payments made at or before the commencement date; and
  - (c) Any initial direct costs incurred by the lessee.
- D. The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.



(19) Investment property

An investment property is stated initially at its cost and measured subsequently using the fair value model. A gain or loss arising from a change in the fair value of investment property is recognised in profit or loss.

(20) Intangible assets

A. Goodwill arises in a business combination accounted for by applying the acquisition method. Goodwill shall be tested annually for impairment, and recognised based on the cost less accumulated depreciation. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

B. Other intangible assets, mainly acquired special technology, are amortised using the straight-line method over 3 years.

(21) Impairment of non-financial assets

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

B. The recoverable amounts of goodwill shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(22) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term accounts and notes payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(23) Financial liabilities at fair value through profit or loss

- A. Financial liabilities at fair value through profit or loss are financial liabilities designated as at fair value through profit or loss on initial recognition. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:
  - (a) Hybrid (combined) contracts; or
  - (b) They eliminate or significantly reduce a measurement or recognition inconsistency; or
  - (c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.
- B. Financial liabilities at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and gains or losses arising from these financial liabilities are recognised in profit or loss.

(24) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(25) Convertible bonds payable

Convertible corporate bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable and derivative features embedded in convertible corporate bonds on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument. Convertible corporate bonds are accounted for as follows:

A. Embedded call options and put options

Call options and put options embedded in convertible corporate bonds are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

B. Bonds payable of convertible corporate bonds

Bonds payable of convertible corporate bonds is initially recognised at fair value and subsequently stated at amortised cost. Any difference between the proceeds and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortised in profit or loss as an adjustment to the 'finance costs' over the period of bond circulation using the effective interest method.

C. Embedded conversion options (meet the definition of equity)

Conversion options embedded in convertible corporate bonds issued by the Group, which meet the definition of an equity instrument, are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less amounts of 'financial assets or financial liabilities at fair value through profit or loss' and 'bonds payable—net' as stated above. Conversion options are not subsequently remeasured.

D. Any transaction costs directly attributable to the issuance of convertible corporate bonds are allocated to the liability and equity components in proportion to the allocation of proceeds.

E. When bondholders exercise conversion options, the liability component of the bonds (including 'bonds payable' and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The book value of common shares issued due to the conversion shall be based on the adjusted book value of the above-mentioned liability component plus the book value of capital surplus –share options.

(26) Revenue recognition

A. Sales of goods

(a) Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Land development and resale

(a) The Group develops and sells residential properties. Revenue is recognised when control over the property has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer.

- (b) The revenue is measured at an agreed upon amount under the contract. The consideration is due when legal title has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months. The transaction price is therefore not adjusted because the contract does not include a significant financing component.

(27) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.
- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense as it can no longer withdraw an offer of termination benefits or it recognises related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after the balance sheet date shall be discounted to their present value.

#### D. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

#### (28) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

#### (29) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

(30) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Group repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(31) Dividends

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

(32) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(33) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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

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

(1) Critical judgements in applying the Group's accounting policies

None.

## (2) Critical accounting estimates and assumptions

### A. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. The Group evaluates the amounts of normal inventory consumption and obsolete inventories on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

### B. Investment property

The fair value valuation of investment property relies on the real estate appraisers to determine future cash flows, discount rate and profit or loss which is likely to accrue or incur afterwards based on the experts' judgement, utilisation of the assets and industrial characteristics. Any changes of economic circumstances or estimates due to the change of the Group's strategy might affect the value of investment property.

### C. Impairment assessment of tangible assets

The Group assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash on hand and revolving funds	\$ 2,655	\$ 3,507
Checking accounts and demand deposits	1,596,298	2,032,982
Time deposits	49,841	837,333
Bonds sold under repurchase agreements	-	91,376
	<u>\$ 1,648,794</u>	<u>\$ 2,965,198</u>

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

B. Cash and cash equivalents that were pledged as collateral were reclassified to financial assets at amortised cost. Details are provided in Notes 6(4) and 8.

(2) Financial assets/liabilities at fair value through profit or loss

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 306,066	\$ 308,645
Bank debentures	20,156	30,332
Beneficiary certificates	<u>82,181</u>	<u>86,567</u>
	408,403	425,544
Valuation adjustments	( 47,886)	( 66,910)
	<u>\$ 360,517</u>	<u>\$ 358,634</u>
	<u>December 31, 2020</u>	<u>December 31, 2019</u>

Current items:		
Financial assets (liabilities) designated as at fair value through profit or loss		
Derivative financial instruments - bonds payable	(\$ 22)	(\$ 500)
Valuation adjustment	<u>2,330</u>	( 650)
	<u>\$ 2,308</u>	<u>\$ 1,150</u>

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 17,368	\$ 90,181
Valuation adjustment	<u>42,538</u>	<u>345,279</u>
	<u>\$ 59,906</u>	<u>\$ 435,460</u>

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	( 2,238)	230,952
Debt instruments	<u>109</u>	<u>143</u>
	<u>(\$ 2,129)</u>	<u>\$ 231,095</u>
Financial assets designated as at fair value through profit or loss		
Debt instruments	<u>\$ 2,409</u>	<u>\$ -</u>



B. Amounts recognised in profit or loss in relation to financial liabilities at fair value through profit or loss are listed below:

	Year ended December 31	
	2020	2019
Financial liabilities designated as at fair value through profit or loss		
Debt instrument	\$ 1,150	(\$ 650)

C. As of December 31, 2020 and 2019, the issuance of convertible bonds by the Company amounting to \$2,308 and (\$1,150), respectively, was recognised under ‘financial assets (liabilities) designated as at fair value through profit or loss on initial recognition’ due to their compound instrument feature.

(a) For the years ended December 31, 2020 and 2019, the Group has recognised the changes in fair value amounting to \$3,559 and (\$650), respectively, which are not attributable to the changes in credit risk of the assets (liabilities).

(b) For the terms of the 8th and 9th secured convertible bonds issued by the Company, please refer to Note 6 (18).

D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at fair value through other comprehensive income

	December 31, 2020	December 31, 2019
Current items:		
Equity instruments		
Listed stocks	\$ 1,114,355	\$ 562,838
Valuation adjustments	37,602	30,071
	<u>\$ 1,151,957</u>	<u>\$ 592,909</u>
Non-current items:		
Debt instruments		
Bank debenture	\$ 56,661	\$ 59,685
Valuation adjustment	4,543	433
	<u>61,204</u>	<u>60,118</u>
Equity instruments		
Listed stocks	\$ 4,240	\$ -
Unlisted shares	111,440	132,149
Emerging stocks	-	1,467
Valuation adjustments	(108,932)	(106,774)
	<u>6,748</u>	<u>26,842</u>
	<u>\$ 67,952</u>	<u>\$ 86,960</u>

- A. The Group has elected to classify equity investments that are considered to be strategic investments or have steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$15,402, \$39,368, \$1,143,303 and \$580,383 as at December 31, 2020 and 2019, respectively.
- B. Due to adjustments on strategic investments for the years ended December 31, 2020 and 2019, the Group sold its investments in stocks at fair value of \$412,923 and \$493,864, respectively.
- C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Year ended December 31	
	2020	2019
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 16,791)	\$ 100,754
Cumulative (losses) gains reclassified to retained earnings due to derecognition	(\$ 22,165)	(\$ 121,843)
Dividend income recognised in profit or loss		
Held at end of year	\$ 42,471	\$ 37,196
Derecognised during the year	16,106	5,923
	\$ 58,577	\$ 43,119
 <u>Debt instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 4,110	\$ 433

- D. As at December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was \$61,204 and \$60,118, respectively.
- E. Details of the Group's certain financial assets at fair value through other comprehensive income pledged to others as collateral for short-term borrowings are provided in Note 8.
- F. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(4) Financial assets at amortised cost

Items	December 31, 2020	December 31, 2019
Current items:		
Restricted demand deposits	\$ 297,987	\$ 1,509
Restricted time deposits	2,316	551,743
	\$ 300,303	\$ 553,252
Non-current items:		
Restricted demand deposits	\$ 170,385	\$ 124,384
Restricted time deposits	104,112	113,423
Time deposits	87,548	-
	\$ 362,045	\$ 237,807

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Year ended December 31	
	2020	2019
Interest income	\$ 8,168	\$ 12,012

B. The restricted demand deposits in the current items were restricted domestic presold house project trust funds, which may not be drawn within the term of trust.

C. As at December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$662,348 and \$791,059, respectively.

D. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

(5) Notes and accounts receivable

	December 31, 2020	December 31, 2019
Notes receivable	\$ 329,906	\$ 667,841
Less: Allowance for uncollectible accounts	( 807)	( 807)
	\$ 329,099	\$ 667,034
Accounts receivable	\$ 2,396,043	\$ 2,486,239
Less: Allowance for uncollectible accounts	( 95,045)	( 94,509)
	\$ 2,300,998	\$ 2,391,730

- A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2020		December 31, 2019	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	\$ 329,906	\$ 1,925,555	\$ 667,840	\$ 1,922,180
Up to 30 days	-	297,138	1	327,623
31 to 90 days	-	92,712	-	163,479
91 to 180 days	-	26,050	-	20,688
Over 180 days	-	54,588	-	52,269
	\$ 329,906	\$ 2,396,043	\$ 667,841	\$ 2,486,239

The above ageing analysis was based on past due date.

- B. As of December 31, 2020 and 2019, accounts and notes receivable were all from contracts with customers.
- C. As of December 31, 2020 and 2019, the Group had outstanding discounted notes receivable amounting to \$0 and \$163,012, respectively. The Group has no payment obligation when the drawers of the notes refuse to pay for the notes at maturity. Those discounted notes receivable were deducted directly from notes receivable.
- D. Details of notes and accounts receivable pledged to others as collateral are provided in Note 8.
- E. As of December 31, 2020 and 2019, the information on collateral pledged for accounts receivable were not disclosed due to the immaterial amount.
- F. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(6) Inventories

A. Inventories were as follows:

	December 31, 2020		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Packaging Material sales			
Channel business:			
Raw materials and supplies	\$ 761,041	(\$ 70,692)	\$ 690,349
Work-in-progress	265,613	( 25,058)	240,555
Finished goods	319,199	( 11,509)	307,690
Merchandise	304,864	( 44,140)	260,724
Inventories in transit	134,494	-	134,494
	<u>1,785,211</u>	<u>( 151,399)</u>	<u>1,633,812</u>
Land Development & Construction business:			
Construction-in-progress	4,269,681	-	4,269,681
Land held for building	738,975	( 1,794)	737,181
Buildings and land held for sale	<u>348,463</u>	<u>-</u>	<u>348,463</u>
	<u>5,357,119</u>	<u>( 1,794)</u>	<u>5,355,325</u>
	<u>\$ 7,142,330</u>	<u>(\$ 153,193)</u>	<u>\$ 6,989,137</u>
	December 31, 2019		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Packaging Material sales			
Channel business:			
Raw materials and supplies	\$ 892,785	(\$ 48,564)	\$ 844,221
Work-in-progress	303,860	( 20,637)	283,223
Finished goods	397,368	( 21,296)	376,072
Merchandise	297,505	( 53,375)	244,130
Inventories in transit	91,144	-	91,144
	<u>1,982,662</u>	<u>( 143,872)</u>	<u>1,838,790</u>
Land Development & Construction business:			
Construction-in-progress	3,822,399	-	3,822,399
Land held for building	727,067	-	727,067
Buildings and land held for sale	<u>844,580</u>	<u>-</u>	<u>844,580</u>
	<u>5,394,046</u>	<u>-</u>	<u>5,394,046</u>
	<u>\$ 7,376,708</u>	<u>(\$ 143,872)</u>	<u>\$ 7,232,836</u>

B. The cost of inventories recognised as expense for the year:

	Year ended December 31	
	2020	2019
Cost of inventories sold	\$ 10,882,202	\$ 13,539,478
Cost of construction sold	508,918	351,905
Unamortised fixed production overhead	241,114	390,433
Loss on market price decline	17,283	11,204
	<u>\$ 11,649,517</u>	<u>\$ 14,293,020</u>

C. Amount of borrowing costs capitalised as part of inventory and the range of interest rates for such capitalisation are as follows:

	Year ended December 31	
	2020	2019
Amount capitalised	\$ 85,785	\$ 86,059
Range of interest rates	1.77%~2.78%	1.71%~3.08%

D. Information about the inventories that were pledged to others as collateral is provided in Note 8.

(7) Long-term investments accounted for under the equity method

A. Details of long-term equity investments accounted for under the equity method are set forth below:

<u>Related parties</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Winda Opto-Electronics Co., Ltd.	<u>\$ 460,937</u>	<u>\$ 355,724</u>

B. Investment income accounted for under the equity method for the years ended December 31, 2020 and 2019 is set forth below:

<u>Investee company</u>	Year ended December 31	
	2020	2019
Winda Opto-Electronics Co., Ltd.	<u>\$ 95,718</u>	<u>\$ 102,089</u>

C. (a) The basic information of the associate that is material to the Group is as follows:

<u>Company name</u>	<u>Principal place of business</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>Nature of relationship</u>	<u>Method of measurement</u>
Winda Opto-Electronics Co., Ltd.	China	41.85%	41.85%	Has significant influence over the Group	Equity method

(b) The summarized financial information of the associate that is material to the Group is as follows:

Balance sheet

	<u>Winda Opto-Electronics Co., Ltd.</u>	
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current assets	\$ 1,099,979	\$ 835,813
Non-current assets	120,882	144,700
Current liabilities	( 95,531)	( 94,959)
Non-current liabilities	( 22,106)	( 29,941)
Total net assets	<u>\$ 1,103,224</u>	<u>\$ 855,613</u>
Share in associate's net assets	\$ 461,699	\$ 358,074
Negative goodwill	( 762)	( 2,350)
Carrying amount of the associate	<u>\$ 460,937</u>	<u>\$ 355,724</u>

Statement of comprehensive income

	<u>Winda Opto-Electronics Co., Ltd.</u>	
	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Revenue	\$ 869,020	\$ 894,853
Profit for the year from continuing operations	228,717	243,939
Other comprehensive income, net of tax	18,864	32,177
Total comprehensive income	<u>\$ 247,581</u>	<u>\$ 276,116</u>
Dividends received from associates	<u>\$ -</u>	<u>\$ 100,915</u>

(c) The Group's material associate has no quoted market prices.

(8) Property, plant and equipment

2020

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment under acceptance	Total
At January 1								
Cost	\$ 2,777,880	\$ 5,222,293	\$ 11,659,571	\$ 172,671	\$ 365,191	\$ 306,071	\$ 182,730	\$ 20,686,407
Accumulated depreciation and impairment	( 771)	( 1,731,680)	( 5,305,432)	( 125,308)	( 208,139)	( 122,303)	-	( 7,493,633)
	<u>\$ 2,777,109</u>	<u>\$ 3,490,613</u>	<u>\$ 6,354,139</u>	<u>\$ 47,363</u>	<u>\$ 157,052</u>	<u>\$ 183,768</u>	<u>\$ 182,730</u>	<u>\$ 13,192,774</u>
Opening net book amount as at January 1	\$ 2,777,109	\$ 3,490,613	\$ 6,354,139	\$ 47,363	\$ 157,052	\$ 183,768	\$ 182,730	\$ 13,192,774
Additions	-	731	17,388	9,527	3,938	2,523	329,978	364,085
Disposals	( 3,000)	( 143,541)	( 271,719)	( 1,307)	( 444)	( 6,998)	( 864)	( 427,873)
Scraps	-	( 263,369)	-	-	-	-	-	( 263,369)
Transfers	-	11,966	290,188	18,162	12,925	7,349	( 340,590)	-
Reclassifications	100,839	-	( 232)	-	91	( 1,055)	( 2,789)	96,854
Depreciation charge	( 65)	( 134,001)	( 440,698)	( 13,656)	( 32,189)	( 22,389)	-	( 642,998)
Impairment loss	-	-	( 767,057)	-	-	-	-	( 767,057)
Net exchange differences	( 14,745)	( 16,852)	36,285	( 94)	( 35)	465	( 8,257)	( 3,233)
Closing net book amount as at December 31	<u>\$ 2,860,138</u>	<u>\$ 2,945,547</u>	<u>\$ 5,218,294</u>	<u>\$ 59,995</u>	<u>\$ 141,338</u>	<u>\$ 163,663</u>	<u>\$ 160,208</u>	<u>\$ 11,549,183</u>
At December 31								
Cost	\$ 2,860,977	\$ 4,453,077	\$ 11,387,766	\$ 190,713	\$ 376,871	\$ 282,031	\$ 160,208	\$ 19,711,643
Accumulated depreciation and impairment	( 839)	( 1,507,530)	( 6,169,472)	( 130,718)	( 235,533)	( 118,368)	-	( 8,162,460)
	<u>\$ 2,860,138</u>	<u>\$ 2,945,547</u>	<u>\$ 5,218,294</u>	<u>\$ 59,995</u>	<u>\$ 141,338</u>	<u>\$ 163,663</u>	<u>\$ 160,208</u>	<u>\$ 11,549,183</u>



2019

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Leased assets	Other equipment	Unfinished construction and equipment under acceptance	Total
At January 1									
Cost	\$ 2,512,173	\$ 5,270,078	\$ 12,353,682	\$ 171,546	\$ 348,796	\$ 290,337	\$ 301,182	\$ 140,621	\$ 21,388,415
Accumulated depreciation and impairment	( 706)	( 1,785,874)	( 4,824,726)	( 117,867)	( 186,133)	-	( 102,369)	-	( 7,017,675)
	<u>\$ 2,511,467</u>	<u>\$ 3,484,204</u>	<u>\$ 7,528,956</u>	<u>\$ 53,679</u>	<u>\$ 162,663</u>	<u>\$ 290,337</u>	<u>\$ 198,813</u>	<u>\$ 140,621</u>	<u>\$ 14,370,740</u>
Opening net book amount as at January 1	\$ 2,511,467	\$ 3,484,204	\$ 7,528,956	\$ 53,679	\$ 162,663	\$ 290,337	\$ 198,813	\$ 140,621	\$ 14,370,740
Additions	278,634	416,279	68,229	5,464	8,258	-	6,135	230,394	1,013,393
Disposals	-	( 11,065)	( 126,884)	( 879)	( 615)	-	( 58)	( 5,153)	( 144,654)
Transfers	-	11,266	163,608	4,080	18,838	-	3,895	( 201,687)	-
Reclassifications	( 4,184)	( 193,585)	21,373	-	-	( 290,337)	114	20,262	( 446,357)
Depreciation charge	( 65)	( 165,253)	( 552,578)	( 14,389)	( 31,418)	-	( 23,488)	-	( 787,191)
Impairment loss	-	-	( 607,383)	-	-	-	-	-	( 607,383)
Net exchange differences	( 8,743)	( 51,233)	( 141,182)	( 592)	( 674)	-	( 1,643)	( 1,707)	( 205,774)
Closing net book amount as at December 31	<u>\$ 2,777,109</u>	<u>\$ 3,490,613</u>	<u>\$ 6,354,139</u>	<u>\$ 47,363</u>	<u>\$ 157,052</u>	<u>\$ -</u>	<u>\$ 183,768</u>	<u>\$ 182,730</u>	<u>\$ 13,192,774</u>
At December 31									
Cost	\$ 2,777,880	\$ 5,222,293	\$ 11,659,571	\$ 172,671	\$ 365,191	\$ -	\$ 306,071	\$ 182,730	\$ 20,686,407
Accumulated depreciation and impairment	( 771)	( 1,731,680)	( 5,305,432)	( 125,308)	( 208,139)	-	( 122,303)	-	( 7,493,633)
	<u>\$ 2,777,109</u>	<u>\$ 3,490,613</u>	<u>\$ 6,354,139</u>	<u>\$ 47,363</u>	<u>\$ 157,052</u>	<u>\$ -</u>	<u>\$ 183,768</u>	<u>\$ 182,730</u>	<u>\$ 13,192,774</u>

- A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	Year ended December 31	
	2020	2019
Amount capitalised	\$ 1,283	\$ 1,478
Range of the interest rates	1.88%~1.89%	1.88%~1.93%

- B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.
- C. In June 2011, ACHEM Technology Corporation revalued its assets in accordance with the laws and regulations. The gross revaluation increment in the amount of \$569,967, net of provision for land revaluation increment tax of \$228,975, was recorded as “Unrealised revaluation increment” in the amount of \$340,992, under other stockholders’ equity adjustments. The Company recognised this “Unrealised revaluation increment” into special reserve amounting to \$170,769 in proportion to shares held.
- D. ACHEM Technology Corporation’s real estate lot in Rui-Hu Section No. 0392-0000 (311 square meters), Yangmei District, Taoyuan City, which was worth \$189,218 has been registered under the names of employees and eventually registered under the name of ACHEM Technology Corporation.
- E. In January 2019 and 2020, the Company exercised pre-emptive rights on the land at Changhua Coastal Industrial Park leased from the Industrial Development Bureau, Ministry of Economic Affairs. The land transfer procedure was completed, and the land was transferred into property, plant and equipment in May 2019 and 2020. Please refer to Note 6(9) for details.
- F. Reclassification:  
In September 2020, the land of the Group located in the Linkou Dist., New Taipei City, was transferred as non-current assets held for sale. Please refer to Note 6(14) for details.

(9) Leasing arrangements – lessee

- A. The Group leases various assets including land, buildings as well as machinery and equipment. Rental contracts are typically made for periods of 2 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

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

	December 31, 2020	December 31, 2019
	Carrying amount	Carrying amount
Land	\$ -	\$ 196,723
Land use right	391,249	416,596
Buildings and structures	38,405	60,382
Machinery and equipment	-	327,050
	<u>\$ 429,654</u>	<u>\$ 1,000,751</u>

  

	Year ended December 31	
	2020	2019
	Depreciation charge	Depreciation charge
Land use right	\$ 9,389	\$ 13,033
Buildings and structures	20,575	20,266
Machinery and equipment	41,498	86,713
	<u>\$ 71,462</u>	<u>\$ 120,012</u>

C. The Company entered into a finance lease contract with the Ministry of Economic Affairs Changhua Coastal Industrial Park Service Center in 2006 and 2008, to lease land in Changhua. The lease agreement has an option that enables the Company to purchase the land at market price on the contract signing date at the end of the lease period. All rental payments the Company has paid can be deducted from the purchase price.

- (a) In December 2018, the Company submitted an application to the Industrial Development Bureau, Ministry of Economic Affairs for the approval to exercise pre-emptive rights (specified in the finance lease contract in 2006) on the industrial land located in No. 215, Shanglin Section of Lugang District, Changhua Coastal Park. Subsequently, the Industrial Development Bureau, Ministry of Economic Affairs approved the Company's application to exercise pre-emptive rights in accordance with Zhang-Bin-Gong-Zi Letter No. 1086070235 in January 2019. In May 2019, the land transfer procedure was completed, and the land was reclassified as property, plant and equipment.
- (b) In November 2019, the Company submitted an application to the Industrial Development Bureau, Ministry of Economic Affairs for the approval to exercise pre-emptive rights (specified in the finance lease contract in 2008) on the industrial land located in No. 490 and 491, Shanglin Section of Lugang District, Changhua Coastal Park. Subsequently, the Industrial Development Bureau, Ministry of Economic Affairs approved the Company's application to exercise pre-emptive rights in accordance with Zhang-Bin-Gong-Zi Letter No. 1096070289 in January 2020. In May 2020, the land transfer procedure was completed, and the land was reclassified as property, plant and equipment.

- D. Land use rights are contracts signed by the Group for land use rights in Mainland China and Vietnam. The contract term is 44~50 years. Rents were paid in full at the time the contract was signed.
- E. For the year ended December 31, 2020 and 2019, the additions to right-of-use assets were \$92,395 and \$20,020, respectively.
- F. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31	
	2020	2019
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 9,553	\$ 21,019
Expense on short-term lease contracts	9,243	25,791
Gains arising from sale and leaseback transactions	( 237,191)	-
Losses arising from lease modifications	85,915	-

- G. For the years ended December 31, 2020 and 2019, the Group's total cash outflow for leases were \$290,795 and \$188,265, respectively.
- H. Information on the right-of-use assets that were pledged to others as collateral is provided in Note 8.
- I. In September 2020, Asia Plastics disposed its 100% equity interest of WAN DAO New Material. After the disposal, the Group leased back part of the plant and land from WAN DAO New Material for operational considerations. The lease ends in June 2025. The Group recognised payments not included in the measurement of lease liabilities in other payables and other non-current liabilities in the amount of \$4,489 and \$56,734, respectively. For gains arising from transfer of right in sale and lease-back transaction, please refer to Note 4 (3)B.
- J. In 2020, the Group modified a certain lease after negotiation and recognised loss arising from lease modifications of \$85,915, which was recognized in other gains and losses in the consolidated statements of comprehensive income.
- H. The Group has applied the practical expedient to "Covid-19-related rent concessions", and recognised the gain from changes in lease payments arising from the rent concessions amounting to \$432 by increasing other income for the 2020.

(10) Leasing arrangements - lessor

- A. The Group leases various assets including land and buildings. Rental contracts are typically made for periods of 1 to 7 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.
- B. For the years ended December 31, 2020 and 2019, the Group recognised rent income in the amount of \$127,330 and \$120,639, respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the lease payments under the operating leases is as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
2020	\$ -	\$ 83,477
2021	62,544	59,001
2022	57,390	53,331
2023	57,178	49,410
2024	29,615	20,720
2025	3,473	-
After 2026	8,130	-
	<u>\$ 218,330</u>	<u>\$ 265,939</u>

(11) Investment property

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
At January 1	\$ 1,857,961	\$ 819,954
Reclassifications	-	1,026,235
Disposals	( 4,202)	-
Gain on fair value adjustment	27,817	12,216
Exchange rate differences	8,756	( 444)
At December 31	<u>\$ 1,890,332</u>	<u>\$ 1,857,961</u>

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Rental revenue from investment property	<u>\$ 65,606</u>	<u>\$ 19,054</u>
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 10,382</u>	<u>\$ 2,034</u>
Direct operating expenses arising from the investment property that did not generate rental income during the year	<u>\$ 634</u>	<u>\$ 157</u>

B. Fair value basis of investment property

The Group's investment property mainly comprises office buildings and plant located in Neihu District, Taipei City and Shanghai, China. The Group earns rental income from leasing and the lease terms are between 1 to 7 years. As of December 31, 2020 and 2019, the related assumptions are as follows:

(a) The location, valuation method, appraisal firm, appraiser and appraisal date are shown below:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Object	Office building and plant	Office building and plant
Location	Neihu District, Taipei City and Shanghai, China	Neihu District, Taipei City and Shanghai, China
Valuation method	Income approach	Income approach
Appraisal firm	PANASIA Real Estate Appraisers Firm	PANASIA Real Estate Appraisers Firm
Appraiser	YANG, MIN-AN	CHUNG, SHAO-YU
Effective date for appraisal	December 31, 2020	December 31, 2019

(b) The information on the average leasing rate for the years ended December 31, 2020 and 2019, changes in income generated in the past, and comparison between local rents and rents for objects similar to the Group's office buildings and plant is provided in the table below:

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Estimated rents (in dollars/per ping /monthly)	\$573~\$1,111	\$599~\$1,148
Local rents and rent quotes for similar objects	Approximate to estimated rents	Approximate to estimated rents
Income	\$ 45,167	\$ 16,300
Average leasing rates	75%~100%	0%~100%

(c) The fair value of the Group's office buildings is measured using the discounted cash flow analysis of income approach. Valuation is based on local rents and rents of similar objects, which are used to determine the annual increase range in the rents. Net rental income for the next 10 years is estimated based on idling loss. The estimated net rental income plus the ending disposal value is the future cash inflow, which is calculated to the appraisal date by using appropriate discount rate. Future cash outflow is estimated based on the Company's current operations and possible future changes and future cash outflow refers to expenses directly related to operations, such as land value tax, house tax, insurance fees, management fees and repair expense that were actually incurred for the year.

(d) Discount rate range is set in the table below. Discount rates are based on the interest rate for a two-year deposit of a small amount, as posted by the Chunghwa Post Co. Ltd., plus 0.75 percentage points; while the discount rates used by the Group's mainland China subsidiaries are based on the rate of 10 years national debt issued by the Bank of China. Risk premium is determined based on liquidity, risk, value increment and the difficulty of management.

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Discount rates	2.65%~7.95%	2.75%~7.92%

- C. The information on the Group's investment property is provided in Note 12(3).
- D. Amount of borrowing costs capitalised as part of investment property and the range of the interest rates for such capitalisation: None.
- E. Information about the investment property that was pledged to others as collateral is provided in Note 8.
- F. Reclassifications:
- (a) The Company leased some floors in the Headquarters Office Buildings of YC Group in Neihu District, Taipei City for the year ended December 31, 2019. Hence, inventories amounting to \$118,994 was reclassified to investment property.
- (b) For the year ended December 31, 2019, the office building in Neihu District, Taipei City and plant in Shanghai, China totalling \$343,971 were reclassified as 'investment property' from 'property, plant and equipment' and 'right-of-use assets - land use rights', and the difference of \$563,270 between the fair value and carrying amount was recognised in other comprehensive income in accordance with IAS 16.

(12) Intangible assets

	2020		
	Goodwill	Others	Total
Opening net book amount as at January 1	\$ 178,896	\$ 90,867	\$ 269,763
Amortisation charge	-	( 13,164)	( 13,164)
Impairment loss	( 11,743)	( 50,349)	( 62,092)
Net exchange differences	( 8,625)	125	( 8,500)
Closing net book amounts at December 31	<u>\$ 158,528</u>	<u>\$ 27,479</u>	<u>\$ 186,007</u>

  

	2019		
	Goodwill	Others	Total
Opening net book amount as at January 1	\$ 183,295	\$ 75,195	\$ 258,490
Additions	-	27,333	27,333
Amortisation charge	-	( 9,593)	( 9,593)
Net exchange differences	( 4,399)	( 2,068)	( 6,467)
Closing net book amounts at December 31	<u>\$ 178,896</u>	<u>\$ 90,867</u>	<u>\$ 269,763</u>

A. Details of amortisation on intangible assets are as follows:

	Year ended December 31	
	2020	2019
Administrative expenses	<u>\$ 13,164</u>	<u>\$ 9,593</u>

B. Goodwill allocated to the cash-generating units of material packaging department:

	December 31, 2020	December 31, 2019
ACHEM Industry America Inc.	\$ 87,808	\$ 96,312
Ningbo Yem Chio Co., Ltd.	-	11,864
Xin Chio Co., Ltd.	70,720	70,720
	<u>\$ 158,528</u>	<u>\$ 178,896</u>

C. Goodwill is allocated to the cash-generating units identified by the Group. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period.

The recoverable amount of all cash-generating units calculated using the value-in-use exceeded their carrying amount, so goodwill was not impaired. The key assumptions used for value-in-use calculations are gross profit margin, growth rate and discount rate.



Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

(13) Impairment of non-financial assets

- A. The Group recognised impairment loss of \$829,149 and \$607,383 for the years ended December 31, 2020 and 2019, respectively. Details of such loss are as follows:

	Year ended December 31	
	2020	2019
	Recognised in profit or loss	Recognised in profit or loss
Impairment loss — machinery and equipment	\$ 767,057	\$ 607,383
Impairment loss — intangible assets	62,092	-
	<u>\$ 829,149</u>	<u>\$ 607,383</u>

- B. The impairment loss reported by operating segments is as follows:

	Year ended December 31	
	2020	2019
	Recognised in profit or loss	Recognised in profit or loss
Packaging material business	\$ 829,149	\$ 607,383

- C. Considering the market factors in 2020, the Group's second-tier company, Wan Chio Petrochemical (Jiangsu) Co., Ltd., halted its production temporarily in line with some operation adjustments. Due to the evidence of impairment of property, plant and equipment and intangible assets, the Group wrote down the carrying amount of the asset based on the recoverable amount and recognised an impairment loss of \$817,406 for the year ended December 31, 2020.

For the year ended December 31, 2019, the second-tier company of the Group, Wan Chio Petrochemical (Jiangsu) Co., Ltd., was affected by the Crude oil price and market factor, which led to the descent of actual product capacity, thus, there were indications that the property, plant and equipment had been impaired. The Group had adjusted its carrying amount based on the recoverable amount and recognised impairment loss of \$607,383.

The recoverable amount was calculated from the fair value of property, plant and equipment less the disposal cost and referred to used period and the depreciation of machine equipment based on cost method with replacement cost. The fair value is classified as a level 3 fair value.

D. In September 2020, the second-tier company of the Group, Asia Plastics, disposed its 100% equity interest in WAN DAO New Material, resulting in an impairment on the goodwill of the Group's cash-generating units identified according to operating segment. The Group has fully recognised impairment loss on the goodwill in the amount of \$11,743.

(14) Non-current assets held for sale/Subsequent event

A. In August 2020, the land of the Group located in Linkou Dist., New Taipei City, was sold in accordance with the resolution of the Board of Directors. In December 2020, the Group completed the registration for destruction and met the condition for immediate disposal, thus, related assets were reclassified to non-current assets held for sale. In February 2021, the transaction of land transfer had been completed and the total proceeds in the amount of \$1,043,350 had been collected.

B. Assets of disposal group held for sale:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Land	\$ 186,501	\$ -

(15) Short-term borrowings

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Bank borrowings-		
Secured bank borrowings	\$ 2,514,211	\$ 2,073,348
Unsecured bank borrowings	3,777,778	4,432,455
Other short-term borrowings	101,331	-
	<u>\$ 6,393,320</u>	<u>\$ 6,505,803</u>
Range of the interest rates	0.94%~5.22%	1.30%~5.90%

Details of short-term borrowings pledged as collateral are provided in Note 8.

(16) Short-term bills payable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Commercial paper	\$ 480,000	\$ 550,000
Range of the interest rates	1.25%~1.44%	1.25%~2.04%

(17) Other current liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Long-term borrowings		
Current portion		
-within one year	\$ 1,335,235	\$ 5,578,628
-within one operating cycle	2,446,850	2,368,150
Guarantee deposits received	156,500	-
Others	28,192	24,050
	<u>\$ 3,966,777</u>	<u>\$ 7,970,828</u>

(18) Bonds payable

	<u>Domestic secured convertible bonds</u>	
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>The Company</u>		
8th convertible bonds payable	\$ 427,500	\$ 506,300
Less: Discount on bonds payable	( 13,786)	( 20,528)
	<u>413,714</u>	<u>485,772</u>
9th convertible bonds payable	388,500	506,300
Less: Discount on bonds payable	( 12,547)	( 20,528)
	<u>375,953</u>	<u>485,772</u>
	<u>789,667</u>	<u>971,544</u>
<u>Xin Chio Co., Ltd.</u>		
2nd convertible bonds payable	\$ 200,000	\$ -
Less: Discount on bonds payable	( 6,126)	-
	<u>193,874</u>	<u>-</u>
	<u>\$ 983,541</u>	<u>\$ 971,544</u>

A. The terms of the domestic secured convertible corporate bonds by the Company are as follows:

(a)	8th domestic secured convertible corporate bonds	9th domestic secured convertible corporate bonds
Principal amount	\$500,000	\$500,000
Face rate	0%	0%
Effective rate	0.93%	0.93%
Outstanding period	5 years	5 years
Maturity date	June 14, 2024	June 14, 2024
Guarantee banks	Mega International Commercial Bank	First Bank
Collateral	Cash in banks of \$102,530	Cash in banks of \$102,530
Repayment at maturity	The bonds along with yield to maturity annual rate of 0.25% are repayable in full by cash at face value at maturity.	The bonds along with yield to maturity annual rate of 0.25% are repayable in full by cash at face value at maturity.
Redemption	<p>From the date after three months of the bonds issue (September 15, 2019) to 40 days (May 5, 2024) before the maturity date. Convertible corporate bonds will be redeemed based on the rule for issuance and conversion of convertible bonds if one of the following criteria is met:</p> <p>(a)The closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days in the centralized market.</p> <p>(b)The outstanding balance of the bonds is less than 10% of total issue amount.</p>	<p>From the date after three months of the bonds issue (September 15, 2019) to 40 days (May 5, 2024) before the maturity date. Convertible corporate bonds will be redeemed based on the rule for issuance and conversion of convertible bonds if one of the following criteria is met:</p> <p>(a)The closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days in the centralized market.</p> <p>(b)The outstanding balance of the bonds is less than 10% of total issue amount.</p>
Put options	The bondholders have the right to require the Company to redeem any bonds at face value plus 0.25% interest during the period from the date after issuance to 30 days before three years.	The bondholders have the right to require the Company to redeem any bonds at face value plus 0.25% interest during the period from the date after issuance to 30 days before three years.
Conversion price (dollars/per share) (Adjusted)	\$13.10	\$13.10
Conversion period	During the period from the date after three months of issuance of bonds to the maturity date.	During the period from the date after three months of issuance of bonds to the maturity date.
Converted amount	\$ 78,800	\$ 117,800
Redeemed amount	\$ -	\$ -
Repurchased amount	\$ -	\$ -

(b) With regards to the issuance of convertible bonds, the equity conversion options of 8th and 9th issuances amounting to \$29,091 was separated from the liability components and was recognised in “capital surplus - stock options” in accordance with IAS 32. As of December 31, 2020, the balance of “Capital surplus - stock options” changed to \$23,372, due to execution of conversion from bonds into common stock and bonds matured. The fair value of put and call options embedded in bonds payable was separated from the value of bonds payable, and was recognised in “financial assets (liabilities) at fair value through profit or loss” in accordance with IFRS 9.

B. The terms of the domestic secured convertible corporate bonds of Xin Chio Co., Ltd. are as follows:

(a)	2nd domestic secured convertible corporate bonds
Principal amount	\$200,000
Face rate	0%
Effective rate	1.12%
Outstanding period	3 years
Maturity date	October 15, 2023
Guarantee banks	First Bank
Collateral	Cash in banks of \$40,000
Repayment at maturity	The bonds are repayable in full by cash at face value at maturity.
Redemption	From the date after three months of the bonds issue (January 16, 2021) to 40 days (September 15, 2023) before the maturity date. Convertible corporate bonds will be redeemed based on the rule for issuance and conversion of convertible bonds if one of the following criteria is met:
	(a) The closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days in the centralized market.
	(b) The outstanding balance of the bonds is less than 10% of total issue amount.
Conversion price (dollars/per share) (Adjusted)	\$22.10
Conversion period	During the period from the date after three months of issuance of bonds to the maturity date.
Converted amount	\$ -
Redeemed amount	\$ -

(b) With regards to the issuance of convertible bonds, the equity conversion options of 2nd issuances amounting to \$10,665 was separated from the liability components and was recognised in “capital surplus - stock options” in accordance with IAS 32. As of December 31, 2020, the balance of “Capital surplus - stock options” changed to \$10,665, due to execution of conversion from bonds into common stock and bonds matured. The fair value of put and call options embedded in bonds payable was separated from the value of bonds payable, and was recognised in “financial liabilities at fair value through profit or loss” in accordance with IFRS 9.

(19) Long-term borrowings

Type of borrowings	December 31, 2020	December 31, 2019
Long-term bank borrowings		
Secured borrowings	\$ 5,181,013	\$ 7,395,243
Unsecured borrowings	<u>3,318,004</u>	<u>4,798,353</u>
	8,499,017	12,193,596
Less: Current portion		
-within one year	( 1,335,235)	( 5,578,628)
-within one operating cycle	<u>( 2,446,850)</u>	<u>( 2,368,150)</u>
	<u>\$ 4,716,932</u>	<u>\$ 4,246,818</u>
Range of the interest rates	1.22%~3.50%	1.48%~5.50%

A. In September 2016, the Company entered into a syndicated loan agreement with a syndicated banking group consisting of Taiwan Cooperative Bank and others, and the agreement period is 5 years. The Company is allowed to settle the borrowings and use the working capital if the total amount is within the scope of \$3 billion pursuant to the agreement. The primary terms of the agreement are as follows:

- (a) Tranche A: Non-revolving line of \$2,000,000
- (b) Tranche B: Revolving line of \$1,000,000. The proceeds of the loan were used to increase medium-term working capital.
- (c) The Company’s revolving credit facility is subject to following terms and financial covenants:
  - i. The Company shall pledge land, plant and auxiliary facilities, machinery and equipment, and related auxiliary equipment at Changhua Coastal Industrial Park as collateral.
  - ii. The Company on each semi-annual and annual consolidated financial statements is required to maintain the following financial ratios:

Current ratio (current assets/current liabilities) of at least 100%; liability ratio ((total liabilities + contingent liabilities)/(total stockholders’ equity – intangible assets)) of not higher than 250% (Liability ratio was then changed into 300% in accordance with the supplementary agreement signed in December 2017.); interest coverage ((income before tax + depreciation + amortisation + interest expense)/interest expense) of at least 300%; consolidated tangible net worth of not less than \$8 billion.

- (d) The Group reclassified the balance of long-term liabilities to 'long-term liabilities expiring within one year' of current liabilities amounting to 1,311,538 due to violation of the loan covenant as it failed to maintain certain financial ratios in the consolidated financial statements as of December 31, 2019. There was no violation of the loan covenant as of December 31, 2020.
  - (e) As of December 31, 2020 and 2019, the amounts drawn were \$2,650,000 and \$2,850,000, respectively.
- B. In June 2018, the Company entered into a syndicated loan agreement with a syndicated banking group consisting of Jih Sun International Bank and others for a period of 3 years. The Company is allowed to settle the borrowings and use the working capital if the total amount is within the scope of \$1.1 billion pursuant to the agreement. The primary terms of the agreement are as follows:
- (a) Tranche A: Revolving line of \$600,000
  - (b) Tranche B: Revolving line of \$500,000. It can be used to provide guarantee for issuing commercial paper during the credit period
  - (c) The Company's revolving credit facility is subject to following terms and financial covenants:
    - i. The Company shall pledge land and buildings at No. 389, Section 1, Wenhuan Road, Linkou District, New Taipei City as a collateral.
    - ii. The Company on each semi-annual and annual consolidated financial statements is required to maintain the following financial ratios:

Current ratio (current assets/current liabilities) of at least 100%; liability ratio ((total liabilities + contingent liabilities)/(total stockholders' equity – intangible assets)) of not higher than 300%; interest coverage ((income before tax + depreciation + amortisation + interest expense)/interest expense) of at least 300%; consolidated tangible net worth of not less than \$8 billion.
  - (d) The Company will not be deemed in violation of the loan covenant if it meets the required financial ratios in the consolidated financial statements in next review, however, it will be subject to an additional annual rate of 0.10% for the outstanding principal as of December 31, 2019.
  - (e) The syndicated loan agreement mentioned above was fully repaid in September 2020. As of December 31, 2019, the amount drawn was \$1,075,000.

C. In October 2020, the Company entered into a syndicated loan agreement with a syndicated banking group consisting of Land Bank of Taiwan and others for a period of 5 years. The Company is allowed to settle the borrowings and use the working capital if the total amount is within the scope of \$1.59 billion pursuant to the agreement. The primary terms of the agreement are as follows:

- (a) Tranche A: Non-revolving line of \$1,100,000
- (b) Tranche B: Non-revolving line of \$390,000
- (c) Tranche C: Non-revolving line of \$100,000
- (d) The Company's revolving credit facility is subject to the following terms and financial covenants:

- i. The Company shall pledge land serial No. 4 and 5, Section 1, Fuduxin section, Xinzhuang District, New Taipei City as collateral for tranche B and C.
- ii. The Company on each annual consolidated financial statements is required to maintain the following financial ratios:

Liability ratio (total liabilities/consolidated tangible net worth) of not higher than 300%; interest coverage ((income before tax + depreciation + amortisation + interest expense)/interest expense) of at least 150%; consolidated tangible net worth of not less than \$7 billion.

(e) There was no violation of the loan covenant as of December 31, 2020.

(e) As of December 31, 2020, the amount drawn was \$1,100,000.

D. In August 2017, ACHEM Technology Corporation entered into a syndicated loan agreement with the consortium banks led by First Bank. The primary terms of the agreement are as follows:

- (a) Tranche A: five-year non-revolving line of \$1,200,000. The proceeds of the loan were used to repay existing financial liabilities (including but not limited to the credit line of 2012 syndicated loan) and increase medium-term working capital.
- (b) Tranche B: five-year revolving line of \$1,800,000. The proceeds of the loan were used to repay existing financial liabilities (including but not limited to the credit line of 2012 syndicated loan) and increase medium-term working capital.
- (c) ACHEM Technology Corporation's revolving credit facility is subject to following terms and financial covenants:

- i. The ACHEM Technology Corporation shall pledge 12 lots, 35 factories at Yangmei District, Taoyuan City and 33 items of machinery and equipment as collateral; and



ii. ACHEM Technology Corporation on each semi-annual and annual consolidated financial statements is required to maintain the following financial ratios:

Current ratio (current assets/current liabilities) of at least 100%; liability ratio (total liabilities/tangible net equity/ total stockholders' equity – intangible assets) of not higher than 200%; interest coverage ((income before tax + depreciation + amortisation + interest expense)/interest expense) of at least 300%.

(d) As of December 31, 2020 and 2019, the amounts drawn were \$2,820,000 and \$3,000,000, respectively.

E. ACHEM Technology Holdings Limited has signed a syndicated loan agreement with syndicated banking group consisting of Mega International Commercial Bank and others in September 2014. The joint guarantor is ACHEM Technology Corporation and related party - Li, Zhi-Xian. The primary terms of the agreement are as follows:

(a) Tranche A: five-year non-revolving line of US\$35 million. The proceeds of the loan were used to support funds for Wanchio Adhesive Product (Jiangsu) Co., Ltd.'s construction of plant for adhesive products.

(b) Tranche B: five-year revolving line of US\$15 million. The proceeds of the loan were used to increase medium-term working capital.

(c) Main commitments of the joint guarantors are as follows:

ACHEM Technology Corporation on each semi-annual and annual consolidated financial statements is required to maintain the following financial ratios:

i. Current ratio (current assets/current liabilities) of at least 100%.

ii. Liability ratio (total liabilities/tangible net equity) of not higher than 180%.

iii. Interest coverage ((income before tax + depreciation + amortisation + interest expense)/interest expense) of at least 300%.

(d) The above syndicated loan agreement reached maturity and was fully repaid in March 2020. As of December 31, 2019, the amount drawn was US\$9,500 thousand.

F. Wan Chio Petrochemical Co., Ltd. (Jiangsu) signed a syndicated loan agreement in December 2014, totalling US\$97 million, with Mega International Commercial Bank and other syndicated banks. The joint guarantor is the Company. The subsidiary re-signed a credit contract to repay the remaining balance amounting to US\$50,440 thousand in November 2018. The primary terms of the agreement are as follows:

(a) The total line of the five-year non-revolving credit is US\$97 million. The proceeds of the loan were used to increase medium-term working capital.

- (b) Wan Chio Petrochemical Co., Ltd. (Jiangsu) and the Company's revolving credit facility are subject to the following terms and financial covenants:
- i. The land-use rights and factory equipment of Wan Chio Petrochemical Co., Ltd. (Jiangsu) shall not be pledged to others.
  - ii. The Company on each semi-annual and annual consolidated financial statements is required to maintain the following financial ratios: Current ratio of at least 100%; debt ratio (direct and contingent liabilities/ net tangible assets) not exceeding 300%; the number of times interest earned (including depreciation and amortisation) of at least 300%; net tangible assets of at least NT\$8 billion.
- (c) The Company is liable to the breach penalty calculated at 0.10% per annum for the outstanding principal for the violation of loan covenant if it fails to maintain certain financial ratios in the consolidated financial statements as of December 31, 2019. There was no violation of the loan covenant as of December 31, 2020.
- (d) As of December 31, 2020 and 2019, the amounts drawn were both US\$50,440 thousand.
- G. The Group reclassified the balance of long-term liabilities to 'long-term liabilities expiring within one year' of current liabilities due to violation of the loan covenant as it failed to maintain certain financial ratios in the consolidated financial statements as of December 31, 2019. The Group had positively negotiated with the bank and obtained its approval for a waiver of the violation of loan covenant on May 22, 2020 and June 12, 2020. There was no violation of the loan covenant as of December 31, 2020.
- H. In addition to the collaterals provided as stated in Note 8, as of December 31, 2020, the Group had issued guarantee notes totalling \$21,160,919 for the bank loans.
- I. The Group's borrowings should be repaid in full by August 2031 at the latest in accordance with the contracts.

(20) Pensions

A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Group will make contributions to cover the deficit by next March.

(b) The amounts recognised in the balance sheet are determined as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Present value of defined benefit obligations	\$ 376,013	\$ 408,524
Fair value of plan assets	( 206,398)	( 218,645)
Net defined benefit liability	<u>\$ 169,615</u>	<u>\$ 189,879</u>

(c) Movements in net defined benefit liabilities are as follows:

2020	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	\$ 408,524	(\$ 218,645)	\$ 189,879
Current service cost	3,019	-	3,019
Interest (expense) income	2,493	( 1,319)	1,174
	<u>414,036</u>	<u>( 219,964)</u>	<u>194,072</u>
Remeasurements:			
Return on plan assets	-	( 8,064)	( 8,064)
Change in financial assumptions	8,028	-	8,028
Experience adjustments	( 21,367)	-	( 21,367)
	<u>( 13,339)</u>	<u>( 8,064)</u>	<u>( 21,403)</u>
	<u>400,697</u>	<u>( 228,028)</u>	<u>172,669</u>
Pension fund contribution	-	( 3,054)	( 3,054)
Paid pension	( 24,684)	24,684	-
Balance at December 31	<u>\$ 376,013</u>	<u>(\$ 206,398)</u>	<u>\$ 169,615</u>
2019	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	\$ 405,910	(\$ 221,301)	\$ 184,609
Current service cost	3,678	-	3,678
Interest (expense) income	3,295	( 1,976)	1,319
	<u>412,883</u>	<u>( 223,277)</u>	<u>189,606</u>
Remeasurements:			
Return on plan assets	-	( 9,107)	( 9,107)
Change in financial assumptions	5,836	-	5,836
Experience adjustments	13,216	-	13,216
	<u>19,052</u>	<u>( 9,107)</u>	<u>9,945</u>
	<u>431,935</u>	<u>( 232,384)</u>	<u>199,551</u>
Pension fund contribution	-	( 7,509)	( 7,509)
Paid pension	( 23,411)	21,248	( 2,163)
Balance at December 31	<u>\$ 408,524</u>	<u>(\$ 218,645)</u>	<u>\$ 189,879</u>

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

	Year ended December 31	
	2020	2019
Discount rate	0.30%	0.60%~0.70%
Future salary increases	2.00%~3.00%	2.00%~3.00%

For the years ended December 31, 2020 and 2019, assumptions regarding future mortality rate were estimated in accordance with the Taiwan Standard Ordinary Experience Mortality Table. Future mortality rate of the Company and domestic subsidiaries was set based on the improved Taiwan's published annuity table.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2020</u>				
Effect on present value of defined benefit obligation	(\$ 6,490)	\$ 6,685	\$ 5,605	(\$ 5,479)

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2019</u>				
Effect on present value of defined benefit obligation	(\$ 7,274)	\$ 7,496	\$ 6,311	(\$ 6,163)

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

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

- (f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2021 amount to \$2,927.
- (g) As of December 31, 2020, the weighted average duration of that retirement plan is 7~8 years.
- B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Company’s mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.
- (c) The pension costs under the defined contribution pension plans of the Company and local subsidiaries for the years ended December 31, 2020 and 2019 were \$32,660 and \$29,392, respectively.
- (d) The contributions to pension costs under the local employment act of the overseas subsidiaries for the years ended December 31, 2020 and 2019 were \$4,798 and \$37,018, respectively.
- C. For the year ended December 31, 2020, the domestic subsidiaries’ retired employees were formerly applicable to defined benefit pension, however, the subsidiaries cannot pay through the labor pension reserve account due to some reasons. Thus, the subsidiaries paid the pension directly which were recognised as pension cost in the amount of \$2,401.

(21) Share capital

A. As of December 31, 2020, the Company's authorised capital was \$6,600,000 (including reserve for issuance of employee share options of \$40,000), and the paid-in capital was \$5,700,402, consisting of ordinary stock with a par value of \$10 (in dollars) per share.

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

	<u>2020</u>	<u>2019</u>
At January 1	542,662	492,040
Capital increase in cash	-	45,000
Treasury stocks transferred to employees	-	5,622
13th repurchase of treasury shares	( 8,699)	-
14th repurchase of treasury shares	( 7,022)	-
Conversion of convertible bonds	<u>15,008</u>	<u>-</u>
At December 31	<u><u>541,949</u></u>	<u><u>542,662</u></u>

B. On March 19, 2019, the Board of Directors resolved to increase capital by cash through the issuance of 45 million shares at a par value of \$10 (in dollars) per share totalling \$450,000 to repay bank loans. On July 4, 2019, the Board of Directors resolved to increase capital by cash at an issuance price of \$11.7 (in dollars) per share with the effective date set on July 19, 2019, and the registration had been completed. Of the issued shares, 4,500 thousand shares amounting to \$9,045 at option fair value of \$2.01 (in dollars) per share were recognised as wages and salaries as they were reserved for employee share options in accordance with the Company Act.

C. As of December 31, 2020, convertible bonds amounting to \$196,600 in total par value were requested for conversion into 15,008 thousand ordinary shares. The amount was recorded under 'certificate of entitlement to new shares from convertible bonds' because the change in registration has not yet been completed.

#### D. Treasury shares

	Number of shares (in thousands)	Carrying amount
At January 1, 2020	29,172	\$ 414,770
Eliminated shares	( 1,794)	( 22,632)
13th repurchase of treasury shares	8,699	85,554
14th repurchase of treasury shares	7,022	84,796
At December 31, 2020	<u>43,099</u>	<u>\$ 562,488</u>

	Number of shares (in thousands)	Carrying amount
At January 1, 2019	38,022	\$ 531,049
Eliminated shares	( 3,228)	( 45,355)
Treasury stocks transferred to employees	( 5,622)	( 70,924)
At December 31, 2019	<u>29,172</u>	<u>\$ 414,770</u>

(a) For the years ended December 31, 2020 and 2019, the Company's share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Vesting conditions</u>
Cash capital increase reserved for employee preemption	2019.7.19	4,500,000 shares	Immediately
Treasury stocks transferred to employees	2019.4.17	5,265,000 shares	Immediately
Treasury stocks transferred to employees	2019.1.17	357,000 shares	Immediately

(b) On March 10, 2020, the Company's Board of Directors resolved to retire 1,794 thousand treasury shares in line with the Company's capital reduction with the effective date set on March 10, 2020, and the registration had been completed.

(c) On March 10, 2020, the Board of Directors resolved the 13th repurchase of 10 million treasury shares which will be transferred to employees during the period from March 11, 2020 to May 8, 2020. The repurchase price ranged between \$9 and \$16 (in dollars) per share. The repurchase of a total of 8,699 thousand shares was completed on May 8, 2020, for a total consideration of \$85,554.



- (d) On May 13, 2020, the Board of Directors resolved to exercise the 14th repurchase of 10 million treasury shares which will be transferred to employees during the period from May 14, 2020 to July 13, 2020. The repurchase price ranged between \$9 and \$16.2 (in dollars) per share. The repurchase of a total of 7,022 thousand shares was completed on July 13, 2020, for a total consideration of \$84,796.
- (e) Pursuant to the R.O.C. Securities and Exchange Law, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.
- (f) Pursuant to the R.O.C. Securities and Exchange Law, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (g) Pursuant to the R.O.C. Securities and Exchange Law, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the three-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.
- (h) Details of the Company's common stock held by the subsidiaries as at December 31, 2020 and 2019 are as follows:

<u>Name of company holding the shares</u>	<u>Reason for reacquisition</u>	<u>Number of Shares (thousand shares)</u>	<u>Carrying amount</u>
YEM CHIO	Investment	15,880	\$ 223,108
ACHEM Technology Holdings Limited	"	1,127	15,838
Valueline Investment Corporation	"	991	13,919
		<u>17,998</u>	<u>\$ 252,865</u>

(22) Capital surplus

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

	2020			
	Share premium	Stock options	Others	Total
At January 1	\$ 1,887,797	\$ 33,954	\$ 829,756	\$ 2,751,507
Cash dividends from capital surplus	( 166,265)	-	-	( 166,265)
Dividends for which the claim period has elapsed and unclaimed by shareholders	-	-	86	86
Eliminated shares	( 2,509)	-	( 2,183)	( 4,692)
Recognition of changes in ownership interest in subsidiaries	-	-	( 33,223)	( 33,223)
Conversion of convertible bonds	45,349	( 5,719)	-	39,630
The Company's stocks held by subsidiaries deemed as cash dividends distributed to treasury stocks	-	-	5,399	5,399
At December 31	<u>\$ 1,764,372</u>	<u>\$ 28,235</u>	<u>\$ 799,835</u>	<u>\$ 2,592,442</u>
	2019			
	Share premium	Stock options	Others	Total
At January 1	\$ 1,821,344	\$ 5,210	\$ 814,164	\$ 2,640,718
Capital increase in cash	74,500	-	-	74,500
Share-based payment transaction	3,045	-	6,000	9,045
Treasury stock transferred to employees	-	-	( 187)	( 187)
Eliminated shares	( 11,092)	-	( 1,982)	( 13,074)
Recognition of changes in ownership interest in subsidiaries	-	-	2,508	2,508
Issuance of bonds	-	29,091	-	29,091
The Company's stocks held by subsidiaries deemed as cash dividends distributed to treasury stocks	-	-	8,906	8,906
Options lapsed	-	( 347)	347	-
At December 31	<u>\$ 1,887,797</u>	<u>\$ 33,954</u>	<u>\$ 829,756</u>	<u>\$ 2,751,507</u>

(23) Retained earnings / Subsequent event

A. In accordance with the Company's Articles of Incorporation, the annual net profit should be used initially to pay all taxes and to cover any accumulated deficit; 10% of the annual net profit should be set aside as legal reserve; and setting aside an additional special reserve pursuant to Article 41 of ROC Securities Exchange Act. The remainder, if any, shall be distributed which will be proposed by the Board of Directors and approved by the stockholders.

If the aforementioned purposes or reasons of setting aside special reserve no longer apply, the Company should reverse and recognise such special reserve as distributable, and be distributed in accordance with this Article.

The Company authorises the Board of Directors to distribute earnings in cash or dividends and bonuses from capital surplus by the special resolution; and in addition thereto a report of such distribution shall be submitted to the shareholders during their meeting.

B. The Company's dividend policy is summarized below:

As the Company operates in a mature industry and is in the stable profit stage with sound financial structure, it has a steady dividend pay out ratio policy. According to the policy, after setting aside legal and special reserve, the remainder shall be appropriated as dividends, and cash dividends shall account for at least 10% of the total dividends distributable.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

E. The appropriations of 2018 earnings had been resolved at the stockholders' meeting on June 20, 2019. (Related information will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.) Details are summarized below:

	Year ended December 31, 2018	
	Amount	Dividend per share (in dollars)
Special reserve	\$ 268,504	
Legal reserve	54,359	
Cash dividends	255,198	\$ 0.50
	\$ 578,061	

F. The resolutions made at the Board of Directors' and the stockholders' meeting on March 27, 2020 and June 19, 2020 are outlined as follows:

(a) The Company compensated accumulated deficit with legal reserve of \$341,174 for the year ended December 31, 2019.

(b) The Company issued cash dividends from capital surplus amounting to \$166,265 for the year ended December 31, 2019.

G. Subsequent event:

The 2020 earnings distribution proposed at the meeting of Board of Directors on March 4, 2021 is detailed as follows, which has not yet been approved by the stockholders:

	Year ended December 31, 2020	
	Amount	Dividend per share (in dollars)
Special reserve	\$ 142,536	
Legal reserve	80,056	
Cash dividends	336,110	\$ 0.60
Stock dividends	240,879	0.43
	\$ 799,581	

(24) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time in the following major product lines:

	<u>Year ended December 31, 2020</u>			
	<u>Packaging materials business segment</u>	<u>Real estate business segment</u>	<u>Other operating segment</u>	<u>Total</u>
Total segment revenue	\$ 15,124,842	\$ 681,646	\$ 525,853	\$ 16,332,341
Inter-segment revenue	( 2,372,373)	-	( 11,252)	( 2,383,625)
Revenue from external customer contracts	<u>\$ 12,752,469</u>	<u>\$ 681,646</u>	<u>\$ 514,601</u>	<u>\$ 13,948,716</u>

	<u>Year ended December 31, 2019</u>			
	<u>Packaging materials business segment</u>	<u>Real estate business segment</u>	<u>Other operating segment</u>	<u>Total</u>
Total segment revenue	\$ 17,643,548	\$ 583,098	\$ 580,463	\$ 18,807,109
Inter-segment revenue	( 2,620,904)	-	( 8,764)	( 2,629,668)
Revenue from external customer contracts	<u>\$ 15,022,644</u>	<u>\$ 583,098</u>	<u>\$ 571,699</u>	<u>\$ 16,177,441</u>

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>January 1, 2019</u>
Contract liabilities:			
Contract liabilities –			
Advance sales receipts	\$ 68,278	\$ 99,860	\$ 79,783
Contract liabilities –			
Pre-sold house	411,077	41,918	17,219
	<u>\$ 479,355</u>	<u>\$ 141,778</u>	<u>\$ 97,002</u>

C. For the years ended December 31, 2020 and 2019, revenue recognised that was included in the contract liability balance at the beginning of the year amounted to \$75,970 and \$73,667, respectively.

(25) Other income

	Year ended December 31	
	2020	2019
Rental revenue	\$ 127,330	\$ 120,639
Dividend income	85,125	59,856
Revenue from government grants	25,105	61,049
Indemnity income from insurance	-	27,754
Other income	55,201	83,773
	<u>\$ 292,761</u>	<u>\$ 353,071</u>

(26) Other gains and losses

	Year ended December 31	
	2020	2019
Gains (losses) on disposal of property, plant and equipment	\$ 65,355	(\$ 46,900)
Loss on write-off of property, plant and equipment	( 263,369)	-
Gain on disposal of investments	1,066,964	-
Gains arising from transfer of rights in sale and lease-back transaction	237,191	
Losses from lease modification	( 85,915)	
Gains on financial assets (liabilities) at fair value through profit or loss	1,430	230,445
Foreign exchange loss	( 44,936)	( 208,233)
Gains on fair value adjustment of investment property	27,817	12,216
Impairment loss recognised in profit or loss, property, plant and equipment	( 767,057)	( 607,383)
Impairment loss on intangible assets	( 62,092)	-
Other gains and losses	( 58,199)	( 76,802)
	<u>\$ 117,189</u>	<u>(\$ 696,657)</u>

(27) Finance costs

	Year ended December 31	
	2020	2019
Interest expense:		
Bank borrowings	\$ 366,876	\$ 512,708
Convertible bonds	8,754	4,772
Lease liabilities	9,553	21,019
Less: Capitalisation of qualifying assets	( 87,068)	( 87,537)
	<u>\$ 298,115</u>	<u>\$ 450,962</u>

(28) Expenses by nature

	Year ended December 31	
	2020	2019
Employee benefit expense		
Wages and salaries	\$ 1,308,385	\$ 1,300,319
Labor and health insurance fees	80,820	73,664
Pension costs	44,052	71,407
Other personnel expenses	109,453	119,471
	<u>1,542,710</u>	<u>1,564,861</u>
Depreciation	714,460	907,203
Amortization	13,164	9,593
	<u>\$ 2,270,334</u>	<u>\$ 2,481,657</u>

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to offset prior years' operating losses. For the remainder, if any, at least 0.5% shall be distributed as employees' compensation and the Board of Directors is authorized to determine the distribution of directors' remuneration based on the usual industry standard but shall not exceed 1%.
- B. For the year ended December 31, 2020, employees' compensation was accrued at \$4,944; while no directors' remuneration was accrued. The aforementioned amount was recognized in salary expenses.

No employees' compensation and directors' remuneration were accrued due to the accumulated deficit for the year ended December 31, 2019.

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

(29) Income tax

A. Tax expense

Components of income tax expense:

	Year ended December 31	
	2020	2019
Current tax:		
Current tax on profits for the year	\$ 164,919	\$ 144,067
Prior year income tax (over)		
under estimation	( 1,170)	27,954
Total current tax	<u>163,749</u>	<u>172,021</u>
Deferred tax:		
Origination and reversal of temporary differences	465	( 48,820)
Income tax expense	<u>\$ 164,214</u>	<u>\$ 123,201</u>

B. The income tax relating to components of other comprehensive income is as follows:

	Year ended December 31	
	2020	2019
Remeasurement of defined benefit obligations	\$ 4,281	(\$ 1,989)
Value increase on revaluation of property	-	123,694
	<u>\$ 4,281</u>	<u>\$ 121,705</u>

C. Reconciliation between income tax expense and accounting profit:

	Year ended December 31	
	2020	2019
Tax calculated based on profit before tax and statutory tax rate	\$ 181,013	(\$ 368,461)
Effects from items disallowed by tax regulation	( 306,810)	163,589
Taxable loss not recognised as deferred tax assets	261,213	319,271
Prior year income tax (over) under estimation	( 1,170)	27,954
Land value increment tax	12,733	9,242
Change in assessment of realisation of deferred tax assets	( 2,180)	( 27,949)
Effect from Alternative Minimum Tax	18,612	-
Others	803	( 445)
Income tax expense	<u>\$ 164,214</u>	<u>\$ 123,201</u>



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

	2020			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Provision for inventory obsolescence	\$ 23,089	(\$ 3,941)	\$ -	\$ 19,148
Accrued pension liabilities	35,677	( 182)	( 4,168)	31,327
Prepayments for land value increment tax	56,569	-	-	56,569
Operating loss carryforwards	18,120	( 4,376)		13,744
Others	74,480	( 1,985)	-	72,495
	<u>207,935</u>	<u>( 10,484)</u>	<u>( 4,168)</u>	<u>193,283</u>
-Deferred tax liabilities:				
Fair value adjustment of investment property	( 131,954)	( 16,794)	-	( 148,748)
Unrealised profit from sales	( 11,108)	-	-	( 11,108)
Reserve for land revaluation increment tax	( 228,975)	-	-	( 228,975)
Investment income accounted for using the equity method	( 46,069)	9,479	-	( 36,590)
Gain on disposal of plant	( 86,045)	17,502	-	( 68,543)
Others	( 8,943)	( 168)	( 113)	( 9,224)
	<u>( 513,094)</u>	<u>10,019</u>	<u>( 113)</u>	<u>( 503,188)</u>
	<u>(\$ 305,159)</u>	<u>(\$ 465)</u>	<u>(\$ 4,281)</u>	<u>(\$ 309,905)</u>

	2019			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Provision for inventory obsolescence	\$ 25,851	(\$ 2,762)	\$ -	\$ 23,089
Accrued pension liabilities	32,521	1,220	1,936	35,677
Prepayments for land value increment tax	75,244	-	( 18,675)	56,569
Others	49,361	43,239	-	92,600
	<u>182,977</u>	<u>41,697</u>	<u>( 16,739)</u>	<u>207,935</u>
-Deferred tax liabilities:				
Fair value adjustment of investment property	( 20,662)	( 6,273)	( 105,019)	( 131,954)
Unrealised profit from sales	( 10,116)	( 992)	-	( 11,108)
Reserve for land revaluation increment tax	( 228,975)	-	-	( 228,975)
Investment income accounted for using	( 52,404)	6,335	-	( 46,069)
Gain on disposal of plant	( 89,248)	3,203	-	( 86,045)
Others	( 13,846)	4,850	53	( 8,943)
	<u>( 415,251)</u>	<u>7,123</u>	<u>( 104,966)</u>	<u>( 513,094)</u>
	<u>(\$ 232,274)</u>	<u>\$ 48,820</u>	<u>(\$ 121,705)</u>	<u>(\$ 305,159)</u>

E. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets for the Company's other domestic subsidiaries as of December 31, 2020 and 2019 are as follows:

December 31, 2020				
Year incurred	Estimated/ amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2016-2020	Estimated/ amount filed/ assessed	<u>\$ 96,986</u>	<u>\$ 75,833</u>	2030

December 31, 2019

<u>Year incurred</u>	<u>Estimated/ amount filed/ assessed</u>	<u>Unused amount</u>	<u>Unrecognised deferred tax assets</u>	<u>Expiry year</u>
2010-2018	Amount filed/ assessed	<u>\$ 229,506</u>	<u>\$ 229,506</u>	2028

F. The amounts of deductible temporary differences that are not recognised as deferred tax assets are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Deductible temporary differences	<u>\$ 45,129</u>	<u>\$ 50,359</u>

G. Wan Chio Petrochemical (Jiangsu) Co., Ltd. was established as a foreign wholly owned manufacturing enterprise in Mainland China. According to local regulations, when companies start to generate profit, they are entitled to the income tax exemption for the first 2 years and 50% income tax exemption for the third to fifth year. However, the Company has not utilised this benefit because it has not generated any profit yet. Foshan Inder Adhesive Product Co., Ltd. has been assessed as highest technology enterprise by Guangdong Provincial Department of Science and Technology on December 4, 2009, and reviewed once every three years after assessment. Thus, the enterprise income tax rate was reduced to 15% from 2009 until 2020.

H. The status of the Company's and its domestic subsidiaries' income tax returns is as follows:

	<u>Latest year approved</u>
Wong Chio Development, Ltd., Chuang-Yi Investment Co., Ltd., ACHEM Opto-Electronic Corporation, Valueline Investment Corporation, Xin Chio Co., Ltd. and UINN Hotel	2018
The Company	2018, however 2017 has not yet been approved
Achem Technology Corporation	2017



(31) Supplemental cash flow information

Investing activities with partial cash payments

	Year ended December 31	
	2020	2019
Purchase of property, plant and equipment	\$ 364,085	\$ 1,013,393
Add: Opening balance of payable on equipment and construction	48,533	63,798
Less: Ending balance of payable on equipment and construction	( 40,453)	( 48,533)
Cash paid during the year	<u>\$ 372,165</u>	<u>\$ 1,028,658</u>

(32) Changes in liabilities from financing activities

	2020					
	Short-term borrowings	Long-term borrowings	Short-term notes and bills payable	Corporate bonds payable	Lease liabilities	Liabilities from financing activities-gross
At January 1	\$ 6,505,803	\$ 12,193,596	\$ 550,000	\$ 971,544	\$ 537,830	\$ 20,758,773
Changes in cash flow from financing activities	( 65,795)	( 3,627,137)	( 70,000)	203,710	( 181,382)	( 3,740,604)
Impact of changes in foreign exchange rate	( 46,688)	( 67,442)	-	-	( 9,364)	( 123,494)
Changes in other non-cash items	-	-	-	( 191,713)	( 281,022)	( 472,735)
At December 31	<u>\$ 6,393,320</u>	<u>\$ 8,499,017</u>	<u>\$ 480,000</u>	<u>\$ 983,541</u>	<u>\$ 66,062</u>	<u>\$ 16,421,940</u>
	2019					
	Short-term borrowings	Long-term borrowings	Short-term notes and bills payable	Corporate bonds payable	Lease liabilities	Liabilities from financing activities-gross
At January 1	\$ 6,293,763	\$ 13,869,375	\$ 590,000	\$ -	\$ 682,326	\$ 21,435,464
Changes in cash flow from financing activities	244,274	( 1,643,625)	( 40,000)	996,260	( 129,927)	( 573,018)
Impact of changes in foreign exchange rate	( 32,234)	( 32,154)	-	-	( 22,750)	( 87,138)
Changes in other non-cash items	-	-	-	( 24,716)	8,181	( 16,535)
At December 31	<u>\$ 6,505,803</u>	<u>\$ 12,193,596</u>	<u>\$ 550,000</u>	<u>\$ 971,544</u>	<u>\$ 537,830</u>	<u>\$ 20,758,773</u>

7. RELATED PARTY TRANSACTIONS

(1) Names and relationship of major related parties: Please refer to Note 4(3) C.

(2) Significant related party transactions and balances

A. Operating revenue

	Year ended December 31	
	2020	2019
Sales of buildings and land		
-Other related parties	\$ -	\$ 32,394
Sales of products		
-Other related parties	1,318	2,553
	<u>\$ 1,318</u>	<u>\$ 34,947</u>

(a) On March 19, 2019, the Board of Directors resolved to sell the buildings and land as well as parking space of 'JiPin' construction at Linkou District, New Taipei City to Yong Chen International, LLC. for a contract price of \$34,620 (including business tax of \$2,226), and the property rights were transferred.

(b) Goods are sold based on the price lists in force and terms that are under mutual agreement.

B. Purchases:

	Year ended December 31	
	2020	2019
Purchases of goods:		
-Other related parties	<u>\$ 894</u>	<u>\$ 175,994</u>

The purchase terms and prices to related parties are based on mutual agreement.

C. Endorsements and guarantees provided to the Group by related parties

	December 31, 2020	December 31, 2019
Other related parties	<u>\$ 22,714,047</u>	<u>\$ 26,478,631</u>

(3) Key management compensation

	Year ended December 31	
	2020	2019
Salaries and other short-term employee benefits	\$ 27,446	\$ 21,076
Post-employment benefits	540	416
	<u>\$ 27,986</u>	<u>\$ 21,492</u>

## 8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

Pledged assets	Book value		Purpose
	December 31, 2020	December 31, 2019	
Financial assets at fair value through other comprehensive income	\$ 704,981	\$ 456,195	Short-term borrowings
Current - financial assets at amortised cost			
- Demand deposits	-	1,509	Consideration trust for inventory purchases and sales, etc.
- Time deposits	2,316	551,743	Borrowings, purchase and performance guarantee for construction
Non-current financial assets at amortised cost			
- Demand deposits	170,385	124,384	Long-term borrowings and corporate bond guarantee
- Time deposits	104,112	113,423	Leasehold land guarantees, performance guarantee for construction and guarantee for corporate bonds
Accounts receivable	185,810	164,251	Short-term borrowings
Inventories	5,401,532	5,459,817	Long-term borrowings, short-term borrowings
Non-current assets held for sale	376,262	-	Short-term borrowings
Property, plant and equipment	7,005,458	7,197,046	Long-term borrowings, short-term borrowings
Right-of-use assets	-	239,425	Long-term borrowings, short-term borrowings
Investment property	1,322,045	1,297,629	Long-term borrowings, short-term borrowings
Other non-current assets			
- Guarantee deposits paid	23,838	46,654	Performance guarantee
	<u>\$ 15,296,739</u>	<u>\$ 15,652,076</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Except for those mentioned in Notes 6(19) and 7(2), the Group's significant commitments are as follows:

A. As of December 31, 2020, the unused letters of credit amounted to \$233,401 for the purchase of goods and machinery and collateral.

B. Capital expenditures contracted for at the balance sheet date but not yet incurred are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Property, plant and equipment	\$ 61,026	\$ 74,346
Consigned to construction companies to construct buildings	<u>1,379,656</u>	<u>532,700</u>
	<u>\$ 1,440,682</u>	<u>\$ 607,046</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) Refer to Notes 6 (14) and (23).

(2) On March 4, 2021, the Company's Board of Directors resolved to retire 9,380 thousand treasury shares for capital reduction with the effective date set on March 5, 2021, and the registration is in process.

12. OTHERS

(1) Capital management

The Group's key objectives when managing capital are to maintain the optimal credit rating and capital ratios to support the Group's operations and to maximise returns for shareholders. Related ratio of net debt divided by total capital is provided in the balance sheets of each reporting period.



(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 420,423	\$ 794,094
Financial assets designated as at fair value through profit or loss	<u>2,308</u>	<u>-</u>
	<u>\$ 422,731</u>	<u>\$ 794,094</u>
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ 1,158,705	\$ 619,751
Qualifying debt instrument	<u>61,204</u>	<u>60,118</u>
	<u>\$ 1,219,909</u>	<u>\$ 679,869</u>
Financial assets at amortised cost		
Cash and cash equivalents	\$ 1,648,794	\$ 2,965,198
Financial assets at amortised cost	662,348	791,059
Notes receivable	329,099	667,034
Accounts receivable	2,300,998	2,391,730
Other receivables	288,793	94,562
Guarantee deposits paid	<u>23,838</u>	<u>46,654</u>
	<u>\$ 5,253,870</u>	<u>\$ 6,956,237</u>

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities designated as at fair value through profit or loss	\$ -	\$ 1,150
Financial liabilities at amortised cost		
Short-term borrowings	\$ 6,393,320	\$ 6,505,803
Short-term notes and bills payable	480,000	550,000
Notes payable	295,125	292,919
Accounts payable	795,402	725,871
Other payables	761,736	666,763
Bonds payable	983,541	971,544
Long-term borrowings (including current portion)	8,499,017	12,193,596
Guarantee deposits received	14,802	16,094
	<u>\$ 18,222,943</u>	<u>\$ 21,922,590</u>
Lease liabilities (including current portion)	<u>\$ 66,062</u>	<u>\$ 537,830</u>

## B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.
- iii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.
- iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2020		
(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 26,472	28.48	\$ 753,923
USD:RMB	12,473	6.51	355,231
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 266	28.48	\$ 7,576
USD:RMB	34,524	6.51	983,244

December 31, 2019					
	Foreign currency amount		Exchange rate	Book value	
	(In thousands)			(NTD)	
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	\$	59,348	30.00	\$	1,780,440
USD:RMB		14,593	6.96		437,790
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	\$	10,968	30.00	\$	329,040
USD:RMB		51,019	6.96		1,530,570

- v. The total exchange loss, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2020 and 2019, amounted to (\$44,936) and (\$208,233), respectively.
- vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

December 31, 2020					
	Sensitivity analysis		Effect on profit on loss	Effect on other comprehensive income	
	degree of variation			income	
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	5%	\$	37,696	\$	-
USD:RMB	5%		17,762		-
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	5%	\$	379	\$	-
USD:RMB	5%		49,162		-

December 31, 2019				
(Foreign currency: functional currency)	Sensitivity analysis degree of variation		Effect on profit on loss	Effect on other comprehensive income
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	5%	\$	89,022	\$ -
USD:RMB	5%		21,890	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	5%	\$	16,452	\$ -
USD:RMB	5%		76,529	-

#### Price risk

- A. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- B. The Group's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 5% with all other variables held constant, post-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by \$20,005 and \$38,181, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$57,935 and \$30,988, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

#### Cash flow and fair value interest rate risk

- A. The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During 2020 and 2019, the Group's borrowings at variable rate were mainly denominated in NTD, USD and RMB.
- B. The Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

C. If the borrowing interest rate had increased/decreased by 5% with all other variables held constant, profit, net of tax for the years ended December 31, 2020 and 2019 would have decreased/increased by \$14,531 and \$21,046, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated as financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only banks and financial institutions with optimal credit ratings are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.
- iii. The Group adopts the internal management policy, that is, the default occurs when the contract payments are past due over 240 days.
- iv. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:  
  
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The Group applies the simplified approach using the provision matrix to estimate expected credit loss to assess the Group's accounts receivable.
- vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
  - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
  - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
  - (iii) Default or delinquency in interest or principal repayments;
  - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

viii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2020 and 2019, the provision matrix is as follows:

	Individual	Group			Total
		Not past due	Up to 90 days past due	Over 90 days past due	
<u>December 31, 2020</u>					
Expected loss rate	100%	0.07%~0.95%	0.09%~57.39%	5.41%~100%	
Total book value	\$ 60,773	\$ 1,925,555	\$ 381,175	\$ 28,540	\$ 2,396,043
Loss allowance	60,773	5,630	10,862	17,780	95,045

	Individual	Group			Total
		Not past due	Up to 90 days past due	Over 90 days past due	
<u>December 31, 2019</u>					
Expected loss rate	100%	0.05%~2.55%	0.11%~99.68%	4.19%~100%	
Total book value	\$ 60,390	\$ 1,922,180	\$ 491,102	\$ 12,567	\$ 2,486,239
Loss allowance	60,390	3,735	17,817	12,567	94,509

ix. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable and notes receivable are as follows:

	2020	
	Accounts receivable	Notes receivable
January 1	\$ 94,509	\$ 807
Provision for impairment	5,462	-
Write-offs	( 2,941)	-
Effect of exchange rate changes	( 1,985)	-
At December 31	<u>\$ 95,045</u>	<u>\$ 807</u>
	2019	
	Accounts receivable	Notes receivable
At January 1	\$ 115,853	\$ 2,054
Reversal of impairment loss	( 3,757)	-
Write-offs	( 6,263)	-
Effect of exchange rate changes	( 1,977)	-
Others	( 9,347)	( 1,247)
At December 31	<u>\$ 94,509</u>	<u>\$ 807</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, and compliance with internal balance sheet ratio targets.
- ii. The Group has the following undrawn borrowing facilities:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Floating rate:		
Expiring within one year	\$ 530,000	\$ 292,500
Expiring beyond one year	<u>590,000</u>	<u>275,000</u>
	<u>\$ 1,120,000</u>	<u>\$ 567,500</u>

The undrawn borrowing facilities will be used to repay existing financial liabilities and increase medium-term working capital.

- iii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

<u>December 31, 2020</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>	<u>Total</u>
Short-term borrowings	\$ 6,446,312	\$ -	\$ 6,446,312
Short-term notes and bills payable	480,000	-	480,000
Notes payable	295,125	-	295,125
Accounts payable	795,402	-	795,402
Other payables	761,736	-	761,736
Bonds payable	-	1,016,000	1,016,000
Long-term borrowings (including current portion)	2,411,939	6,377,785	8,789,724
Finance lease liabilities (including current portion)	17,518	57,876	75,394
Other non-current liabilities	-	59,818	59,818



Non-derivative financial liabilities:

<u>December 31, 2019</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>	<u>Total</u>
Short-term borrowings	\$ 7,061,650	\$ -	\$ 7,061,650
Short-term notes and bills payable	550,000	-	550,000
Notes payable	292,919	-	292,919
Accounts payable	725,871	-	725,871
Other payables	666,763	-	666,763
Bonds payable	-	1,012,600	1,012,600
Long-term borrowings (including current portion)	6,888,261	5,669,645	12,557,906
Finance lease liabilities (including current portion)	135,627	494,761	630,388

Derivative financial liabilities:

As of December 31, 2020 and 2019, the amount of derivative financial liabilities is immaterial and is not disclosed.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of emerging stocks, beneficiary certificates, bonds, and derivatives is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in unlisted stocks, financial investments and investment property is included in Level 3.

B. Financial instruments not measured at fair value

(a) Except for those listed in the table below, the carrying amounts of cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable, other receivables, short-term loans, short-term notes and bills payable, notes payable, accounts payable and other payables are approximate to their fair values. Interest rates of long-term borrowings (including maturity within 1 year or 1 operating cycle) are approximately the same as market interest rates, thus, the carrying amount should be a reasonable basis for fair value estimation.

		December 31, 2020			
		Book value	Fair value		
		Level 1	Level 2	Level 3	
Financial liabilities:					
Bonds payable	\$ 983,541	\$ -	\$ 995,818	\$ -	
		December 31, 2019			
		Book value	Fair value		
		Level 1	Level 2	Level 3	
Financial liabilities:					
Bonds payable	\$ 971,544	\$ -	\$ 977,336	\$ -	

(b) The methods and assumptions of fair value measurement are as follows:

Convertible debentures payable: Regarding the convertible bonds issued by the Group, the coupon rate approximates to the current market rate. Therefore, the fair value is estimated using the present value of the expected cash flows and approximate to the book value.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2020 and 2019 is as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

<u>December 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 387,691	\$ -	\$ -	\$ 387,691
Beneficiary certificates	-	12,409	-	12,409
Bank debentures	-	20,323	-	20,323
Call options and put options of convertible corporate bonds	-	-	2,308	2,308
Financial assets at fair value through other comprehensive income				
Equity securities	1,151,992	-	6,713	1,158,705
Bank debentures	-	61,204	-	61,204
Investment property	-	-	1,890,332	1,890,332
	<u>\$ 1,539,683</u>	<u>\$ 93,936</u>	<u>\$ 1,899,353</u>	<u>\$ 3,532,972</u>

<u>December 31, 2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 750,552	\$ -	\$ -	\$ 750,552
Beneficiary certificates	-	13,071	-	13,071
Bank debentures	-	30,471	-	30,471
Financial assets at fair value through other comprehensive income				
Equity securities	592,909	14,022	12,820	619,751
Bank debentures	-	60,118	-	60,118
Investment property	-	-	1,857,961	1,857,961
	<u>\$ 1,343,461</u>	<u>\$ 117,682</u>	<u>\$ 1,870,781</u>	<u>\$ 3,331,924</u>
<b>Liabilities</b>				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Call options and put options of convertible corporate bonds				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,150</u>	<u>\$ 1,150</u>

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>
Market quoted price	Closing price

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques. The fair value of financial instruments measured by using valuation techniques can be referred to valuation methods.

iii. Under the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, the Group makes self-assessment using the income approach to calculate the fair value of investment property. Related assumptions and information on inputs are as follows:

- (i) Cash flow: Cash flow shall be evaluated on the basis of existing lease contracts, rent at local market rates, or current market rents for similar comparable properties in the same location and condition, and overvalued and undervalued comparable properties shall be excluded. If there is a period-end value, the discounted present period-end value may be added.
  - (ii) Analysis period: When there is no specified period for the income, the analysis period in principle shall not be longer than 10 years; when there is a specified period for the income, the income shall be estimated for the remainder of the specified period.
  - (iii) Discount rate: The discount rate shall be determined using the risk premium approach only, with the calculation based on a certain interest rate, plus the estimate for the individual characteristics of the investment property. The phrase "based on a certain interest rate" means the interest rate may not be lower than the floating interest rate on a 2-year time deposit of a small amount, as posted by the Chunghwa Post Co. Ltd., plus 0.75 percentage points; while the discount rates used by the Group’s mainland China subsidiaries are based on the rate of 10 years national debt issued by the Bank of China.
- D. As certain financial assets at fair value through other comprehensive income invested by the Group had been listed on the Taipei Exchange from December 2020, the Group transferred the fair value from Level 2 to Level 1 at the end of the month when the event occurred.
- E. As certain financial assets at fair value through profit or loss invested by the Group have been listed in the Taiwan Stock Exchange from April 2019, the Group transferred the fair value from Level 2 to Level 1 at the end of the month when the event occurred.
- F. The following chart is the movement of Level 3 for the years ended December 31, 2020 and 2019:

	2020	2019
	Wealth management products	Wealth management products
At January 1	\$ -	\$ -
Gains and losses recognised in profit or loss (Note)	5,761	1,229
Acquired during the year	1,753,223	483,154
Sold during in the year	(1,758,984)	(484,383)
At December 31	\$ -	\$ -

Notes: Recorded as non-operating income and expenses.

G. For the years ended December 31, 2020 and 2019, there was no transfer into or out from Level 3.

H. The information on change in fair value of investment property for the years ended December 31, 2020 and 2019 is provided in Note 6(11).

I. Treasury segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and making any other necessary adjustments to the fair value. Investment property is evaluated regularly by the Group's finance segment based on the valuation methods and assumptions announced by the Financial Supervisory Commission, Securities and Futures Bureau or through outsourced appraisal performed by the external valuer.

The treasury segment set up valuation policies, valuation processes and rules for measuring fair value of financial instruments and investment property to ensure compliance with the related requirements in IFRS.

J. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

Item	Fair value at December 31, 2020	Valuation technique	Significant observable input	Range	Relationship of inputs to fair value
Unlisted stocks	\$ 6,713	Market comparable companies	Industrial average price to book ratio	Not applicable	The higher the book value per share, the higher the fair value
Investment property	1,890,332	Income approach	Discount rate	(Note)	The higher the discount rate, the lower the fair value
Call options and put options of convertible corporate bonds	2,308	Binary tree valuation model	Volatility	29.38%~41.05%	The higher the volatility, the higher the fair value

<u>Item</u>	<u>Fair value at December 31, 2019</u>	<u>Valuation technique</u>	<u>Significant observable input</u>	<u>Range</u>	<u>Relationship of inputs to fair value</u>
Unlisted stocks	\$ 6,713	Market comparable companies	Industrial average price to book ratio	Not applicable	The higher the book value per share, the higher the fair value
Unlisted stocks	6,107	Income approach	Future net cash flows	Not applicable	The higher the cash flow, the higher the fair value
Investment property	1,857,961	Income approach	Discount rate	(Note)	The higher the discount rate, the lower the fair value
Call options and put options of convertible corporate bonds	( 1,150)	Binary tree valuation model	Volatility	18.84%	The higher the volatility, the higher the fair value

Note: Information on discount rate and income capitalisation rate is provided in Note 6(11).

J. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement.

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.

- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 8.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 9.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to items (1) A, B, G, H and J above.

(4) Major shareholders information

Major shareholders information: Please refer to table 10.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Chief Operating Decision-Maker considers the business from a product type perspective. The Group focuses on the adhesives. The revenue from Taiwan's Specialty Chemical Factory did not reach the disclosure threshold so it is not included in the reportable segments. Revenue from professional investing company is not included in the financial statements for the Chief Operating Decision-Maker, thus, is not included in the reportable segments. The operating results of the non-reportable segments are consolidated in the 'Other operating segment'.

(2) Measurement of segment information

- A. All accounting policies of the operating segments are the same as those summarized in Note 4 of the financial statements, except for pension plans adopted by the overseas operating segments that are based on the local government's regulations.
- B. The Chief Operating Decision-Maker assesses the performance of the operating segments based on income before income tax.

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

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	Year ended December 31, 2020				
	Packaging material business segment	Real estate business segment	Other operating segment	Adjustments and eliminations	Consolidated
Revenue from external customers	\$ 12,752,469	\$ 681,646	\$ 514,601	\$ -	\$ 13,948,716
Inter-segment revenue	2,372,373	-	11,252	( 2,383,625)	-
Total segment revenue	<u>\$ 15,124,842</u>	<u>\$ 681,646</u>	<u>\$ 525,853</u>	<u>(\$ 2,383,625)</u>	<u>\$ 13,948,716</u>
Segment profit	<u>\$ 617,939</u>	<u>\$ 79,646</u>	<u>(\$ 79,194)</u>	<u>\$ 93,909</u>	<u>\$ 712,300</u>

	Year ended December 31, 2019				
	Packaging material business segment	Real estate business segment	Other operating segment	Adjustments and eliminations	Consolidated
Revenue from external customers	\$ 15,022,644	\$ 583,098	\$ 571,699	\$ -	\$ 16,177,441
Inter-segment revenue	2,620,904	-	8,764	( 2,629,668)	-
Total segment revenue	<u>\$ 17,643,548</u>	<u>\$ 583,098</u>	<u>\$ 580,463</u>	<u>(\$ 2,629,668)</u>	<u>\$ 16,177,441</u>
Segment profit	<u>(\$ 26,194)</u>	<u>\$ 173,546</u>	<u>(\$ 27,742)</u>	<u>\$ 106,345</u>	<u>\$ 225,955</u>

Information on segment assets and liabilities was not disclosed because the Group did not provide the information to the Chief Operating Decision-Maker.

(4) Reconciliation for segment income (loss)

The revenue from external customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income.



A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations for the years ended December 31, 2020 and 2019 is provided as follows:

	Year ended December 31	
	2020	2019
Reportable segments income	\$ 712,300	\$ 225,955
Non-operating income and expenses	230,819	( 667,130)
Profit (loss) before tax and continuing operations	<u>\$ 943,119</u>	<u>(\$ 441,175)</u>

(5) Information on products and services

Revenue from external customers is primarily derived from the trading business of all kinds of tape, adhesives and real estate business. Details of sales revenue are as follows:

	Year ended December 31	
	2020	2019
Packaging materials	\$ 10,620,090	\$ 11,357,291
BOPP Film	2,132,379	3,665,353
Real estate business	681,646	583,098
Others	514,601	571,699
	<u>\$ 13,948,716</u>	<u>\$ 16,177,441</u>

(6) Geographical information

Geographical information for the years ended December 31, 2020 and 2019 is as follows:

	Year ended December 31			
	2020		2019	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 9,113,479	\$ 8,360,970	\$ 9,428,023	\$ 9,017,923
China	3,498,396	3,938,966	5,494,083	5,108,451
USA	1,177,695	879,202	1,075,796	944,838
Others	159,146	903,423	179,539	1,286,072
	<u>\$ 13,948,716</u>	<u>\$ 14,082,561</u>	<u>\$ 16,177,441</u>	<u>\$ 16,357,284</u>

(7) Information on significant customers

There was no sale to a single customer constituting more than 10% of the Group's consolidated net sales in 2020 and 2019.

YC Co., Ltd. and Subsidiaries  
Loans to others  
Year ended December 31, 2020

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

NO. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2020 (Note 3)	Balance at December 31, 2020 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short- term financing (Note 6)	Collateral		Allowance for doubtful accounts	Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
												Item	Value				
0	The Company	UINN Hotel Chuang-Yi	Other receivables	Y	\$ 100,000	\$ 100,000	\$ -	2.50%	2	\$ -	Working capital	\$ -	None	-	\$ 1,884,187	\$ 3,768,374	-
0	The Company	Investment Co., Ltd.	Other receivables	Y	150,000	150,000	-	2.50%	2	-	Working capital	-	None	-	1,884,187	3,768,374	-
0	The Company	Wong Chio Development., Ltd.	Other receivables	Y	500,000	500,000	-	2.50%	2	-	Working capital	-	None	-	1,884,187	3,768,374	-
0	The Company	YEM CHIO Wan Chio	Other receivables	Y	151,600	-	-	3.50%	2	-	Working capital	-	None	-	1,884,187	3,768,374	-
0	The Company	Petrochemical (Jiangsu) Co., Ltd.	Other receivables	Y	1,157,222	1,049,927	1,049,927	0.00%	2	-	Working capital	-	None	-	1,884,187	3,768,374	-
1	YEM CHIO	ASIA PLASTICS ACHEM	Other receivables	Y	30,320	-	-	3.00%	2	-	Working capital	-	None	-	87,918	87,918	-
1	YEM CHIO	Technology Holdings Limited Wan Chio	Other receivables	Y	151,600	-	-	3.00%	2	-	Working capital	-	None	-	87,918	87,918	-
1	YEM CHIO	Petrochemical (Jiangsu) Co., Ltd.	Other receivables	Y	151,600	-	-	4.00%	2	-	Working capital	-	None	-	87,918	87,918	-
1	YEM CHIO	The Company	Other receivables	Y	113,920	113,920	113,920	2.00%	2	-	Working capital	-	None	-	35,167	35,167	-
2	ACHEM Technology Corporation	WAN CHIO	Other receivables	Y	45,480	-	-	2.50%	2	-	Working capital	-	None	-	1,191,100	2,084,424	-
2	ACHEM Technology Corporation	Ningbo Yem Chio Co., Ltd.	Other receivables	Y	294,168	-	-	3.00%	2	-	Working capital	-	None	-	1,191,100	2,084,424	-
2	ACHEM Technology Corporation	YEM CHIO	Other receivables	Y	257,720	99,680	-	2.50%	2	-	Working capital	-	None	-	1,191,100	2,084,424	-
2	ACHEM Technology Corporation	UINN Hotel	Other receivables	Y	50,000	50,000	22,000	1.75%	2	-	Working capital	-	None	-	1,191,100	2,084,424	-
2	ACHEM Technology Corporation	Wong Chio Development., Ltd.	Other receivables	Y	50,000	50,000	50,000	1.75%	2	-	Working capital	-	None	-	1,191,100	2,084,424	-
2	ACHEM Technology Corporation	Chuang-Yi Investment Co., Ltd.	Other receivables	Y	450,000	450,000	140,000	1.75%	2	-	Working capital	-	None	-	1,191,100	2,084,424	-
2	ACHEM Technology Corporation	ACHEM Technology Holdings Limited	Other receivables	Y	848,960	427,200	142,400	2%-2.5%	2	-	Working capital	-	None	-	1,191,100	2,084,424	-
2	ACHEM Technology Corporation	The Company	Other receivables	Y	320,000	320,000	320,000	1.75%	2	-	Working capital	-	None	-	1,191,100	2,084,424	-
3	ACHEM Technology Holdings Limited	ACHEM Technology (Vietnam) Ltd.	Other receivables	Y	84,896	-	-	2.50%	2	-	Working capital	-	None	-	3,658,997	3,658,997	-
3	ACHEM Technology Holdings Limited	Ningbo Yem Chio Co., Ltd.	Other receivables	Y	294,168	-	-	3.00%	2	-	Working capital	-	None	-	3,658,997	3,658,997	-
3	ACHEM Technology Holdings Limited	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Other receivables	Y	303,200	-	-	4.00%	2	-	Working capital	-	None	-	3,658,997	3,658,997	-
3	ACHEM Technology Holdings Limited	ASIA PLASTICS	Other receivables	Y	30,010	28,480	21,502	2.50%	2	-	Working capital	-	None	-	3,658,997	3,658,997	-
3	ACHEM Technology Holdings Limited	WAN CHIO	Other receivables	Y	44,235	42,720	28,480	2.00%	2	-	Working capital	-	None	-	1,463,599	1,463,599	-

NO. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2020 (Note 3)	Balance at December 31, 2020 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short- term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
3	ACHEM Technology Holdings Limited	ACHEM Technology (Dongguan) Adhesive Products Co., Ltd.	Other receivables	Y	\$ 327,250	\$ 113,920	\$ 113,920	3.00%	2	\$ -	Working capital	\$ -	None	\$ -	\$ 3,658,997	\$ 3,658,997	-
3	ACHEM Technology Holdings Limited	Wanchio Adhesive Product (Jiangsu) Co., Ltd.	Other receivables	Y	1,049,056	965,424	965,424	2.5%~3.00%	2	-	Working capital	-	None	-	3,658,997	3,658,997	-
4	ACHEM Technology (Dongguan) Adhesive Products Co., Ltd.	Ningbo Yem Chio Co., Ltd.	Other receivables	Y	65,685	65,655	65,655	2.00%	2	-	Working capital	-	None	-	774,800	774,800	-
4	ACHEM Technology (Dongguan) Adhesive Products Co., Ltd.	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Other receivables	Y	345,941	361,103	361,103	4.35%	2	-	Working capital	-	None	-	774,800	774,800	-
5	ASIACHEM International Corporation	YEM CHIO	Other receivables	Y	136,440	-	-	2.50%	2	-	Working capital	-	None	-	1,034,336	1,034,336	-
5	ASIACHEM International Corporation	The Company	Other receivables	Y	105,035	99,680	99,680	2.50%	2	-	Working capital	-	None	-	413,734	413,734	-
5	ASIACHEM International Corporation	ACHEM Technology Holdings Limited	Other receivables	Y	480,160	455,680	455,680	2%-2.5%	2	-	Working capital	-	None	-	1,034,336	1,034,336	-
6	ACHEM Technology (Shanghai) Limited	Shaanxi Heyangder Adhesive Product Co., Ltd.	Other receivables	Y	12,978	-	-	4.35%	2	-	Working capital	-	None	-	1,224,137	1,224,137	-
6	ACHEM Technology (Shanghai) Limited	Wanchio Adhesive Product (Jiangsu) Co., Ltd.	Other receivables	Y	406,644	-	-	2.00%	2	-	Working capital	-	None	-	1,224,137	1,224,137	-
6	ACHEM Technology (Shanghai) Limited	Ningbo Yem Chio Co., Ltd.	Other receivables	Y	87,580	30,639	30,639	2.00%	2	-	Working capital	-	None	-	1,224,137	1,224,137	-
6	ACHEM Technology (Shanghai) Limited	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Other receivables	Y	724,394	724,394	724,394	2.00%	2	-	Working capital	-	None	-	1,224,137	1,224,137	-
7	Shaanxi Heyangder Adhesive Product CO., LTD.	ASIACHEM International Corporation	Other receivables	Y	47,586	-	-	3.50%	2	-	Working capital	-	None	-	-	-	-
8	Valueline Investment Corporation	ACHEM Technology Corporation	Other receivables	Y	40,000	-	-	2.00%	2	-	Working capital	-	None	-	35,739	35,739	-
8	Valueline Investment Corporation	UINN Hotel	Other receivables	Y	30,000	30,000	30,000	1.50%	2	-	Working capital	-	None	-	35,739	35,739	-
9	ACHEM Technology China	YEM CHIO	Other receivables	Y	42,448	-	-	2.50%	2	-	Working capital	-	None	-	3,128,688	3,128,688	-
9	ACHEM Technology China	ACHEM Technology Holdings Limited	Other receivables	Y	265,410	256,320	256,320	2.00%	2	-	Working capital	-	None	-	3,128,688	3,128,688	-
10	Wanchio Adhesive Product (Jiangsu) Co., Ltd.	Ningbo Yem Chio Co., Ltd.	Other receivables	Y	249,207	214,473	214,473	2.5%-4.57%	2	-	Working capital	-	None	-	311,205	311,205	-
10	Wanchio Adhesive Product (Jiangsu) Co., Ltd.	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Other receivables	Y	440,422	283,848	283,848	2.5%-4.57%	2	-	Working capital	-	None	-	311,205	311,205	-
11	Master Package (Shanghai) Material Technology Co., Ltd.	Ningbo Yem Chio Co., Ltd.	Other receivables	Y	12,978	-	-	2.00%	2	-	Working capital	-	None	-	48,769	48,769	-
11	Master Package (Shanghai) Material Technology Co., Ltd.	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Other receivables	Y	17,232	-	-	2.00%	2	-	Working capital	-	None	-	48,769	48,769	-

NO. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended 31, 2020 (Note 3)	Balance at 31, 2020 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short- term financing (Note 6)	Collateral		Allowance for doubtful accounts	Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
												Item	Value				
11	Master Package (Shanghai) Material Technology Co., Ltd.	ACHEM (Tianjin) Adhesive Product Co., Ltd.	Other receivables	Y	\$ 5,912	\$ 5,909	\$ 5,909	2.00%	2	\$ -	Working capital	\$ -	None	\$ -	\$ 121,923	\$ 121,923	-
12	Xin Chio Co., Ltd.	ACHEM Technology Corporation	Other receivables	Y	100,000	-	-	1.75%	2	-	Working capital	-	None	-	362,449	362,449	-
12	Xin Chio Co., Ltd.	Chuang-Yi Investment Co., Ltd.	Other receivables	Y	280,000	280,000	280,000	1.75%-2.5%	2	-	Working capital	-	None	-	362,449	362,449	-

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Fill in the name of account in which the loans are recognised, such as receivables-related parties, current account with stockholders, prepayments, temporary payments, etc.

Note 3: Fill in the maximum outstanding balance of loans to others for the year ended December 31, 2020.

Note 4: The column of 'Nature of loan' shall fill in 'Business transaction or 'Short-term financing'.

- (1) Business transaction.
- (2) Short-term financing.

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6: Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7: Fill in limit on loans granted to a single party and ceiling on total loans granted as prescribed in the creditor company's "Procedures for Provision of Loans", and state each individual party to which the loans have been provided and the calculation for ceiling on total loans granted in the footnote.

- (1) In accordance with the financing policy of the Company, the ceiling for total financing amount shall not exceed 40% of stockholders' equity, and separate financing amount shall not exceed 20% of stockholders' equity.
- (2) In accordance with the financing policy of YEM CHIO, the ceiling for total financing amount shall not exceed 40% of stockholders' equity, and separate financing amount shall not exceed 40% of stockholders' equity.  
If the borrowers are foreign companies whose voting rights are directly and indirectly wholly-owned by the ultimate parent company, the financing amount shall not exceed 100% of stockholders' equity.
- (3) Limit on Xin Chio Co., Ltd.'s total loans to others is 40% of the Company's net assets.  
Limit on loans to a single party with short-term financing is 40% of the Company's net assets.
- (4) Ceiling on total loans to others and limit on loans to a single party granted by Master Package (Shanghai) shall not exceed 40% of the stockholders' equity.  
If the borrowers are foreign companies whose voting rights are directly and indirectly wholly-owned by the ultimate parent company, the ceiling for total financing amount granted by Master Package (Shanghai) shall not exceed 100% of stockholders' equity.
- (5) For the short-term financing from ACHEM Technology Corporation, the total and individual lending amount shall not exceed 35% and 20% of its nets assets, respectively.
- (6) Limit on loans granted by ACHEM Technology Holdings Limited to others and to a single party shall not exceed 40% of the stockholders' equity. But for foreign companies whose voting rights are directly and indirectly wholly-owned by the ultimate parent company, the limit on loans is 100% of the stockholders' equity.
- (7) Limit on loans granted by ASIACHEM International Corporation to others and to a single party shall not exceed 40% of the stockholders' equity. But for foreign companies whose voting rights are directly and indirectly wholly-owned by the parent company of ASIACHEM International Corporation, the limit on loans is 100% of the stockholders' equity of ASIACHEM International Corporation.
- (8) In accordance with the financing policy of Valueline Investment Corporation, the ceiling for total and separate financing amount shall not exceed 40% of the stockholders' equity of the subsidiaries.
- (9) Limit on loans granted by ACHEM Technology (Shanghai) Limited to others and to a single party shall not exceed 40% of the stockholders' equity of ACHEM Technology (Shanghai) Limited.  
If borrowers are foreign companies whose voting rights are directly and indirectly wholly-owned by the ultimate parent company of ACHEM Technology (Shanghai) Limited, the limit on loans is 100% of the stockholders' equity of ACHEM Technology (Shanghai) Limited.
- (10) Limit on loans granted by ACHEM Technology (Dongguan) Adhesive Products Co., Ltd. to others and to a single party shall not exceed 40% of the stockholders' equity of ACHEM Technology (Dongguan) Adhesive Products Co., Ltd.  
If borrowers are foreign companies whose voting rights are directly and indirectly wholly-owned by the ultimate parent company of ACHEM Technology (Dongguan) Adhesive Products Co., Ltd., the limit on loans is 100% of the stockholders' equity of ACHEM Technology (Dongguan) Adhesive Products Co., Ltd.
- (11) Limit on loans granted by Shanxi Heyangder Adhesive Produce Co., Ltd. to others and to a single party shall not exceed 40% of the stockholders' equity of Shanxi Heyangder Adhesive Produce Co., Ltd.  
If borrowers are foreign companies whose voting rights are directly and indirectly wholly-owned by the ultimate parent company of Shanxi Heyangder Adhesive Produce Co., Ltd., the limit on loans is 100% of the stockholders' equity of Shanxi Heyangder Adhesive Produce Co., Ltd.
- (12) Limit on loans granted by ACHEM Technology China to others and to a single party shall not exceed 40% of the stockholders' equity of ACHEM Technology China. If borrowers are foreign companies whose voting rights are directly and indirectly wholly-owned by the ultimate parent company of ACHEM Technology China, the limit on loans is 100% of the stockholders' equity of ACHEM Technology China.
- (13) The total and individual lending amount of Wanchio Adhesive Product (Jiangsu) Co., Ltd. shall not exceed 40% of its net assets.  
However, the loans among foreign entities to which the ultimate parent company of Wanchio Adhesive Product (Jiangsu) Co., Ltd. directly or indirectly has 100% voting rights, the total and individual lending amount shall not exceed 100% of net assets of the lender company.
- (14) YEM CHIO's loan of \$113,920 to the Company was over the limit. However, the Company has repaid \$79,744 in February 2021.
- (15) As Wanchio Adhesive Product (Jiangsu) Co., Ltd. recognised impairment loss on assets of the associate, Wan Chio Petrochemical (Jiangsu) Co., Ltd., Wanchio Adhesive Product (Jiangsu) Co., Ltd.'s loans to Achem Technology (Ningbo) Co., Ltd. amounting to \$214,473, to Wan Chio Petrochemical (Jiangsu) Co., Ltd. amounting to \$283,848, were over the limit. However, Wanchio Adhesive Product (Jiangsu) Co., Ltd. has made improvement.

Note 8: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the board of directors of a public company has authorized the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance eventhough the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

YC Co., Ltd. and Subsidiaries  
Provision of endorsements and guarantees to others  
Year ended December 31, 2020

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Endorser/guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2020 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2020 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
		Relationship with the endorser/ guarantor (Note 2)	Company name											
0	The Company	ACHEM Technology (Vietnam) Ltd.	2	\$ 9,420,935	\$ 29,490	\$ 28,480	\$ -	\$ -	0	\$ 14,131,403	Y	N	N	-
0	The Company	UINN Hotel	2	9,420,935	154,000	134,000	94,000	-	1	14,131,403	Y	N	N	-
0	The Company	Wong Chio Development., Ltd.	2	9,420,935	150,000	150,000	39,000	-	2	14,131,403	Y	N	N	-
0	The Company	WAN CHIO	2	9,420,935	351,712	187,968	105,376	-	2	14,131,403	Y	N	N	-
0	The Company	YEM CHIO	2	9,420,935	1,185,232	301,888	-	-	3	14,131,403	Y	N	N	-
0	The Company	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	2	9,420,935	1,984,141	1,436,531	976,841	-	15	14,131,403	Y	N	Y	-
1	YEM CHIO	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	2	87,915	333,520	-	-	-	0	87,915	N	N	Y	-
2	WAN CHIO	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	2	-	60,640	-	-	-	0	-	N	N	Y	-
3	ACHEM Technology Corporation	ACHEM Technology (Vietnam) Ltd.	2	5,955,498	36,384	34,176	17,332	-	1	5,955,498	Y	N	N	-
3	ACHEM Technology Corporation	ACHEM Technology Holdings Limited	2	5,955,498	2,486,240	939,840	791,744	-	15	5,955,498	Y	N	N	-

Party being endorsed/guaranteed														
Number (Note 1)	Endorser/guarantor	Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2020 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2020 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
3	ACHEM Technology Corporation	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	2	\$ 5,955,498	\$ 181,806	\$ -	\$ -	\$ -	0	\$ 5,955,498	N	N	Y	-
3	ACHEM Technology Corporation	ACHEM Technology (Dongguan) Adhesive Product Co., Ltd.	2	5,955,498	30,000	30,000	30,000	-	0	5,955,498	Y	N	Y	-
3	ACHEM Technology Corporation	Wanchio Adhesive Product (Jiangsu) Co., Ltd.	2	5,955,498	181,920	87,540	71,565	-	1	5,955,498	Y	N	Y	-
3	ACHEM Technology Corporation	Ningbo Yem Chio Co., Ltd.	2	5,955,498	242,560	153,195	47,876	-	2	5,955,498	Y	N	Y	-

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly or indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Fill in limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor company's "Procedures for Provision of Endorsements and Guarantees", and state each individual party to which the endorsements/guarantees have been provided and the calculation for ceiling on total amount of endorsements/guarantees provided in the footnote.

(1) Calculation for ceiling on endorsements/guarantees provided by the Company to others and to a single party is based on 150% and 100% of the Company's net equity in the latest financial statements, respectively.

(2) Calculation for ceiling on endorsements/guarantees provided by ACHEM Technology Corporation to others and to a single party is based on 100% of stockholders' equity in the latest financial statements.

(3) For YEM CHIO, the ceiling on total amount of endorsements/guarantees provided and the limit on endorsements/guarantees provided for a single party are both calculated with 100% of net assets disclosed on the latest financial statements.

(4) For WAN CHIO, the ceiling on total amount of endorsements/guarantees provided and the limit on endorsements/guarantees provided for a single party are both calculated with 100% of net assets disclosed on the latest financial statements.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

YC Co., Ltd. and Subsidiaries  
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)  
Year ended December 31, 2020

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As at December 31, 2020				Footnote (in shares) (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
The Company	Common stock							
	Kee Tai Properties Co., Ltd.	None	Current financial assets at fair value through other comprehensive income	830,000	\$ 8,632	0.19%	\$ 8,632	-
	Unipex Global Co., Ltd.	"	Non-current financial assets at fair value through other comprehensive income	171,900	5,597	17.19%	5,597	-
Chuang-Yi Investment Co., Ltd.	Common stock							
	ASE Technology Holding Co., Ltd.	None	Current financial assets at fair value through profit or loss / current financial assets at fair value through other comprehensive income	1,912,897	\$ 155,517	0.04%	\$ 155,518	1,399,000
	Quanta Computer Inc.	"	"	4,486,000	362,917	0.12%	362,918	3,153,000
	WPG Holdings Limited	"	Current financial asset measured at fair value through other comprehensive income	2,003,120	85,934	0.11%	85,934	1,908,000
	CATCHER TECHNOLOGY CO., LTD.	"	"	192,000	39,552	0.03%	39,552	-
	Delta Electronics, Inc.	"	"	1,000	263	0.00%	263	1,000
	Formosa Chemicals & Fibre Corp.	"	"	7,000	593	0.00%	593	-
	Taiwan Cement Corp.	"	"	1,160,502	50,134	0.02%	50,134	170,000
	Taiwan Semiconductor Manufacturing Co., Ltd.	"	"	28,000	14,840	0.00%	14,840	28,000
	Mega Financial Holding Company Ltd.	"	"	297,780	8,874	0.00%	8,874	-
	LITE-ON Technology Corp.	"	"	1,997,368	99,469	0.08%	99,469	1,880,000
	Cathay TIP TAIEX+ Low Volatility Select 30 ETF	"	"	1,159,000	25,591	0.25%	25,591	-
	Kee Tai Properties Co., Ltd.	"	"	2,117,000	22,017	0.48%	22,017	2,112,000
	First Financial Holding Co. Ltd.	"	"	830,000	17,721	0.01%	17,721	-
	Fubon Financial Holding Co., Ltd.	"	"	1,453,000	67,928	0.01%	67,928	1,373,000
	Antec Inc.	"	"	245,000	27,930	0.05%	27,930	-
	CHIPBOND TECHNOLOGY CORPORATION	"	"	190,000	12,616	0.03%	12,616	170,000
	United Integrated Services Co., Ltd.	"	"	70,000	15,120	0.04%	15,120	-
	RUENTEX INDUSTRIES LIMITED	"	"	462,000	32,201	0.08%	32,201	-
	Ventec International Group Co.,Ltd.	"	"	3,700,000	251,600	5.18%	251,600	600,000
YEM CHIO	Common stock							
	YC Co., Ltd.	Ultimate parent company	Non-current financial assets at fair value through other comprehensive income	15,879,656	\$ 262,014	2.79%	\$ 262,014	-

As at December 31, 2020

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As at December 31, 2020				Footnote (in shares) (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
ACHEM Technology Corporation	Common stock							
	Glotech Industrial Corporation	None	Current financial assets at fair value through profit or loss	585	\$ 3	0.00%	\$ 3	-
	Taiwan Semiconductor Manufacturing Co., Ltd.	"	"	137,000	72,610	0.00%	72,610	-
	ASE Technology Holding Co., Ltd.	"	"	125,000	10,163	0.00%	10,163	-
	MediaTek Inc.	"	"	39,000	29,132	0.00%	29,132	-
	Realtek Semiconductor Corporation	"	"	39,000	15,230	0.01%	15,230	-
	FLEXIUM INTERCONNECT INC	"	"	25,000	3,025	0.01%	3,025	-
	INTERNATIONAL GAMES SYSTEM CO.,LTD.	"	"	4,000	3,032	0.01%	3,032	-
	Phison Electronics Corp.	"	"	30,000	9,975	0.02%	9,975	-
	NOVATEK MICROELECTRONICS CORP.	"	"	75,000	27,675	0.01%	27,675	-
	CATCHER TECHNOLOGY CO., LTD.	"	"	20,000	4,120	0.00%	4,120	-
	MICRO-STAR INTERNATIONAL CO.,LTD.	"	"	40,000	5,300	0.00%	5,300	-
	Ventec International Group Co.,Ltd.	"	Non-current financial assets at fair value through profit or loss	880,971	59,906	2.02%	59,906	-
	International Engineering & Construction Corp. (IEC)	"	Non-current financial asset measured at fair value through other comprehensive income	7,212,885	-	7.99%	-	-
	International Steel Company	"	"	143,826	1,116	3.20%	1,116	-
	Bank debenture							
	Citigroup Inc.	None	Non-current financial asset measured at fair value through other comprehensive income	-	\$ 61,204	-	\$ 61,204	-
Valueline Investment Corporation	Common stock							
	Service & Quality Technology Co., Ltd.	None	Current financial assets at fair value through profit or loss	126	\$ 6	0.00%	\$ 6	-
	YC Co., Ltd.	Ultimate parent company	Non-current financial assets at fair value through other comprehensive income	990,637	16,346	0.17%	16,346	-
	Asia Metal Industries Inc.	None	"	765	35	0.00%	35	-
	Lucky-Heart Co., Ltd.	"	"	800,000	-	6.96%	-	-
	Taiwan Virtual Reality Technologies Inc.	"	"	1,600,000	-	10.00%	-	-
ACHEM Technology Holdings Limited	Beneficiary certificates							
	Augustus Multi - Strategy Fund	None	Current financial assets at fair value through profit or loss	58,721	\$ 12,409	-	\$ 12,409	-
	Common stock							
	YC Co., Ltd.	Ultimate parent company	Non-current financial assets at fair value through other comprehensive income	1,127,226	\$ 18,599	0.20%	\$ 18,599	-
AOE Holding Limited	Bank debenture							
	Codeis Securities S.A.	None	Current financial assets at fair value through profit or loss	-	\$ 20,323	-	\$ 20,323	-
Xin Chio Co., Ltd.	Common stock							
	Taiwan Cement Corp.	None	Current financial asset measured at fair value through other comprehensive income	503	\$ 22	0.00%	\$ 22	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 'Financial instruments.'

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions



YC Co., Ltd. and Subsidiaries  
Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital  
Year ended December 31, 2020

Table 4

(Expressed in thousands of New Taiwan dollars)  
(Except as otherwise indicated)

Investor	Marketable securities (Note 2)	General ledger account	Counterparty (Note 3)	Relationship with the investor (Note 3)	Balance as at January 1, 2020		Addition (Note 4)		Disposal (Note 4)			Other changes		Ending Balance		
					Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Selling price	Book value	Gains (losses) on disposal	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount
Chuang-Yi Investment Co., Ltd.	Common stock:	1 and 2	-	-	104	\$ 34,424	2,408	\$ 843,870	2,484	\$ 966,474	\$ 966,474	\$ -	-	\$ -	28	\$ 14,840
	Taiwan Semiconductor Manufacturing Co., Ltd.															
ACHEM Technology Corporation	Common stock:	3	-	-	4,579	\$ 435,460	-	\$ -	3,698	\$ 302,462	\$ 302,462	\$ -	-	\$ -	881	\$ 59,906
	Ventec International Group Co., Ltd.															

Note 1: The numbers filled in general ledger account are as follows:

1. Current financial assets at fair value through profit or loss
2. Current financial asset measured at fair value through other comprehensive income
3. Non-current financial assets at fair value through profit or loss

Note 2: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 3: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 4: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT\$300 million or 20% of paid-in capital or more.

Note 5: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

YC Co., Ltd. and Subsidiaries  
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more  
Year ended December 31, 2020

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note 2)
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
The Company	ACHEM Technology Corporation	Subsidiary	Sales	\$ 400,386	11.46%	30 days after monthly billings	Note 4	Note 4	\$ 31,401	6.16%	None
The Company	ACHEM Industry America Inc.	An indirect subsidiary	Sales	239,905	6.87%	60 days after the receipt of shipment	Note 4	Note 4	19,461	3.82%	None
ACHEM Technology Corporation	Foshan Inder Adhesive Product Co., Ltd.	Subsidiary	Purchases	253,768	8.12%	60 days after monthly billings	Note 4	Note 4	48,253	10.37%	None
ACHEM Technology Corporation	ACHEM Industry America Inc.	Subsidiary	Sales	164,560	3.52%	60 days after monthly billings	Note 4	Note 4	54,637	5.94%	None
Wanchio Adhesive Product (Jiangsu) Co., Ltd.	ACHEM Technology Corporation	Parent company	Sales	213,226	14.46%	60 days after monthly billings	Note 4	Note 4	62,433	14.12%	None
Wanchio Adhesive Product (Jiangsu) Co., Ltd.	ACHEM Technology (Dongguan) Adhesive Products Co., Ltd	Sister company	Sales	260,750	17.69%	60 days after monthly billings	Note 4	Note 4	63,390	14.34%	None

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note 2)
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Ningbo Yem Chio Co., Ltd.	ACHEM Industry America Inc.	Sister company	Sales	\$ 200,817	31.72%	90 days after monthly billings	Note 4	Note 4	\$ 46,258	39.56%	None

Note 1: If terms of related-party transactions are different from third-party transactions, explain the differences and reasons in the 'Unit price' and 'Credit term' columns.

Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 4: The description of the transaction is not significantly different with third parties and as such, no need to disclose.

YC Co., Ltd. and Subsidiaries  
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more  
Year ended December 31, 2020

Table 6

Expressed in thousands of NTD  
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2020 ( Note 1 )	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
The Company	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	An indirect subsidiary	Other receivables \$ 1,049,927	-	\$ -	-	\$ -	\$ -
YEM CHIO	The Company	Parent company	Other receivables 114,064	-	-	-	-	-
Xin Chio Co., Ltd.	Chuang-Yi Investment Co., Ltd.	Associate	Other receivables 280,658	-	-	-	-	-
ACHEM Technology Corporation	The Company	Ultimate parent	Other receivables 320,656	-	-	-	-	-
ACHEM Technology Corporation	Chuang-Yi Investment Co., Ltd.	Sister company	Other receivables 142,650	-	-	-	-	-
ACHEM Technology Corporation	ACHEM Technology Holdings Limited	Parent company	Other receivables 145,436	-	-	-	-	-
ACHEM Technology (Shanghai) Limited	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Associates	Other receivables 724,394	-	-	-	-	-
ACHEM Technology Holdings Limited	Wanchio Adhesive Product (Jiangsu) Co., Ltd.	Sister company	Other receivables 974,916	-	-	-	-	-
ACHEM Technology Holdings Limited	ACHEM Technology (Dongguan) Adhesive Products Co., Ltd.	Sister company	Other receivables 116,251	-	-	-	-	-
ACHEM Technology China	ACHEM Technology Holdings Limited	Sister company	Other receivables 262,059	-	-	-	-	-
ASIACHEM International Corporation	ACHEM Technology Holdings Limited	Sister company	Other receivables 467,924	-	-	-	-	-
ASIACHEM International Corporation	The Company	Ultimate parent	Other receivables 101,509	-	-	-	-	-
ASIACHEM International Corporation	Wanchio Adhesive Product (Jiangsu) Co., Ltd.	Sister company	Other receivables 150,482	-	-	-	-	-
ACHEM Technology (Dongguan) Adhesive Products Co., Ltd	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Associate	Other receivables 361,103	-	-	-	-	-
Wanchio Adhesive Product (Jiangsu) Co., Ltd.	Ningbo Yem Chio Co., Ltd.	Sister company	Other receivables 217,496	-	-	-	-	-
Wanchio Adhesive Product (Jiangsu) Co., Ltd.	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Associates	Other receivables 214,473	-	-	-	-	-
ASIA PLASTICS	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Associates	Other receivables 637,564	-	-	-	-	-

Note 1: Fill in separately the balances of accounts receivable-related parties, notes receivable-related parties, other receivables-related parties.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity.

YC Co., Ltd. and Subsidiaries  
Significant inter-company transactions during the reporting period  
Year ended December 31, 2020

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	The Compnay	ACHEM Technology Corporation	(1)	Sales	\$ 400,386	30 days after monthly billings	2.87%
0	The Compnay	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	(1)	Endorsement/guarantee	976,841	Not applicable	3.28%
0	The Company	ACHEM Industry America Inc.	(1)	Sales	239,905	60 days after the receipt of shipment	1.72%
0	The Compnay	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	(1)	Other receivables	1,049,927	Depends on negotiation	3.52%
1	ACHEM Technology Corporation	The Company	(2)	Other receivables	320,656	Depends on negotiation	1.08%
1	ACHEM Technology Corporation	ACHEM Technology Holdings Limited	(1)	Endorsement/guarantee	791,744	Not applicable	2.66%
1	ACHEM Technology Corporation	Foshan Inder Adhesive Product Co., Ltd.	(1)	Purchase	253,768	60 days after monthly billings	1.82%
1	ACHEM Technology Corporation	ACHEM Industry America Inc.	(1)	Sales	164,560	60 days after monthly billings	1.18%
2	Ningbo Yem Chio Co., Ltd.	ACHEM Industry America Inc.	(3)	Sales	200,817	90 days after monthly billings	1.44%
3	ACHEM Technology (Shanghai) Limited	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	(3)	Other receivables	724,394	Depends on negotiation	2.43%
4	ACHEM Technology Holdings Limited	Wanchio Adhesive Product (Jiangsu) Co., Ltd.	(1)	Other receivables	974,916	Depends on negotiation	3.27%
5	ASIACHEM International Corporation	ACHEM Technology Holdings Limited	(3)	Other receivables	467,924	Depends on negotiation	1.57%
6	Wanchio Adhesive Product (Jiangsu) Co., Ltd.	ACHEM Technology Corporation	(2)	Sales	213,226	60 days after monthly billings	1.53%
6	Wanchio Adhesive Product (Jiangsu) Co., Ltd.	ACHEM Technology (Dongguan) Adhesive Products Co., Ltd	(3)	Sales	260,750	60 days after monthly billings	1.87%

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
7	ASIA PLASTICS	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	(3)	Other receivables	\$ 637,564	Depends on negotiation	2.14%
8	ACHEM Technology (Dongguan) Adhesive Products Co., Ltd	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	(3)	Other receivables	361,103	Depends on negotiation	1.21%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Note 5: The transactions less than 1% of consolidated total assets or consolidated sales do not need to be disclosed. The disclosure is by asset or revenue.

YC Co., Ltd. and Subsidiaries  
Information on investees (not including investees in Mainland China)  
Year ended December 31, 2020

Table 8

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			Net profit (loss) of the investee for the year ended December 31, 2020	Investment income (loss) recognised by the Company for the year ended December 31, 2020	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
The Company	YEM CHIO	BVI	Manufacturing of adhesives and polystyrene sheets; investment holdings	\$ 1,341,921	\$ 1,341,921	47,117,523	100%	\$ (215,761)	\$ 126,124	\$ 121,360	Subsidiary
The Company	Chuang-Yi Investment Co., Ltd.	Taiwan	Investment holdings	469,000	469,000	46,900,000	100%	551,624	109,694	109,694	Subsidiary
The Company	UINN Hotel	Taiwan	Hotel management and related business	25,740	25,740	-	100%	(142,436)	(35,657)	(107,358)	Subsidiary
The Company	Wong Chio Development., Ltd.	Taiwan	Undertaking civil engineering and hydraulic engineering	349,046	349,046	34,507,664	100%	320,970	(9,362)	(10,489)	Subsidiary
The Company	ACHEM Technology Corporation	Taiwan	Manufacturing of adhesives and polystyrene sheets; investment holdings	3,999,048	3,999,048	399,904,848	100%	5,780,013	703,897	728,660	Subsidiary
The Company	Xin Chio Co., Ltd.	Taiwan	Manufacturing, import and export of material packaging, computer software and hardware for cloud services and peripheral equipment, research and development, and distribution of design of above products	299,264	299,264	25,710,120	41.76%	63,433	121,385	53,624	Subsidiary
YEM CHIO	ASIA PLASTICS	BVI	Manufacturing of adhesives and polystyrene sheets; investment holdings	331,308	331,308	11,632,500	45%	1,932	922,051	-	An indirect subsidiary

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			Net profit (loss) of the investee for the year ended December 31, 2020	Investment income (loss) recognised by the Company for the year ended December 31, 2020	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
				YEM CHIO	WAN CHIO	BVI	Manufacturing and marketing of raw materials; investment holdings	\$ 834,464			
ACHEM Technology Corporation	ASIACHEM International Corporation	BVI	Investment of adhesives and related products	331,351	331,351	23,269	100%	1,034,336	292,020	-	An indirect subsidiary
ACHEM Technology Corporation	ACHEM Technology Holdings Limited	BVI	Investment of high technology industry	2,788,880	2,788,880	97,924	100%	3,651,914	305,016	-	An indirect subsidiary
ACHEM Technology Corporation	Valueline Investment Corporation	Taiwan	Investment holdings	249,287	249,287	826,089	100%	89,347	956	-	An indirect subsidiary
ACHEM Technology Corporation	ACHEM Opto-Electronic Corporation	Taiwan	Manufacturing of electronic parts and components	300,563	300,563	19,286,951	78.48%	248,539	42,647	-	An indirect subsidiary
ACHEM Technology Corporation	Xin Chio Co., Ltd.	Taiwan	Manufacturing, import and export of material packaging, computer software and hardware for cloud services and peripheral equipment, research and development, and distribution of design of above products	241,803	241,803	14,889,000	24.16%	289,365	121,385	-	-
ACHEM Technology Holdings Limited	ACHEM Technology Americas Ltd.	Cayman Islands	Investment of high technology industry	388,553	388,553	13,643,000	100%	986,962	48,784	-	An indirect subsidiary
ACHEM Technology Holdings Limited	ACHEM Technology China	Cayman Islands	Investment of high technology industry	1,857,154	1,857,154	65,209,075	100%	3,128,688	(58,998)	-	An indirect subsidiary
ACHEM Technology Holdings Limited	ACHEM Technology (Vietnam) Ltd.	Vietnam	Manufacturing and sales of various adhesives products	309,008	156,640	-	100%	186,202	(6,451)	-	An indirect subsidiary



Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			Net profit (loss) of the investee for the year ended December 31, 2020	Investment income (loss) recognised by the Company for the year ended December 31, 2020	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
ACHEM Technology Holdings Limited	WAN CHIO	BVI	Manufacturing and marketing of raw materials; investment holdings	\$ 529,728	\$ 529,728	18,600,000	31.53%	\$ (238,256)	\$ (513,168)	\$ -	An indirect subsidiary
ACHEM Technology Holdings Limited	ASIA PLASTICS	BVI	Manufacturing and marketing of raw materials; investment holdings	497,503	497,503	14,217,500	55%	38,408	922,051	-	An indirect subsidiary
ACHEM Technology Holdings Limited	ACHEM Technology (M) SDN. BHD.	Malaysia	Business of import, export and distribution	3,959	3,959	353,152	90%	20,642	1,984	-	An indirect subsidiary
ACHEM Technology Americas Ltd.	ACHEM Industry America Inc.	U.S.A.	Manufacturing and sales of various adhesives products	247,776	247,776	50,000	100%	876,733	48,986	-	An indirect subsidiary
ACHEM Opto- Electronic Corporation	AOE Holding Limited	BVI	Investment of high technology industry	60,286	60,286	4,234	100%	270,888	47,300	-	An indirect subsidiary
ACHEM Technology China	LANDMART	Samoa	Investment of high technology industry	797,440	797,440	28,000,000	100%	1,224,983	42,906	-	An indirect subsidiary

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1)The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at December 31, 2020' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.
- (2)The 'Net profit (loss) of the investee for the year ended December 31, 2020' column should fill in amount of net profit (loss) of the investee for this period.
- (3)The 'Investment income (loss) recognised by the Company for the year ended December 31, 2020' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Note 3: Indirect subsidiary's income is recognised by subsidiary.

YC Co., Ltd. and Subsidiaries  
Information on investments in Mainland China  
Year ended December 31, 2020

Table 9

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated	Amount remitted from Taiwan		Accumulated	Net income of investee for the year ended December 31, 2020	Ownership held by the Company (direct or indirect)	Investment	Book value of investments in Mainland China as of December 31, 2020	Accumulated	Footnote
				amount of remittance from Taiwan to Mainland China as of January 1, 2020	to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2020	Remitted to Mainland China	Remitted back to Taiwan			amount of remittance from Taiwan to Mainland China as of December 31, 2020		(loss) recognised by the Company for the year ended December 31, 2020 (Note 2)	
Ningbo Yem Chio Co., Ltd.	Sales of adhesives and polystyrene sheets	\$ 319,830	2	\$ 815,977	\$ -	\$ -	\$ 815,977	\$ (255,189)	100%	\$ (255,189)	\$ (563,051)	\$ -	B
Master Package (Shanghai) Material Technology Co., Ltd.	Wholesale, import and export of various wrapping materials, computer software, hardware and peripherals	173,728	1	173,728	-	-	173,728	2,847	65.92%	2,029	80,372	-	B
ACHEM (Tianjin) Adhesive Product Co., Ltd.	Sales of various adhesives products	24,208	1	20,546	-	-	20,546	(123)	65.92%	(88)	(3,666)	-	B
ACHEM Technology (Wuhan) Limited	Manufacturing and sales of various adhesives products	29,050	1	33,160	-	-	33,160	360	65.92%	257	3,161	-	B
Foshan Inder Adhesive Product Co., Ltd.	Manufacturing and sales of various adhesives products	402,294	2	158,292	-	-	158,292	67,395	62.30%	41,987	505,773	-	B
Shaanxi Heyangder Adhesive Product Co., Ltd.	Manufacturing and sale of various adhesives products, raw material, wrapping material and paper products	-	2	129,584	-	-	129,584	(2,808)	-	(2,808)	-	-	B
Fuzhou Fuda Plastic Products Co., Ltd.	Manufacturing and sales of various adhesives products and material	37,024	2	29,904	-	-	29,904	56,938	100.00%	56,938	58,897	-	C
ACHEM Technology Huizhou Adhesive Products Ltd.	Manufacturing and sales of adhesives and BOPP film	28,480	2	28,480	-	-	28,480	-	100.00%	-	23,075	-	C
ACHEM Technology (Chengdu) Limited	Manufacturing and sales of adhesives and BOPP film	4,272	2	4,272	-	-	4,272	(3,332)	100.00%	(3,332)	12,268	-	B
ACHEM Technology (Dongguan) Adhesive Products Co., Ltd.	Manufacturing and sales of adhesives and BOPP film	213,942	2	213,942	-	-	213,942	3,401	100.00%	3,401	774,800	-	B

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Net income of investee for the year ended December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2020 (Note 2)	Book value of investments in Mainland China as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
ACHEM Technology (Shanghai) Limited	Manufacturing and sales of adhesives and BOPP film	\$ 458,528	2	\$ 458,528	\$ -	\$ -	\$ 458,528	\$ 42,943	100%	\$ 42,943	\$ 1,224,137	\$ -	B
Winda Opto- Electronics Co., Ltd.	Manufacturing and sales of polarizing film, photoelectric material, optical thin-film and polarizing adhesives	413,845	2	122,521	-	-	122,521	228,717	37.42%	85,584	461,699	375,271	B
Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Manufacturing and sale of various plastic materials	2,278,400	2	1,364,192	-	-	1,364,192	(1,016,910)	90.58%	(921,117)	(1,131,615)	-	B
Wanchio Adhesive Product (Jiangsu) Co., Ltd.	Manufacturing and sale of various plastic materials	768,960	2	768,960	-	-	768,960	(121,129)	100.00%	(121,129)	311,205	-	B
WAN DAO New Material	Manufacturing and sales of adhesives and polystyrene sheets	-	2	-	-	-	-	(16,241)	-	(16,241)	-	-	B

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
YC CO., LTD.	\$ 1,030,033	\$ 1,048,545	\$ 5,986,076
ACHEM Technology Corporation	3,000,724	3,526,337	3,819,194
Xin Chio Co., Ltd.	227,434	227,434	543,673

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others.

Note 2: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2020' column:

- (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
  - A. The financial statements were audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
  - B. The financial statements were audited and attested by R.O.C. parent company's CPA.
  - C. Unaudited and unattested (reiewed) financial statements for the same periods ended.
  - D. Others.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: (1) The Company's accumulated amount of remittance to Mainland China as of December 31, 2020 was USD 36,167 thousand, and the amount approved by MOEA was USD 36,817 thousand.

(2) ACHEM Technology Corporation's accumulated amount of remittance to Mainland China as of December 31, 2020 was USD 102,362 thousand, (in addition there is USD 2,342 thousand to be remitted) and the amount approved by MOEA was USD 123,818 thousand.

(3) Xin Chio Co., Ltd.'s accumulated amount of remittance to Mainland China as of December 31, 2020 was USD 7,986 thousand, and the amount approved by MOEA was USD 7,986 thousand.

YC Co., Ltd. and Subsidiaries

Major shareholders information

December 31, 2020

Table 10

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
YING CHUNG CO., LTD.	40,475,988	6.91%
INGS CHYUANG INTERNATIONAL CO., LTD.	40,353,436	6.89%
ASIA PLASTICS CO., LTD.	39,746,195	6.79%
Li, Zhi-Xian	31,178,385	5.32%

Note: The major shareholders' information was derived from the data using the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference in calculation basis.