

Stock Code : 4306



炎洲集團
YC GROUP

YEM CHIO CO., LTD.
2020 Annual Report

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<http://mops.twse.com.tw/>

Information declaration website designated by the Securities and Futures Bureau

2020 Annual Report is available at : <http://www.ycgroup.tw/>

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2.Headquarters, Branches and Plant

Headquarters

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3.Stock Transfer Agent

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4.Auditors

PwC Taiwan Accounting Firm
Auditors: Accountant Yifan Lin, Accountant Jingchang Chen
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5.Overseas Securities Exchange

None

6.Corporate Website

<http://www.ycgroup.tw>

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I. Letter To Shareholders

Dear Shareholders,

YEM CHIO has continued its pruning strategy within the group in recent years, as well as approaches including re-examining products, production capacity, plant efficiency, organizational adjustments, and information-based process management. Therefore, facing the impact of coronavirus in 2020, the group's operating performance has grown against the trend. With an EPS of 1.5NTD, operating profit has increased significantly, gross profit margin has increased from 12% in the same period of 2019 to 16% in 2020, and operating income has increased as well, increasing 215% from the same period in 2019. Meantime, the group's financial structure has been improved, debt ratio has dropped from 71% by the end of 2019 to 67% by the end of 2020, and dropped to less than 65% in first quarter of 2021, indicating that the strategy and direction of the group reform is correct. All reform measures will proceed in the future to improve the operating efficiency of the group.

Looking forward to the post-epidemic era in 2021, we suppose that packaging materials will continue to increase business opportunities this year due to the pandemic measures of less contact between people, and the industry growth trend is expected to remain unchanged. The active operating policies adopted by the group are as follows:

- (1) Continue planned disposal for those industries and products with no operating performance or growth potential.
- (2) Construct PVC tape production line in Vietnam and mass production this year.
- (3) Planning to expand investment group's specialty chemical industry with higher gross profit margins.
- (4) Research and develop new products with high growth potential.
- (5) Strengthen corporate governance and corporate social responsibility, and set targets for energy conservation and carbon reduction to be completed within 5 years.

After the group activated idle assets in different places in order to improve financial structure actively, in the future we will be more cautious in investing, planning to adjust direction to light assets, and business strategies will shift from heavy capital expenditure that emphasizes vertical integration in production to horizontal integration focusing on product innovation. The development goal is focusing on green products that comply with EU ROHS and REACH regulations and products with good growth potential.

Finally, I would like to thank all shareholders for their support once again, as I continue to exert my best efforts and remain conscientious, while being expected to keep bringing better performance to reward every shareholder.

Sincerely yours,

Chairman



Business report

1. Operating Performance in 2020

(1) Business plan implementation results

- 1) Sales: The consolidated net sales revenue in 2020 was 13,948,716 thousand NTD, a decrease of 13.8% compared with 2019, among them, the sales of the packaging materials division was 12,752,469 thousand NTD, accounting for 91%.
- 2) Production: Amount of spread in 2020 was approximately 1,745.93 million square meters, film production volume 102,428 tons.

(2) Consolidated business results summary (Unit: NT\$thousand)

	2020
Operating Revenue	13,948,716
Operating Costs	11,649,517
Operating Margin	2,299,199
Operating Expenses	1,586,899
Operating Profit	712,300
Net Non-operating Income	230,819
Income before Tax	943,119

(3) Financial Revenue and Expenditure and Profitability analysis

The Consolidated income and expenditure overview comparison is illustrated as follows:

Income: (Unit: NT\$thousand)

	2020	2019	Percent Change
Operating Income	13,948,716	16,177,441	-13.8%
Non-Operating Income	1,810,502	723,150	150.4%
Total	15,759,218	16,900,591	-6.8%

Expenditure : (Unit: NT\$thousand)

	2020	2019	Percent Change
Operating Cost	11,649,517	14,293,020	-18.5%
Operating Expense	1,586,899	1,658,466	-4.3%
Non-Operating Expense	1,579,683	1,390,280	13.6%
Total	14,816,099	17,341,766	-14.6%

(4)Revenue structure analysis:

The company's consolidated net revenue in 2020 was NT\$13.95 billion. The total net revenue of each department of the company is illustrated as follows:

(Unit: NT\$thousand)

	Amount	Proportion
Packaging Materials Division	12,752,469	91%
Real Estate Division	681,646	5%
Other Operations	514,601	4%
Total	13,948,716	100%

(5)Research development status:

The company's short-term research and development direction is to meet the needs of the market and customers, develop or adjust adhesive formulation and add different coating technologies to produce products that can be commodified.

In the mid-term, it will be vertically integrated upwards by organizational adjustments, recruitment of R&D personnel, and increasing our own development abilities for various films year by year to make products that are differentiated from the market.

Person in Charge: Zhixian Li Manager: Zhixian Li Accountant in charge: Xueru Liu

2. Business Plan for 2021

(1) Operating Strategy

In 2021, the group's consolidated revenues are advancing with the goals of continuous growth compared to the previous year, and promoting development of new products and upgrading equipment by improving the efficiency of automation to improve the production efficiency of existing factories.

(2) Expected Sales Volume

- 1) The annual production of various tapes exceeds 2.2 billion square meters, of which the output of BOPP tape and PVC tape ranks first and second in the world.
- 2) With an annual output of about 70,000 tons of BOPP film, the scale of operation ranks first in Taiwan.

(3) Important production and sales policies

Production and sales projects across various industries, including BOPP film, different types of adhesive tapes, glue, special chemicals and raw materials, various packaging materials, construction/development, hotels, and investment in optoelectronics, electronics and other fields; continue to carry forward production of core technologies of the group, which are various adhesive tapes, BOPP and PVC films, semiconductor industry-related special chemicals and glues.

3. Future company development strategy

We aim to develop core products of various adhesive tapes for vertical integration upstream and downstream, from raw material production in the upstream, tape manufacturing and processing in the midstream, to brands, sales channels and processing and distribution centers in the downstream; establishing YEM CHIO to become the world's only vertically integrated and most complete packaging material production and sales company. In addition, the company will implement the policy of pruning to remove the company's non-industry investment and assets, including idle factories or equipment that does not meet the efficiency goals, so as to achieve the company's best ROE and ROA. Furthermore, with integrity as the basis of sustainable operations, we will develop our business and fulfill our social responsibilities under the self-requirements of pragmatism, diligence, agility and innovation.

4. The Impact of the External Competitive Environment, Regulatory Environment, and Macroeconomic Conditions: none

II. Company Profile

2.1 Establishment date: 1978/3/7

2.2 Company history:

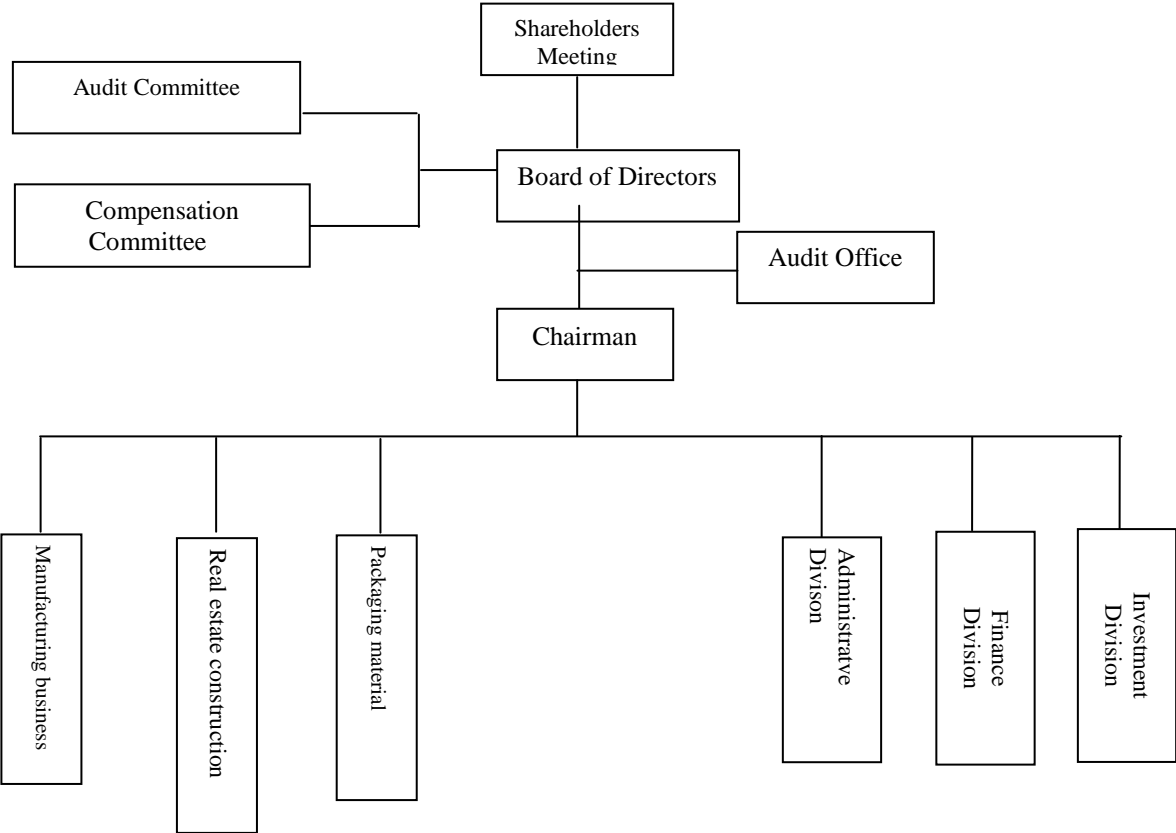
- 1977: The preparatory office of YEM CHIO Company was established, and the company mainly engaged in the sales of packaging tape.
- 1978: The company was formally established, focusing on the trading business, and its business includes various packaging materials such as cover packaging tape, double-sided tape, packing tape, baler, plastic bag, and paper processing.
- 1984: With the implementation of internal entrepreneurship measures, the province's first sales office "Taoyuan Sales Office" was formally established.
- 1986: Established Banqiao and Neihu sales offices.
- 1987: Established Zhonghe and Zhongli sales offices, and invested in plastic bag production plants in the same year.
- 1988: Established Linkou and Sanchong sales offices.
- 1989: Established the Taichung sales office, and the packing tape manufacturing plant was put into production in the same year.
- 1990: Established business offices in Hsinchu, Chiayi, Tainan.
- 1991: Shulin, Wugu, Yunlin, Kaohsiung, Yangmei, Changhua and other business offices have been established one after another, and each business office has grown extensively. In the same year, the tape production and the construction of factories in Changhua Fangyuan Industrial Zone have been started, and the business network across the province has been roughly completed.
- 1992: The first production line of Changhua No. 1 Plant was officially put into operation, producing various self-adhesive tapes.
- 1993: Added second production line to produce OPP tape.
- 1994: Invested in resin factory to produce adhesives such as acrylic water glue, rubber and color paste. At the same time, adding the third tape production line.
- 1995: The Yilan sales office was established, and the fourth glue spreading machine was added.
- 1996: The construction of the Taishan office building in Taipei officially started. In the same year, Changhua Fangyuan No. 1 Plant added the fifth glue machine to expand production. In June, Changhua No. 2 Plant started construction, it will be used for the sixth, seventh, and eighth production lines of adhesive tape and the No. 2 resin plant after completion of building.
- 1997: The Changhua Changbin Plant No. 6 machine was officially put into production, and the automatic slitting machine imported from Italy started production in the same year.
- 1998: In April, the Securities and Futures Commission of the Ministry of Finance approved the Company's public offering of shares.
In June, Changhua Plant No. 2 added its seventh production line.
In October, the Company obtained the international ISO 9002 quality assurance system certification.
In November, the second resin factory and the second set of fully automatic slitting machine were added.
- 1999: The Taishan Office Building of the Taipei Headquarters was officially completed and put into formal use.
In October, was granted the 4th Golden Peak Award for Outstanding Enterprise Leaders.
The second plant in Changhua added an eighth production line and a fifth set of water glue reactor.
The amount of capital increased to NT\$45 million.
- 2000: Since April, stocks were listed on OTC as Class II stocks for trading.
In June, Changhua No. 1 Plant added the first PVC tape production line.
In July, Changhua Plant No. 2 added a warehouse building to be completed as a distribution center.
In September, won the first National Outstanding Enterprise Gold Award.
In October, was elected as a model of the 23rd ROC Youth Entrepreneurship.
In December, PVC products passed UL certification.
The amount of capital was increased to NT\$362.25 million.
- 2001: In January, the 9th OPP production line and the first set of oil glue reaction equipment were added.
In April, officially switched to general stocks for listing.
In September, the expansion of Changhua Plant No. 2 was completed.
The amount of capital was increased to NT\$440.3625 million.
- 2002: In January, the enterprise management resource integration (ERP) system was introduced and officially launched.
In February, invested in Ningbo, China and set up a factory.
The amount of capital was increased to NT\$557.3862 million.
- 2003: In March, Changhua No. 2 Plant added two sets of water glue reactors.

- In April, Changhua No. 2 Plant added an OPP production line.
 In July, Changhua Plant 3 started construction of the BOPA Film.
 The amount of capital was increased to NT\$721,606,640.
- 2004: In March, the Ningbo plant in mainland China added its second BOPP film production line.
 In April, the BOPA Film production line of Changhua Plant 3 was set up.
 The amount of capital was increased to NT\$726,605,630.
- 2005: The amount of capital was increased to NT\$916,676,530.
- 2006: In February, Wongchio Construction Co., Ltd. was established to expand the business to multinational enterprise groups such as manufacturing, service and construction.
 In August, the fourth BOPP film production line was added at Zhangbin Film No. 3 Plant.
 In December, the first hotel-"Youguan Top Business Hotel" broke ground in Linkou.
 The amount of capital was increased to NT\$1,121,958,010
- 2007: In July, its subsidiary, Wongchio Construction, officially launched the "World Continent" construction project in Linkou.
 In October, the sale of the "Continent of the World" project was completed.
 In November, applied for transfer of listing with the Taiwan Stock Exchange.
 The amount of capital was increased to NT\$1,461,795,620.
- 2008: Listed on the OTC in January.
 In March, its subsidiary, Wongchio Construction, officially launched the "Urban Continent" project in Linkou.
 In June, the subsidiary Youguan Boutique Hotel was opened.
 The amount of capital was increased to NT\$1,623,194,500.
- 2009: In January, the related company, Ningbo YEM CHIO (formerly known as Ningbo Yashuo Technology Co., Ltd.) added a third BOPP Film production line.
 In October, Changhua No. 2 Plant was awarded the National Excellent Bonded Factory by the State Taxation Bureau.
 In December, acquired the Achem Technology Corporation (formerly known as Asia Chemical Co., Ltd.).
 The amount of capital was increased to NT\$2,126,886,960.
- 2010: In April, the sixth BOPP film production line was added at Zhangbin Film No. 3 Plant.
 In May, Morgan Stanley included YEM CHIO as a constituent stock of the MSCI Global Small and Medium Index.
 In October, its subsidiary, Wongchio Construction, launched the "Fenghuayuan" and Linkou "Yunpin" projects in Zhongshan District, and established Xinchio Global Co., Ltd.
 In November, Changhua No. 2 Plant was awarded the title of Excellent Bonded Factory by the Directorate General of Customs, Ministry of Finance.
- 2011: In March, signed a BOPP film supply contract with 3M Lipeng International.
 In May, acquired Tianchi Technology Co., Ltd.
 In June, the seventh BOPP film production line was added at Zhangbin Film No. 3 Plant.
 In July, the affiliated company Wongchio Construction disposed the land in Neihu District, Taipei City.
 In December, sold Xinchio Global Co., Ltd. to its affiliate Tianchi Technology Co., Ltd.
 The amount of capital increased to NT\$2,965,690,370.
- 2012: Joint venture investment with subsidiary Achem Technology Corporation (formerly known as Asia Chemical), invested in Achem Petrochemical, an upstream raw material, with an estimated annual output of 80,000 tons of acrylic acid.
 The amount of capital was increased to NT\$3,944,169,250.
- 2013: In August, its subsidiary, Wongchio Construction, publicly launched the Xinzhuang "Wongchio MORE" and Linkou "Wongchio Premium" projects.
 In December, sold packaging materials business unit to its subsidiary, XinChio Global, in December.
 The amount of capital was increased to NT\$ 3,959,698,600.
- 2014 : In February, an office building on Chengde Road was purchased from Shin Kong Group.
 In June, its subsidiary, Wongchio Construction, purchased an office building on Chongqing South Road from the Pacific Cultural Foundation.
 In June, its subsidiary, Achem Adhesive Products (Jiangsu) Co., Ltd. (Haian Factory) started constructing.
 The amount of capital was increased to NT\$4,649,609,430.

- 2015: In March, the company disposed of land and buildings in the Jianglin section of Linkou.
In April, its subsidiary, Wongchio Construction, acquired the land of Beitou Sanhe Section.
In August, the group headquarters moved to Neihu District, Taipei City, and a housewarming inauguration ceremony was held in November.
In September, its subsidiary, WongChio Construction, that is a main shareholder was merged into the company, and another subsidiary, Yuzhou Construction, was renamed WongChio Development.
In November, the company sold the Taishan factory and office building to its subsidiary, XinChio Global, as a distribution center.
- 2016: In January, the amount of capital decreased to NT\$4,512,842,260 after buying treasury stocks and capital reduction.
In February, its subsidiary, Uinn Travel (Zhongzheng Pavilion), officially opened.
- 2017: In January, its subsidiary, Uinn Business Hotel (Shilin Pavilion), officially opened.
In October, Achem Technology Corporation, a subsidiary of the company, became a wholly-owned subsidiary of the company by way of share conversion, and ceased stock trading and public offering since October 25, 2017 on the basis of share conversion date. After the share conversion, the amount of capital increased to NT\$5,348,213,370.
- 2018: In January, the amount of capital was NT\$5,300,622,690 after buying treasury stocks.
In March, its subsidiary Wongchio Development publicly launched the "Wongchio Yipin" project in Linkou.
In October, its subsidiary in the US, Asian Chemical Industry Corporation, sold the plant in CA 90703 with a building area of 127,634 square feet (approximately 3,587 pings) and the total transaction amount was approximately US\$29.1 million.
In November, the Asian Chemical Industry Corporation acquired the plant in Fullerton, with a building area of 105,322 square feet (approximately 2,960 square feet), and the total transaction amount was approximately US\$20.96 million.
- 2019: In June, an audit committee was established in accordance with the law, and all independent directors set up an audit committee to replace the supervisory authority.
In August, the shares obtained from the share conversion were used for reducing capital, the amount of capital was changed to \$NT5,718,341,730.
- 2020: In March, the lease-repurchase of land number 490 and 491 in the Shanglin Section of Changhua covers an area of 41,964.98 square meters (approximately 12,694 square meters), and the total transaction amount is approximately NT\$378 million.
In March, the amount of capital was 5,700,041,730 after the registration of retirement in the 11th treasury stock and capital reduction completed.
- 2021: The number of untransferred employee shares for the 12th treasury stock term in March was 9,380 thousand shares, and the shares will be disposed in accordance with relevant laws and regulations.

III. Corporate Governance Report

3.1.1 Organization
Organizational Structure



3.1.2 Main Business Operations

Department	Functions
Audit Committee	The main purpose is to supervise the following matters: 1. Appropriate expression of the company's financial statements. 2. The selection (dismissal) and independence and performance of certified accountants. 3. Effective implementation of the company's internal control. 4. The company complies with relevant laws and regulations. 5. The management and control of the company's existing or potential risks.
Compensation Committee	Formulate and regularly review the policies, systems, standards and structure of chairman and managers' performance evaluation and remuneration, as well as regular evaluations and determine their remuneration.
Chairman	The formulation of the company's long-term business development strategy. Comprehensive management of the entire company. Comprehensively manage the coordination of the organization and business of each unit. Shaping the company's corporate image and establishing external relations.
Audit Office	The establishment, revision and implementation of the internal audit system.
Manufacturing Business	Comprehensive management of the production and marketing operations of the Group's tape and film manufacturing businesses. Planning and management of operational strategies. Establishment of operating bases, customer development and management.
Real Estate Construction	Comprehensively managing the operation and management of group construction, hotel and other real estate businesses. Planning and management of operational strategies. Real estate development and management.
Packaging Material	Comprehensive management of the development and operation management of the packaging material channel of the Group. Planning and management of operational strategies. Establishment of operating bases, customer development and management.
Administrative Division	Responsible for risk control, administration, legal affairs, information technology, human resources and other related businesses, and provide support and assistance for overseas related affairs.
Finance Division	Responsible for finance, accounting and other related businesses, and directly governs the financial and accounting units domestic and abroad.
Investment Division	Responsible for group investment evaluation and execution of related business

3.2 Directors, Supervisors, General Manager, Deputy General Manager, Associates, Departments and Branch Officers Information

3.2.1 Directors and Supervisors

1.Information about Directors

3 31,2021

Title	Nationality/ Place of Incorporation	Name	Gender	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks	
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation		
Chairman	ROC	Ings Chyung International Co., Ltd.	-	06.20, 2019	3	06.28, 2016	37,720,070	6.62%	40,353,436	7.01%	-	-	-	-	-	-	-	-	-	-	-
		Representative: Zhixian Li	M	-	-	-	-	-	30,878,385	5.36%	4,228,687	0.73%	-	-	23rd ROC Youth Entrepreneurship, Chairman and General Manager of YEMCHIO Company, Master of Business Administration from Bellington University, USA	The company: General manager. Other companies: Chairman of ENCHUAN International and Director of Behavior Tech Computer Corp.	Financial Officer CEO	Shuwei Li Qizheng Li	Father and Son	1	
Dir	ROC	Asia Plastics Co., Ltd.	-	06.20, 2019	3	06.28, 2013	37,152,456	6.52%	39,746,195	6.90%	-	-	-	-	-	-	-	-	-	-	-
		Representative: Sishan Lin	M	-	-	-	-	-	2,790,312	0.48%	1,995,254	0.35%	-	-	General Manager of Hausen Construction Company, Mingdao Middle School	The company: None Other companies: Chairman and General Manager of Hausen Construction Company	-	-	-	-	-
Independent Director	ROC	YanJun Chen	M	06.20, 2019	3	06.20, 2019	-	-	-	-	-	-	-	-	Chairman, General Manager, Chief Investment Strategy Officer of Can Star Netecon (Stock) Company, Chairman, Chief Executive Officer, Chief Risk Control Officer, General Manager of Group Finance, Chairman of Can Star International Travel Service (Stock) Company, Special Force Vice Chairman and Chief Strategy Officer of Hele (Stock) Company, Chief Financial Officer of Tellus (Stock) Company Group, Deputy General Manager of Business and Marketing Development Center National Taiwan University Institute of International Enterprise	The Company: None Other Companies: Independent Director of Universal Vision Biotechnology Co., Ltd., Supervisor of Auras Technology Co., Ltd., Technology Co., Ltd., Chairman of Junlin Co., Ltd.	-	-	-	-	-
Independent Director	ROC	Shun Fa Chen	M	06.20, 2019	3	06.20, 2019	-	-	-	-	-	-	-	-	Partner Accountant of PwC Taiwan Department of Accounting, National Chung Hsing University	The Company: None Head of Luchang Management Consulting Co., Ltd., Independent Director of Solidwizard Technology Co., Ltd., Independent Director of Aurotek Corporation, Independent Director of Xinchao Global Co., Ltd.	-	-	-	-	-
Independent Director	ROC	Jian Chuan Wang	M	06.20, 2019	3	06.20, 2019	-	-	-	-	10,000	0.00%	-	-	Advisor of the Ministry of Economic Affairs, member of the Industry Advisory Committee of the Ministry of Economic Affairs PhD in Economics, Purdue University	The Company: None Other Companies: Vice President of the China Economic Research Institute/Director of the Third Research Institute, the 9th Chairman of the Taiwan Asia-Pacific Industrial Analysis Professional Association, Supervisor of ECSY Network Co., Ltd and representative of the Corporate Director of the Asia Pacific Emerging Industry Management Co., Ltd.	-	-	-	-	-

Note:

1. Please refer to pages 348 to 359 for information on those concurrently serving as directors and supervisors of various affiliated companies of the company.
 2. If the Chairman of the company and the General Manager or the person with equivalent position (the top manager) are the same person, each other's spouse or relatives, the reason, rationality, necessity and corresponding measures (such as increasing the number of independent directors) should be explained. Moreover, there should be more than half of the directors not serving as employees or managers, etc.
- Related information: The Chairman of the company is also serving as the General Manager in order to improve operating efficiency and decision-making execution. At present, more than half of the directors of the Board of Directors do not serve as employees or Managers, however, in order to strengthen corporate governance, the company has actively trained suitable candidates. When the company held a re-election at the 2019 shareholders meeting, the number of independent directors that were elected was higher than that of ordinary directors in order to enhance the functions of the Board of Directors and strengthen the supervisory function.

2. Corporate Shareholders

Major shareholders of corporate shareholders

04 26,2021

Name of corporate shareholder	Major shareholders of corporate shareholders	Shareholding ratio%
Ings Chyuan International Co., Ltd.	Zhixian Li, Shuwei Li, Qizheng Li, Yujuan Wang, Asia Plastics Co., Ltd.	100%
Asia Plastics Co., Ltd.	Ings Chyuan International Co., Ltd., Yujuan Wang, Behavior Tech Computer Corp, Shuwei Li, Qizheng Li, Zhixian Li	100%

Major shareholders of the Company's major institutional shareholders

04 26,2021

Name of corporate shareholder	Major shareholders of corporate shareholders	Shareholding ratio%
Asia Plastics Co., Ltd.	Ings Chyuan International Co., Ltd, Yujuan Wang, Behavior Tech Computer Corp, Shuwei Li, Qizheng Li, Zhixian Li	100%
Ings Chyuan International Co., Ltd.	Zhixian Li, Shuwei Li, Qizheng Li, Yujuan Wang, Asia Plastics Co., Ltd.	100%
Behavior Tech Computer Corp	Zhixian Li, Shuwei Li, Qizheng Li, Yujuan Wang	100%

3. Director's Information

03 31,2021

Name	Criteria	Meets One of the Following Professional Qualification Requirements, Together with at Least Five Years of Work Experience			Independence Criteria (Note)												Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director		
		An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12			
Chairman	Ings Chyuang International Co., Ltd Representative: Zhixian Li																		
Director	Asia Plastics Co., Ltd. Representative: Sishan Lin			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	Yan Jun Chen		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Independent Director	Jian Chuan Wang	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Independent Director	Shun Fa Chen		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3

Note:

1. The number of fields is adjusted according to the actual number.
2. Please tick the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the term of office.
 - (1) Not an employee of the Company or any of its affiliates.
 - (2) Not a director or supervisor of the Company or any of its affiliates. Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.
 - (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
 - (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.
 - (5) Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company or who holds shares ranking in the top five holdings.
 - (6) Not more than half of the company's director seats or voting shares are directors, supervisors or employees of other companies are controlled by the same person. Not applicable for independent directors who are concurrently in parent company, subsidiary or subsidiary of the same parent company in accordance with this law or local laws and regulations.
 - (7) Not a director, supervisor or employee of other companies or institutions who are the same person or spouse with the chairman, general manager or equivalent positions of the company. Not applicable for independent directors established by the company is concurrently in parent company, subsidiary or subsidiary of the same parent company in accordance with this law or local laws and regulations.
 - (8) Not a director, supervisor, officer, or shareholder with 5% or more of the shares, of a specified company or institution which has a financial or business relationship with the Company. Not applicable in cases where a specific company or institution holds more than 20% of the company's total issued shares, but not more than 50%, and independent directors established by the company is concurrently in parent company, subsidiary or subsidiary of the same parent company in accordance with this law or local laws and regulations.
 - (9) Not a professional individual who received a cumulative amount of remuneration in the last two years not exceeding NT\$500,000 and is an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof. However, members of the Compensation and Compensation Committee, the Public Acquisition Establishment Committee or the M&A Special Committee, which supplement their powers in accordance with the Securities Exchange Act or the relevant laws and regulations of the Corporate Mergers and Acquisitions Act, are not limited to this.
 - (10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
 - (11) Not been a person of any conditions defined in Article 30 of the Company Law.
 - (12) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

3.2.2 General Manager, Deputy General Manager, Associate, Heads of Departments and Branches

03 31, 2021

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Exposure (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
General Manager	ROC	Zhixian Li	M	07 01, 2017	30,878,385	5.36%	4,228,687	0.734%	—	—	23rd ROC Youth Entrepreneurship , Chairman of Yanzhou Company, Master of Business Administration from Bellington University, USA	The company: Chairman and General Manager Other companies: Chairman of Ings Chyuang International Co., Ltd and Director of Behavior Tech Computer Corp.	Financial Officer CEO	Shuwei Li Qizheng Li	Father Son
Group CEO	ROC	Yousheng Lin	M	07 01, 2018	359,748	0.06%	1,622	0.0003%	—	—	Department of Sericulture, Cultural University	Director of Achem Technology Corporation	-	-	-
Deputy CEO	ROC	Qiang Xie	M	11 08, 2016	139,057	0.02%	245,780	0.04%	—	—	Secretary of Directorate General of Customs, Ministry of Finance & Master of Management, National Taiwan University	None	-	-	-
CEO	ROC	Qizheng Li	M	07 01, 2018	5,219,409	0.91%	207,000	0.04%	—	—	Chief Operating Officer and Deputy Chief Executive Officer of Achem Technology Corporation in China, Master of Mechanical Engineering, National Taiwan University	Vice Chairman of Achem Technology Corporation	General manager Financial Officer	Zhixian Li Shuwei Li	Father and son Brothers
CEO	ROC	Wenrong Jiang	M	07 01, 2018	393,962	0.07%	7,332	0.001%	—	—	General Manager of Packaging Materials Division and Director of YemChio Company, National Chengchi University Business Management-Master of Global Taiwanese Business Class	The Company: CEO Chairman of XinChio Global, Director of Master Bao (Shanghai) Company, Achem (Tianjin) Company and Achem (Wuhan) Company	-	-	-
Financial Officer ¹	ROC	Jianyu Lin	M	04.01, 2013	14,000	0.002%	-	-	—	—	Master of Finance, Drexel University, Pennsylvania, USA	Our company: Director of Investment Division	-	-	-
Financial Officer ¹	ROC	Shuwei Li	M	04.01, 2020	5,437,654	0.94%	-	-	—	—	General Manager of Ningbo YemChio; Master of International Business, Ming Chuan University	The Company: CEO Other Companies: Director of Wongchio Company	CEO Director	Li Zhixian Qizheng Li	Father and son Brothers

Note:

1. Finance Director Jianyu Lin resigned on April 1, 2020, Shuwei Li took over on April 1, 2020
2. Please refer to pages 348 to 359 for information on those concurrently serving as directors and supervisors of various affiliated companies.
3. If the chairman of the company and the general manager or the person with equivalent position (the top manager) are the same person, each other's spouse or relatives, the reason, rationality, necessity and corresponding measures (such as increasing the number of independent directors) should be explained. Moreover, there should be more than half of the directors not serving as employees or managers, etc.

Related information: The Chairman of the company is also serving as the general manager in order to improve operating efficiency and decision-making execution. At present, more than half of the directors of the Board of Directors do not serve as employees or Managers, however, in order to strengthen corporate governance, the company has actively trained suitable candidates. When the company was re-elected at the 2019 shareholders meeting, the number of independent directors elected was higher than that of ordinary directors, in order to enhance the functions of the Board of Directors and strengthen the supervisory function.

3.2.3 Remuneration of Directors (Including Independent Directors), Supervisors, President, and Vice Presidents

Remuneration of Directors (Including Independent Directors)

Unit: NT\$ thousands

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%) ¹⁰		Relevant Remuneration Received by Directors who are Also Employees						Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) ¹⁰		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary ¹¹	
		Base Compensation (A) ²		Severance Pay (B)		Directors Compensation(C) ³		Allowances (D) ²				Salary, Bonuses, and Allowances (E) ⁵		Severance Pay (F)		Employee Compensation (G) ⁶					
		The company	All companies in the consolidated financial statements ⁷	The company	Companies in the consolidated financial statements ⁷	The company	Companies in the consolidated financial statements ⁷	The company	Companies in the consolidated financial statements ⁷	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements ⁷	The company	Companies in the consolidated financial statements ⁷	The company		Companies in the consolidated financial statements ⁷			The company
Chairman	Ings Chyung International Co., Ltd Representative : Zhixian Li	300	365	-	-	-	-	120	150	0.05%	0.06%	2368	2368	--	-	-	-	-	0.35%	0.36%	None
Director	Asia Plastics Co., Ltd. Representative : Sishan Lin																				
Independent Director	Yan Jun Chen																				
Independent Director	Jian Chuan Wang																				
Independent Director	Shun Fa Chen																				

1. Please state the policy, system, standard and structure of the remuneration payment for independent directors, and state the relevance to the amount of remuneration based on the responsibilities, risks, investment time and other factors: the company's directors' remuneration currently adopts a fixed amount.

2. Except as disclosed in the above table, the remuneration received by the directors of the company for providing services to all companies in the financial report (such as serving as a consultant for non-employees, etc.) in the most recent year: None

Table of Remuneration

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company ⁸	Companies in the consolidated financial statements ^{9,H}	The company ⁸	Companies in the consolidated financial statements ^{9,I}
Under NT\$1,000,000	Ings Chyung International Co., Ltd Representative: Zhixian Li Asia Plastics Co., Ltd. Representative: Sishan Lin, YanJun Chen, Shun Fa Chen, Jian Chuan Wang	Ings Chyung International Co., Ltd Representative: Zhixian Li Asia Plastics Co., Ltd. Representative: Sishan Lin, YanJun Chen, Shun Fa Chen, Jian Chuan Wang	Asia Plastics Co., Ltd. Representative: Sishan Lin, YanJun Chen, Shun Fa Chen, Jian Chuan Wang	Asia Plastics Co., Ltd. Representative: Sishan Lin, YanJun Chen, Shun Fa Chen, Jian Chuan Wang
NT\$1,000,000~NT\$1,999,999				
NT\$2,000,000~NT\$3,499,999			Ings Chyung International Co., Ltd. Representative: Zhixian Li	Ings Chyung International Co., Ltd. Representative: Zhixian Li
NT\$3,500,000~NT\$4,999,999				
NT\$5,000,000~NT\$9,999,999				
NT\$10,000,000~NT\$14,999,999				
NT\$15,000,000~NT\$29,999,999				
NT\$30,000,000~NT\$49,999,999				
NT\$50,000,000~NT\$99,999,999				
Over NT\$100,000,000				
Total	5	5	5	5

Note:

1. The names of directors should be listed separately (corporate shareholders should list the names of corporate shareholders and their representatives separately), and general directors and independent directors should be listed separately, and the payment amounts should be disclosed in a summary. If the director is also the general manager or deputy general manager, please fill in this form and the following table (3-1), or the following table (3-2-1) and (3-2-2).
2. Refers to the remuneration of directors in the most recent year (including directors' salary, post bonus, severance payment, various bonuses, incentives, etc.).
3. It is to fill in the amount of directors' remuneration approved by the Board of Directors in the most recent year.
4. Refers to the director's relevant business execution expenses in the most recent year (including transportation allowance, special expenses, various allowances,

dormitories, car allocation, etc.). When providing housing, cars and other means of transportation or exclusive personal expenses, the nature and cost of the assets provided as well as the actual or fair market price, rent, fuel and other payments should be disclosed. In addition, if there is a driver, please note the relevant remuneration paid by the company to the driver, but it will not be included in the remuneration list.

5. Refers to the recent year for concurrent directors and employees, (including general manager, deputy general manager, other managers and employees) received including salary, job bonus, severance payment, various bonuses, incentives, transportation allowance, special expenses, various allowances, dormitories, car distribution and other physical provisions and so on. When providing housing, cars and other means of transportation or exclusive personal expenses, the nature and cost of the assets provided,

the actual or fair market price, rent, fuel and other payments should be disclosed. In addition, if there is a driver, please note the relevant remuneration paid by the company to the driver, but it will not be included in the remuneration. In addition, salary expenses recognized in accordance with IFRS 2 "Share Based Payment", including obtaining employee stock options, restricting employee rights, new shares, and participating in cash capital increase subscription for shares, should also be included in the remuneration list.

6. Refers to those who have received employee remuneration (including stocks and cash) for concurrent directors and employees (including concurrently serving as general manager, deputy general manager, other managers and employees) in the most recent year, the amount of employee remuneration distributed by the Board of Directors in the

most recent year shall be disclosed. If it can't be estimated, the proposed distribution amount for this year shall be calculated based on the actual distribution amount last year and filled in Appendix Table 1-3.

7. The total amount of remuneration paid to the directors of the company by all companies (including the company) in the consolidated report shall be disclosed.

8. The names of the directors should be revealed in the attribution level in the total amount of remuneration paid by company to each director.

9. The total amount of remuneration paid to each director of the company by all companies (including the company) in the consolidated report shall be disclosed, by disclosing the names of the directors in the attribution level.

10. Net profit after tax refers to the net profit after tax of the individual or individual financial report in the most recent year.

11a. This column should clearly state the amount of relevant remuneration received by the directors of the company from the non-subsiary transfer investment business or the parent company (if none, please fill in "none").

11b. If the directors of the company receive relevant remuneration from non-subsiary investment business or the parent company, the remuneration received by the company's directors from the non-subsiary investment business or the parent company shall be included in column I of the remuneration scale table. And change the field name to "Parent company and all reinvested businesses".

11c. Remuneration refers to the remuneration of employees, directors and supervisors and business execution expenses received by the directors of the company as directors, supervisors or managers of non-subsiary investment enterprises or parent companies' remuneration.

*The content of the remuneration disclosed in this table is different from the income concept of the income tax law, so the purpose of this table is for information disclosure and not for taxation.

Remuneration of the President and Vice Presidents

Unit: NT\$ thousands

Title	Name	Salary (A) ²		Severance Pay (B)		Bonuses and Allowances (C) ³		Employee Compensation (D) ⁴				Ratio of total compensation (A+B+C+D) to net income (%) ⁸		Compensation Paid to the President and Vice Presidents from an Invested Company Other than the Company's Subsidiary ⁹
		The company	Companies in the consolidated financial statements ⁵	The company	Companies in the consolidated financial statements ⁵	The company	Companies in the consolidated financial statements ⁵	The company		Companies in the consolidated financial statements ⁵		The company	Companies in the consolidated financial statements ⁵	
								Cash	Stock	Cash	Stock			
General Manager	Zhixian Li	6,498	13,726	230	335	881	9,245	0	0	0	0	0.94%	2.89%	無
Group CEO	Yousheng Lin													
Manufacturing Business Group CEO	Qizheng Li													
Manufacturing Business Group Deputy CEO	Qiang Xie													
Distribution Business Group CEO	Wenrong Jiang													
Financial Officer ¹	Shuwei Li													
Financial Officer ¹	Jianyu Lin													

*Regardless of job title, anyone whose position is equivalent to general manager or deputy general manager (for example: president, chief executive officer, director... etc.) should be disclosed.

Note: Finance Director Jianyu Lin resigned on April 1, 2020, Shuwei Li took over on April 1, 2020

* Table of Range of Remuneration

Range of Remuneration	Name of President and Vice Presidents	
	Companies in the consolidated financial statements ⁶	Companies in the consolidated financial statements ^{7,E}
Under NTS 2,000,000	Jianyu Lin, Yousheng Lin, Qizheng Li, Wenrong Jiang	Jianyu Lin
NTS2,000,000~NTS4,999,999	Qizheng Li, Qiang Xie, Shuwei Li	Zhixian Li, Shuwei Li, Qiang Xie, Yousheng Lin, Qizheng Li
NTS5,000,000~NTS9,999,999		Wenrong Jiang
NTS10,000,000~NTS14,999,999		
NTS15,000,000~NTS29,999,999		
NTS30,000,000~NTS49,999,999		
NTS50,000,000~NTS99,999,999		
Over NTS100,000,000		
Total	7	7

Note:

1. The names of the general manager and deputy general managers shall be listed separately, and the payment amounts shall be disclosed in a summary. If the director is also the general manager or deputy general manager, please fill out this form and the above form (1-1), or (1-2-1) and (1-2-2).
2. It is to fill in the salary of the most recent annual general manager and deputy general managers, position additions, and severance pay.
3. It is to fill in the amount of various bonuses, incentives, transportation allowance, special expenses, various allowances, dormitories, car distribution and other remunerations provided by the general manager and deputy general managers in the recent year. When providing housing, cars and other means of transportation or exclusive personal expenses, the nature and cost of the assets provided, the actual or fair market price, rent, fuel and other payments should be disclosed. In addition, if there is a driver, please note the relevant remuneration paid by the company to the driver, but it will not be included in the remuneration. In addition, salary expenses recognized in accordance with IFRS 2 "Share Based Payment", including obtaining employee stock options, restricting employee rights, new shares, and participating in cash capital increase subscription for shares, should also be included in the remuneration list.
4. It is to fill in the amount of employee compensation (including stocks and cash) approved by the Board of Directors to distribute to the general manager and deputy general managers in the most recent year. If it can't be estimated, the proposed distribution amount for this year shall be calculated based on the actual distribution amount last year and filled in Appendix Table 1-3.
5. The total amount of remuneration paid by all companies (including the company) to the general manager and deputy general managers of the company in the consolidated report shall be disclosed.
6. The name of the general manager and deputy general managers should be revealed in the attribution level in the total amount of remuneration paid by company to each general manager and deputy general manager.
7. The total amount of remuneration paid to every general manager and deputy general managers of the company by all companies (including the company) in the consolidated report shall be disclosed.
8. Net profit after tax refers to the net profit after tax of the individual or individual financial report in the most recent year.
- 9a. This column should clearly state the amount of relevant remuneration received by the general manager and deputy general managers of the company from the non-subsidiary transfer investment business or the parent company (if none, please fill in "none").
- 9b. If the general manager and deputy general managers of the company receive relevant remuneration from non-subsidiary investment business or the parent company, the remuneration received by the company's general manager and deputy general managers from the non-subsidiary investment business or the parent company shall be included in column I of the remuneration scale table. And change the field name to "Parent company and all reinvested businesses".
- 9c. Remuneration refers to the remuneration of employees, directors and supervisors and business execution expenses received by the directors of the company as directors, supervisors or managers of non-subsidiary investment enterprises or parent companies remuneration.

*The content of the remuneration disclosed in this table is different from the income concept of the income tax law, so the purpose of this table is for information disclosure and not for taxation.

3.2.4 Name of managers who distribute employee compensation and the distribution status

Unit: NT\$ thousands

	Title ¹	Name ¹	Employee Compensation - in Stock (Fair Market Value)	Employee Compensation - in Cash	Total	Ratio of Total Amount to Net Income (%)
Executive Officers	General Manager (Newly appointed on July 1, 2017)	Zhixian Li	0	0	0	N/A
	CEO	Yousheng Lin				
	Deputy CEO	Qizheng Li				
	Deputy CEO	Qiang Xie				
	Deputy CEO	Wenrong Jiang				
	Financial Officer (Resigned on April 1, 2020)	Jianyu Lin				
	Financial Officer (Newly appointed on April 1, 2020)	Shuwei Li				
	Accounting Officer (Newly appointed on February 6, 2018)	Xueru Liu				

Note:

- Individual names and titles should be disclosed, but the profit distribution can be disclosed in a summary .
- It is to fill in the amount of employee compensation (including stocks and cash) approved by the Board of Directors for the distribution of managers in the most recent year. If it cannot be estimated, the proposed distribution amount for this year will be calculated based on the actual distribution amount last year. Net profit after tax refers to the net profit after tax in the most recent year; if IFRS has been adopted, net profit after tax refers to the net profit after tax of the individual or individual financial report in the most recent year.
- The scope of application of managers according to Taiwan-Financial-Securities-III- No.0920001301 is as follows:
 - General manager and equivalent position
 - Deputy general manager and equivalent position
 - Associate and equivalent position
 - Financial Officer
 - Accounting Officer
 - Others who have the right to manage affairs and sign for the company
- If the director, general manager and deputy general manager receive employee compensation (including stocks and cash), in addition to filling in the Appendix Table 1-2 , they should also fill out this form.

3.2.5 Comparison of Remuneration for Directors, Supervisors, General Manager and Deputy General Managers in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, General Manager and Deputy General Managers

(1) The ratio of total remuneration to the net income

Title	Ratio of total remuneration to the net income in 2019		Ratio of total remuneration to the net income in 2020	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Director	N/A	N/A	0.99%	2.95%
Supervisor				
General Manager and Deputy General Manager				

(2) The company's remuneration to the chairman, directors and supervisors is in accordance with the regulations and is based on the extent of participation in the company's operations and the value of contribution, which is to be determined by the Board of Directors. In addition, the company's remuneration to the General Manager is divided into salary, year-end bonus and remuneration for employees without stock dividend from retained earnings. The remuneration standard or structure and system of the company's payment of directors, supervisors, and general managers will be adjusted according to risk factors in the future. Because the current remuneration is currently adopting a fixed amount and the remuneration level is the lowest in the domestic and foreign industries, the correlation between business performance and the future risk of pursuing remuneration is relatively low.

3.3 Implementation of Corporate Governance

3.3.1 Board of Directors

A total of 5 (A) meetings of the Board of Directors were held in the previous period. The attendance of the directors and supervisors were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Chairman	Ings Chyung International Co., Ltd Representative: Zhixian Li	5	—	100%	Re-elected on 2019/6/20
Director	Asia Plastics Co., Ltd. Representative: Sishan Lin	5	—	100%	Re-elected on 2019/6/20
Independent Director	Yanjun Chen	5	—	100%	Newly-elected on 2019/6/20
Independent Director	Jian Chuan Wang	5	—	100%	Newly-elected on 2019/6/20
Independent Director	Shun Fa Chen	5	—	100%	Newly-elected on 2019/6/20

Other items worth noting:

1.1 Matters referred to in Article 14-3 of the Securities and Exchange Act.

Date of Meeting (Period)	Resolution content	All independent directors' opinions and the company's handling of independent directors' opinions
2020.03.10 (1st meeting in 2020)	1. Case of subsidiary applying for a credit line from a financial institution, endorsed and guaranteed by the company 2. Case of the lease-repurchase of land number 490 and 491 in the Shanglin Section of Changhua 3. Proposal to amend part of the provisions of the company's "Fund Loan and Endorsement Guarantee Processing Procedures"	Approved by all independent directors
2020.03.27 (2nd meeting in 2020)	1. Case of cancelling a credit line from a financial institution, endorsed and guaranteed by the company 2. Case B of proposing to change the company's financial supervisor	Approved by all independent directors
2020.05.13 (3rd meeting in 2020)	1. Case of subsidiary applying for a credit line from a financial institution, endorsed and guaranteed by the company 2. Proposal to lend fund to subsidiaries	Approved by all independent directors
2020.08.13 (4th meeting in 2020)	1. Case of subsidiary applying (or cancelling) for a credit line from a financial institution, endorsed and guaranteed by the company 2. Prepayments /receivables of materials to/from Achem Petrochemical (Jiangsu) Co., Ltd. (referred to as Achem Petrochemical), proposed to use capital loans to lend to Achem Petrochemical instead. 3. Proposal to sell the land in Linkou	Approved by all independent directors

2020.11.12 (5th meeting in 2020)	1. Cancelling the credit line from a financial institution, endorsed and guaranteed by the company 2. Proposal to lend fund to subsidiaries 3. Case of YEM CHIO (BVI) CO., LTD., a subsidiary of the company, proposing to purchase 18.81% of the shares of WAN CHIO (BVI) CO., LTD. held by Toyota Japan	Approved by all independent directors. Approved by all independent directors. All independent directors agreed to withdraw the case.
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- 1.2 Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the Board of Directors.
2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None

3. The implementation of the Board of Directors evaluation:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Execute once a year	2020/1/1~ 2020/12/31	Overall performance evaluation of the Board of Directors, individual directors and functional committees	Internal self-evaluation of the Board of Directors, self-evaluation of directors and self-evaluation of functional committees	The measurement items for the performance evaluation of the Board of Directors include the following aspects: The measurement items for the performance evaluation of the Board of Directors include the following aspects: (1) Participation in company operations, (2) Improvement of the quality of board decisions, (3) Board of Directors composition and structure, (4) Director selection and continuous education, (5) Internal control. The functional committee's self-performance evaluation measures include the following aspects: (1) Participation in company operations, (2) Awareness of the responsibilities of the functional committee, (3) Improvement of the decision-making quality of the functional committee, (4) Composition of the functional committee, and member selection, (5) Internal control.

4. The objectives of strengthening the functions of the Board of Directors in the current and recent years (such as establishing an audit committee, enhancing information transparency, etc.) and evaluation of the implementation: The company has set up an audit committee to replace the supervisory authority after the full re-election of the Board of Directors and supervisors on June 20, 2019, in order to strengthen the functions of the Board of Directors.

The operation of the Board of Directors is in compliance with the "Procedures for the Board of Directors of Publicly Offered Companies", and important resolutions will be announced to the public information observatory

immediately after the Board of Directors' meeting, so as to fully disclose the information and protect the rights and interests of shareholders.

Note: The actual attendance rate (%) is calculated based on the number of meetings of the Board of Directors and the actual number of attendance during the period of their employment.

3.3.2 Audit Committee (or Attendance of Supervisors at Board Meetings)

The audit committee of the company is composed of all independent directors. The operation of the audit committee is mainly for the supervision of the following matters:

- (1) Appropriate expression of the company's financial statements.
- (2) The selection (dismissal) and independence and performance of certified accountants.
- (3) Effective implementation of the company's internal control.
- (4) Company's compliance with relevant laws and regulations.
- (5) The management and control of the company's existing or potential risks.

The focus of the audit committee's annual auditing work:

- (1) Annual financial report.
- (2) Formulating or revising the internal control system.
- (3) Evaluation of the effectiveness of the internal control system.
- (4) Formulating or modifying the processing procedures for major financial business activities involving acquisition or disposal of assets, engaging in derivative commodity transactions, lending funds to others, endorsing or providing guarantees for others.
- (5) Matters involving the director's own interest.
- (6) Major asset or derivative commodity transactions, major capital loans, endorsements or guarantees.
- (7) Raising, issuing or private placement of equity securities.
- (8) Appointment, dismissal or remuneration of certified public accountants.
- (9) Appointment and dismissal of financial, accounting or internal audit supervisors.

A total of 5 (A) meetings of the the Audit Committee were held in 2020. The attendance of the independent directors were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Independent Director	Yanjun Chen	5	0	100%	Set up the first audit committee in 2019/6/20
Independent Director	Jian Chuan Wang	5	0	100%	
Independent Director	Shun Fa Chen	5	0	100%	

Other items worth noting:

1. If the operation of the audit committee is in one of the following circumstances, the date, period, resolution of the Board of Directors, the resolution of the audit committee, and the company's handling of the audit committee's opinions shall be stated.

1.1 Matters referred to in Article 14-5 of the Securities and Exchange Act.

Date of Meeting (Period)	Resolution content	All audit committee's opinions and the company's handling of the audit committee's opinions
2020.03.10 (4th time of the 1st committee)	1. Case of subsidiary applying for a credit line from a financial institution, endorsed and guaranteed by the company 2. Case of the lease-repurchase of land number 490 and 491 in the Shanglin Section of Changhua 3. Case of proposing to amend part of the provisions of the company's "Fund Loan and Endorsement Guarantee Processing Procedures". 4. Case of "Internal Control System Effectiveness Assessment" and "Draft Statement of the Internal Control System" in 2019.	All the participating members passed the proposal without objection. Approved by all participating directors.
2020.03.27 (5th time of the 1st committee)	1. The business report, financial report and consolidated financial report of the company in 2019	All the participating members passed the proposal without objection. Approved by all participating directors.

	<p>2. Case of Reimbursement of losses in 2019.</p> <p>3. Cancelling the credit line from a financial institution, endorsed and guaranteed by the company</p> <p>4. Case B of proposing to change the company's financial supervisor</p>	
2020.05.13 (6th time of the 1st committee)	<p>1. Case of subsidiary applying for a credit line from a financial institution, endorsed and guaranteed by the company</p> <p>2. Proposal to lend fund to subsidiaries</p>	<p>All the participating members passed the proposal without objection.</p> <p>Approved by all participating directors.</p>
2020.08.13 (7th time of the 1st committee)	<p>1. Case of subsidiary applying (or cancelling) for a credit line from a financial institution, endorsed and guaranteed by the company</p> <p>2. Prepayments /receivables of materials to/from Achem Petrochemical (Jiangsu) Co., Ltd. (referred to as Achem Petrochemical), proposed to use capital loans to lend to Achem Petrochemical instead.</p> <p>3. Proposal to sell the land in Linkou</p>	<p>All the participating members passed the proposal without objection.</p> <p>Approved by all participating directors.</p>
2020.11.12 (8th time of 1st committee)	<p>1. Case of subsidiary applying (or cancelling) for a credit line from a financial institution, endorsed and guaranteed by the company.</p> <p>2. Prepayments /receivables of materials to/from Achem Petrochemical (Jiangsu) Co., Ltd. (referred to as Achem Petrochemical), proposed to use capital loans to lend to Achem Petrochemical instead.</p> <p>3. Case of the company proposing to sell the land in Linkou.</p>	<p>All the participating members passed the proposal without objection.</p> <p>Approved by all participating directors.</p> <p>All the participating members passed the proposal without objection.</p> <p>Approved by all participating directors.</p> <p>After the discussion of this case, all the members passed a resolution, asking the Finance Department to confirm with the accountant to buy back or not buy back 18.81% of the shares held by Toyota Japan. The disposal of Achem Petrochemical equipment or equity in the future, after the impact on the company's financial statements and cash flow, will be discussed at the next meeting. This resolution will be submitted to the Board of Directors, and will explain the audit committee's views on the case at the Board of Directors' meeting.</p> <p>The Board of Directors of the company resolved to withdraw the case on 2020.11.12.</p>

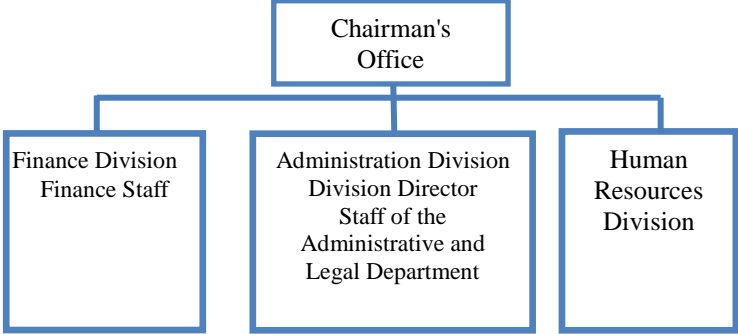
- 1.2 Except for the previous matters, other matters that have not been approved by the audit committee but have been agreed to by more than two-thirds of all directors: None.
2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None
3. The communication status between independent directors and internal audit supervisors, accountants (should include major matters, methods and results of communication on the company's financial and business conditions, etc.):
- 3.1 Independent directors and the internal audit officer can communicate with each other at any time by e-mail, telephone or meeting as needed. If there is a major abnormal event, a meeting can also be convened at any time, and the communication channels are diverse and smooth. The internal audit officer of the company delivers the previous month's audit report or follow-up report to independent directors for inspection every month, and the independent directors will give their responses or opinions depending on the necessity of the report.
- 3.2 Besides the company's certified public accountants reporting to independent directors on the audit or review of financial reports, they should also hold a law promotion conference within the company at least once a year, to update new knowledge of fiscal and taxation laws and related measures to respond to related impacts. Normally, independent directors and accountants can communicate with each other by e-mail, telephone or meeting any time as

needed. Independent directors and accountants of the company should have a close communication.

3.3.3 Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		The company has formulated and disclosed the Corporate Governance Best-Practice Principles, and placed it on the company's website simultaneously.	None
2. Shareholding structure & shareholders' rights				
(1) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		(1) The company has formulated and implemented it. There is an area in the website for interested parties to deal with shareholder suggestions, doubts, disputes and litigation matters, product and service issues and suggestions.	(1)None
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		(2) The company and the stock agency regularly keeps track of the list of the company's major shareholders and their controllers.	(2)None
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	✓		(3) The assets, finances, and accounting of the affiliated companies are all independent operations. The relevant departments of the company regularly and irregularly audit the affiliated companies that hold the control, so as to avoid the risks of the company from the abuses of the affiliated companies.	(3)None
(4) Does the company establish internal rules against insider trading with undisclosed information?	✓		(4) The company has formulated the "Administrative Measures for the Prevention of Insider Trading" that prohibits company insiders from using undisclosed information on the market to buy and sell securities and expose them on the company's website.	(4)None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>3. Composition and Responsibilities of the Board of Directors</p> <p>(1) Does the Board develop and implement a diversified policy for the composition of its members?</p> <p>(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?</p> <p>(3) Does the company establish a standard to measure the performance of the Board, and implement it annually?</p> <p>(4) Does the company regularly evaluate the independence of CPAs?</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	<p>(1) Hasn't been developed yet.</p> <p>(2) The company set up a salary and remuneration committee in November 2011, and an audit committee in June 2019, but has not yet set up various other functional committees.</p> <p>(3) In November 2020, the company formulated the performance evaluation method for the Board of Directors and conducted an annual performance evaluation. In March 2021, the results of the performance evaluation were reported to the Board of Directors.</p> <p>(4) The company refers to the Bulletin No. 10 of the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, "Integrity, impartiality, objectivity, and independence" to formulate evaluation items, and regularly report to the Board of Directors every year to evaluate the independence and competence of CPAs. After evaluation, their independence and competence are all compliant.</p>	<p>(1) Diversification policy has not yet been established</p> <p>(2) None</p> <p>(3) None</p> <p>(4) None</p>

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
4. Does the company set up a corporate governance unit or appoint personnel responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, handling work related to the meetings of the Board of Directors and the shareholders' meetings, filing company registration and changes to company registration, and producing minutes of the board meetings and shareholders' meetings)?	✓		<p>The Administration Office is a specific duty (concurrent) unit of corporate governance, responsible for corporate governance-related affairs. In 2020, no corporate governance supervisor has been designated.</p> <p>1. Member composition and responsibilities:</p>  <pre> graph TD CO[Chairman's Office] --- FD[Finance Division Finance Staff] CO --- AD[Administration Division Division Director Staff of the Administrative and Legal Department] CO --- HRD[Human Resources Division] </pre> <p>Director of the Administrative Division: Responsible for the overall planning of corporate governance-related affairs and regularly reports to the Board of Directors.</p> <p>Staff of the Administrative and Legal Department: perform corporate governance-related affairs and formulate internal corporate governance-related regulations and systems.</p> <p>Commissioner of the Finance Department: Prepare written records of the Board of Directors and shareholders' meeting minutes.</p> <p>2. Terms of reference: (1) Provide information required by the directors and supervisors to perform their business (2) Assisting directors and supervisors to comply with laws and regulations, and handle matters related to the Board of Directors and shareholders meeting in accordance with the law (3) Business execution situation in the current year</p> <p>3. Work plan: Implement and execute in accordance with the stipulated corporate governance-related affairs.</p> <p>4. Implementation frequency: At least once a year, attend the board of directors and report on corporate governance related matters.</p>	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		<p>The company has established a special area for interested parties on the company's website, and there is a dedicated person who can immediately respond to related issues that the interested parties are concerned about.</p> <p>Distinguished categories and responders: (1) Contact person and spokesperson for shareholder opinions: Fang Shufen (2) Stakeholder appeal window: Zheng Yanzhong (3) Sales customer contact window: Lin Chunhui (4) Supplier contact window: Pan Lin</p> <p>Invited to participate in the "Industry Investment Forum in the Fourth Quarter of 2020" organized by SinoPac Securities in 2020/12/03</p> <ol style="list-style-type: none"> Date of the investor conference: 2020 /12/03 Time of investor conference: 14:30 Location of the investor conference: No. 3, Ln. 39, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City , Taiwan (R.O.C.) Optional information for the investor conference: The company was invited to participate in the "Industry Investment Forum in the fourth quarter of 2020" organized by SinoPac Securities. The meeting explained the company's operating scale and complete financial business information and communicated with stakeholders for related two-way communication and exchange of opinions. Communication issues and responses: Investor A asks: What is the future outlook of XinChio Company under the group? Company replies: XinChio Company estimates that the demand for packaging materials in the future will continue to flourish due to factors such as the return of Taiwanese capital to set up factories in Taiwan, expected to invest in new business locations and business manpower in Taichung, Changhua, Nantou, Tainan, and Kaohsiung for active development, and continue the "expansion strategy" in response to this business opportunity. In terms of operations in mainland China, revenue has been warming up month by month due to the calming down of the epidemic. At the same time, we will try to develop online channels. It is expected that the optimization of product keywords will increase the exposure opportunities of search sites, thereby driving new customer inquiries and trading opportunities. In terms of product development and operations management, we will continue to invest in the development of new electronic materials and environmentally friendly packaging materials, and will strengthen supply chain management and step into international trade. Xinzhou is optimistic that the performance of packaging materials will be zero contact in the post-epidemic era.³ Business opportunities are rising, and the industry growth trend is expected to remain unchanged. 	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The company has appointed a professional stock agent to conduct related affairs of the shareholders meeting	None
7. Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance? (2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)? (3) Does the company announce and report the annual financial report within two months after the end of the fiscal year, and announce and report the financial report for the first, second and third quarters and the operating conditions of each month before the prescribed deadline?	✓ ✓ ✓		(1) The company has set up a website and designated a person to be responsible for the collection and disclosure of company information, and disclose financial business and corporate governance information on the company's website. (2) The company has established a contact person for shareholder’s opinions and a spokesperson on the company's website, who can respond immediately to and disclose relevant information such as shareholders and interested parties. (3) The company failed to announce and report the annual financial report within two months after the end of the fiscal year, and failed to announce and report the first, second, and third quarter financial reports and operating conditions of each month before the prescribed deadline.	(1) None (2) None (3) None
8. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	✓		1. The company has always treated employees with integrity and protected their legitimate rights and interests in accordance with relevant laws and regulations. It has established a complete employee welfare system and a good education and training system to establish a good relationship with employees. 2. In March 2019, a human rights policy was formulated to protect the rights and interests of employees. 3. The company immediately provides relevant laws and regulations updated by the securities regulatory authority for the directors and supervisors to read, so that the directors and supervisors can immediately understand the latest laws and regulations. 4. On October 20, 2020 an advanced training course for directors was arranged and reported to the competent authority. 5. In June 2020, the Company renewed the liability insurance for the directors.	None
9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures. Overall rating results total score in 2020 (7th) "Corporate Governance Evaluation" of the company: 56.98 points, among listed company ranking range: 51%~65%.				

3.3.4 Composition, Responsibilities and Operations of the Remuneration Committee

The company's Board of Directors approved the establishment of its salary and remuneration committee. Its members are appointed through the resolution of the Board of Directors. Its main responsibilities are to regularly review directors, supervisors and managers' performance evaluation and remuneration policies, systems, standards and structures, and submit their recommendations to the Board of Directors. Discuss.

1. Information on the members of the Salary and Compensation Committee

Title ¹	Criteria Name	Meets One of the Following Professional Qualification Requirements, Together with at Least Five Years' Work Experience			Independence Criteria ²										Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member	Remarks	
		An instructor or higher position in a department of commerce, law, finance, accounting, or other academic departments related to the business needs of the Company in a public or private junior college, college or university	A judge, public prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10			
Independent Director	Jian Chuan Wang	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	0	
Independent Director	Yanjun Chen		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1	
Independent Director	Shun Fa Chen		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	3	

Note:

1. Please fill in as director, independent director or others.
2. Please tick the corresponding boxes that apply to a member during the two years prior to being elected or during the term(s) of office.
 - (1) Not an employee of the Company or any of its affiliates.
 - (2) Not a director or supervisor of the Company or any of its affiliates. Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.
 - (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
 - (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.
 - (5) Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company or who holds shares ranking in the top five holdings.
 - (6) Not more than half of the company's director seats or voting shares are directors, supervisors or employees of other companies controlled by the same person. Not applicable for independent directors that are concurrently in the parent company, subsidiary or subsidiary of the same parent company in accordance with this law or local laws and regulations.
 - (7) Not a director, supervisor or employee of other companies or institutions who are the same person as or a spouse of the Chairman, General Manager or equivalent positions of the company. Not applicable for independent directors that are concurrently in the parent company, subsidiary or subsidiary of the same parent company in accordance with this law or local laws and regulations.
 - (8) Not a director, supervisor, officer, or shareholder with 5% or more of the shares, of a specified company or institution which has a financial or business relationship with the Company. Not applicable in cases where a specific company or institution holds more than 20% of the company's total issued shares, but not more than 50%, and independent directors are concurrently in the parent company, subsidiary or subsidiary of the same parent company in accordance with this law or local laws and regulations.
 - (9) Not a professional individual who received a cumulative amount of remuneration in the last two years not exceeding NT\$500,000 and is an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof. However, members of the Compensation Committee, the Public Acquisition Establishment Committee or the M&A Special Committee, which supplement their powers in accordance with the Securities Exchange Act or the relevant laws and regulations of the Corporate Mergers and Acquisitions Act, are not limited to this.
 - (10) Not been a person of any conditions defined in Article 30 of the Company Law.

2. Information on the operation of the Salary and Compensation Committee

(1) There are 3 members in the Remuneration Committee.

(2) The term of office of the current members: From August 12, 2019 to June 19, 2022

A total of 2 (A) Remuneration Committee meetings were held in 2020. The attendance record of the Remuneration Committee members is shown below:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Convener	Jian Chuan Wang	2	0	100	
Committee member	Yan Jun Chen	2	0	100	
Committee member	Shun Fa Chen	2	0	100	
<p>Other items worth noting:</p> <p>1. If the Board of Directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the Company's response to the remuneration committee's opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.</p> <p>2. Resolutions of the remuneration committee objected to by members or reservations on such were voiced out and recorded or declared in writing, the date of the meeting, session, content of the motion, all the members' opinions and the response to the members' opinions should be specified:</p> <p>(1) The first meeting of the year was held on August 11, 2020. Case 1: Regularly evaluate the salary and remuneration of the company's managers. After the amendment was proposed by the members, the case was approved by the Chairman upon consultation with all attending members.</p> <p>2. The second meeting of the year was held on November 12, 2020. Case 1: Reviewing the policies, systems, standards and structure of the managers' performance evaluation and remuneration. This case was passed without objection after the Chairman consulted all attending members. Case 2: Formulating the performance evaluation method of the company's Board of Directors. After the proposal was added to the performance evaluation of the functional committee based on the recommendations of the members, the Chairperson consulted all the attending members and was approved with applause.</p>					

Note:

(1) If a member of the remuneration committee resigns before the end of the year, the date of resignation should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the remuneration committee during their employment and the actual number of attendances.

(2) Before the end of the year, if the remuneration committee is re-elected, the new and old remuneration committee members should be listed, and the remarks column should indicate whether the member is old, new or re-elected and the date of re-election. The actual attendance rate (%) is calculated based on the number of meetings of the remuneration committee during their employment and their actual attendance.

3.3.5 Situation of fulfilling social responsibility& Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration ²	
1. Corporate Governance Implementation Does the company declare its corporate social responsibility policy and examine the results of the implementation? ³		✓	Currently, no relevant risk management policy or strategy has been formulated, and risk assessment will be made based on the materiality principle in the future.	Policy not formulated.
2. Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the Board to be in charge of proposing the corporate social responsibility policies and reporting to the Board?	✓		<p>In order to promote the exclusive (or concurrent) unit in charge of corporate social responsibility, the administrative department attends the Board of Directors meeting at least once a year to report the handling situation, as detailed in Item 7 of the Board of Directors Report on 2020.11.12</p> <p>1. In June 2020, a CSR Corporate Social Responsibility Report was issued, exposing in detail the company’s operational performance in various aspects such as economic, social and environmental aspects, expecting to show to customers, enterprises, society, government and other stakeholders the performance achieved by YemChio’s active involvement in social corporate responsibility.</p> <p>2. Based on the stand of long-term care for its shareholders, the company purchased souvenirs that were given during the shareholders meeting in June 2020: Blueseed Co Ltd.’s "Protective Compound Rolling Ball Essential Oil" as the souvenir of the shareholders meeting. Blueseed Co. Ltd. is a company that promotes a socially innovative product and service. It has been granted the Buying Power Social Innovation Award by the Ministry of Economic Affairs for three consecutive years, and won the 2019 Asia Pacific Social Innovation Environmental Sustainability Award. The company upholds the love for this beautiful land in Taiwan, and uses the most sustainable "natural farming method" in Taitung to support small farmers and indigenous peoples' contracted farming and local creation and strive to achieve 14 SDGs of the United Nations Sustainable Development Goals.</p> <p>By eliminating the global environmental hormone problem, rejecting industrialized production, embodying the concept of coexistence with nature and society, creating a one-stop in-depth integrated operation of the natural vanilla industry, and creating the world's first vanilla toiletry fragrance blockchain, YEM CHIO is able to enhance social trust.</p> <p>YemChio Group and Blueseeds jointly exercise corporate social responsibility CSR and exert positive influence, and won the second place in the Buying Power social innovation product and</p>	None

			service procurement incentive mechanism of the Ministry of Economic Affairs. 3. Donated to “Hondao Senior Citizen's Welfare Foundation” in September 2020.																									
<p>3. Sustainable Environment Development</p> <p>(1) Does the company establish proper environmental management systems based on the characteristics of their industries?</p> <p>(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment?</p> <p>(3) Does the company monitor the impact of climate change on its operations and conduct greenhouse gas inspections, as well as establish company strategies for energy conservation and carbon reduction?</p> <p>(4) Does the company make statistics on greenhouse gas emissions, water consumption, and total waste volume in the past two years, and formulate policies for energy saving and carbon reduction, greenhouse gas reduction, water reduction, or other waste management measures?</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) Appropriate environmental protection management systems are established according to the different attributes of the business units, and the high-level supervisors will lead the implementation of 6S safety and health inspections, scoring competitions and improvement of defects in each region every month.</p> <p>(2) The company is committed to improving the efficiency of the use of various resources, such as investing in the purchase of a PP pellet reprocessing machine. During film production, if products are still reusable after production, they will be recycled and reproduced before production to reduce environmental impact and resource usage.</p> <p>(3) Not yet evaluated.</p> <p>(4) Greenhouse gas emissions in the past two years: 2020 Greenhouse Gas Emissions by Category (Film Factories)</p> <table border="1"> <thead> <tr> <th>Percentage of emissions in each category</th> <th>Category1</th> <th>Category2</th> </tr> </thead> <tbody> <tr> <td>Greenhouse gas emissions (metric tons CO2e/year)</td> <td>7577.88</td> <td>33063.42</td> </tr> <tr> <td>Percentage of total emissions (%)</td> <td>18.65</td> <td>81.35</td> </tr> </tbody> </table> <p>2020 Greenhouse Gas Emissions by Category (Tape Factory)</p> <table border="1"> <thead> <tr> <th>Percentage of emissions in each category</th> <th>Category1</th> <th>Category2</th> </tr> </thead> <tbody> <tr> <td>Greenhouse gas emissions (metric tons CO2e/year)</td> <td>3429.89</td> <td>2679.17</td> </tr> <tr> <td>Percentage of total emissions (%)</td> <td>56.14</td> <td>43.86</td> </tr> </tbody> </table> <p>2019 Greenhouse Gas Emissions by Category (Film Factories)</p> <table border="1"> <thead> <tr> <th>Percentage of emissions in each category</th> <th>Category1</th> <th>Category2</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Percentage of emissions in each category	Category1	Category2	Greenhouse gas emissions (metric tons CO2e/year)	7577.88	33063.42	Percentage of total emissions (%)	18.65	81.35	Percentage of emissions in each category	Category1	Category2	Greenhouse gas emissions (metric tons CO2e/year)	3429.89	2679.17	Percentage of total emissions (%)	56.14	43.86	Percentage of emissions in each category	Category1	Category2				<p>None</p> <p>None</p> <p>None</p> <p>None</p>
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Percentage of total emissions (%)	56.14	43.86																										
Percentage of emissions in each category	Category1	Category2																										

			<table border="1"> <tr> <td>Greenhouse gas emissions (metric tons CO2e/year)</td> <td>7350.65</td> <td>34387.45</td> </tr> <tr> <td>Percentage of total emissions (%)</td> <td>17.61</td> <td>82.39</td> </tr> <tr> <td colspan="3">2019 Greenhouse Gas Emissions by Category (Tape Factory)</td> </tr> <tr> <td>Percentage of emissions in each category</td> <td>Category1</td> <td>Category2</td> </tr> <tr> <td>Greenhouse gas emissions (metric tons CO2e/year)</td> <td>2894.20</td> <td>2426.17</td> </tr> <tr> <td>Percentage of total emissions (%)</td> <td>54.41</td> <td>45.60</td> </tr> </table>	Greenhouse gas emissions (metric tons CO2e/year)	7350.65	34387.45	Percentage of total emissions (%)	17.61	82.39	2019 Greenhouse Gas Emissions by Category (Tape Factory)			Percentage of emissions in each category	Category1	Category2	Greenhouse gas emissions (metric tons CO2e/year)	2894.20	2426.17	Percentage of total emissions (%)	54.41	45.60	
Greenhouse gas emissions (metric tons CO2e/year)	7350.65	34387.45																				
Percentage of total emissions (%)	17.61	82.39																				
2019 Greenhouse Gas Emissions by Category (Tape Factory)																						
Percentage of emissions in each category	Category1	Category2																				
Greenhouse gas emissions (metric tons CO2e/year)	2894.20	2426.17																				
Percentage of total emissions (%)	54.41	45.60																				
<p>4. Preserving Public Welfare</p> <p>(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p> <p>(2) Does the company formulate and implement reasonable employee welfare measures (including remuneration, vacation and other benefits, etc.), and appropriately reflect operating performance or results in employee remuneration?</p> <p>(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?</p> <p>(4) Does the company provide its employees with career development and training sessions?</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	<p>(1) Regulations of employee service and ethics has been formulated and a human rights policy has been formulated in March 2019 to protect the rights and interests of employees.</p> <p>(2) a. The established performance bonus methods for each business group appropriately reflect operational performance or results in employee compensation, and implement reasonable employee welfare measures (such as employee travel subsidies, festival gifts, birthday gifts, etc.). b. In April 2019, the company's treasury stocks were allotted to employees for subscription. c. In January 2020, the "Dream Challenger Plan" was implemented, and the set challenge was achieved and rewards were given.</p> <p>(3) A safe and healthy working environment for employees has been provided, and safety and health education has been implemented for employees on a regular basis. a. Every summer, implement the prevention and eradication of pests (fleas, mosquitoes, cockroaches, etc.) in the work area. b. Conduct health checkups for all employees every two years, and conduct follow-up health management and promotion based on the results of the health checkups. c. Promote the proposal improvement system to strengthen the improvement of the working environment and personnel safety.</p> <p>(4) Yes, a training program from 2018 to 2019 The graduation ceremony was held on February 14, 2020 at 10:30-12:00 in the morning. In January 2020, the Dream Challenger Project was implemented, and the set challenge was reached and rewards were issued</p>	<p>None</p> <p>None</p> <p>None</p> <p>None</p> <p>None</p> <p>None</p>																			

<p>(5) Does the company establish any consumer protection mechanisms and appealing procedures regarding research development, purchasing, producing, operating and service?</p> <p>(6) Does the company formulate supplier management policies that require suppliers to implement relevant regulations on environmental protection, occupational safety and health, or labor hazards, and how to implement them?</p>	<p>✓</p> <p>✓</p>		<p>(5) Yes, the consumer complaint procedure is listed on the website.</p> <p>(6) For major suppliers, there is a requirement to sign a "Social Responsibility Declaration Commitment". If the manufacturer's raw materials are found to contain hazardous substances that violate the laws and regulations, the purchaser will be required to immediately send a letter to notify the manufacturer for improvement; if the manufacturer cannot cooperate with the improvement, the contract will be terminated immediately or a search for a non-harmful substitute will be conducted.</p>	<p>None</p>
<p>5. Does the company refer to internationally accepted standards or guidelines for preparing corporate social responsibility reports and other reports that expose the company's non-financial information? Has the pre-disclosure report obtained the assurance or verification of a third-party verification unit?</p>	<p>✓</p>		<p>The corporate social responsibility report has been compiled with reference to internationally accepted standards or guidelines and the reports are listed on the company's website. The report has not been verified by a third-party unit yet.</p>	<p>None</p>
<p>6. If the Company has established the corporate social responsibility principles based on “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the Principles and their implementation: No discrepancy.</p>				
<p>7. Other important information to facilitate a better understanding of the company’s corporate social responsibility practices :</p> <p>(1) The company has always treated employees with integrity and protected their legitimate rights and interests in accordance with relevant laws and regulations. The company has established a complete employee welfare system and a good education and training system to establish a good relationship with employees.</p> <p>2. In March 2019, a human rights policy was formulated to protect the rights and interests of employees.</p> <p>3. The company immediately provides the relevant laws and regulations revised by the securities authorities to the directors for reference, so that the directors can immediately understand the latest laws and regulations.</p> <p>4. Since June 2019, the company purchased liability insurance for directors every year, and the insurance has been renewed in 2020.</p>				

Note:

1. Please explain the important policies, strategies, measures and implementation conditions adopted if you checked "Yes" in the operation situation; Otherwise, please explain the reasons and explain the future adoption of relevant policies, strategies and plan if you checked "No" in the operation situation.
2. If the company has prepared a corporate social responsibility report, the operation situation may indicate the method of consulting the corporate social responsibility report and the index page to replace it.
3. The principle of materiality refers to those who have a significant impact on the company's investors and other interested parties related to environmental, social and corporate governance issues.

3.3.6. Situation of Ethical Corporate Management & Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons

The group to which the company belongs has clearly formulated the "Code of Integrity Management", and "Integrity" is even one of the four business concepts, which consists of integrity, stability, innovation and sustainability. Everyone who grows up in this corporate culture can look upon everything around with a sincere heart. Regardless of ourselves or others, products or customers, we all abide by this principle of good faith, and this is the company's greatest achievement in talent education, and it is the fundamental reason why the company has won the trust of customers.

In addition, the company also requires employees in the service code not to use their job relationships to request gifts and invitations from others, and employees should abide by the relevant laws and regulations applied in the execution of the business.

Evaluation Item	Implementation Status ¹			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs				
(1) Does the company declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its Board to implement the policies?	✓		(1) The group to which the company belongs has clearly formulated the "Code of Integrity Management", which has been approved by the Board of Directors. Both the Board of Directors and senior management follow this code.	None
(2) Does the company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, and the commitment to implement the policies?	✓		(2) The group has established a code of conduct for employees, which serves as a guide for employees' operating procedures and conduct, and is used to prevent dishonest behavior. a. Offering and receiving bribes. b. Providing illegal political donations. c. Improper charitable donations or sponsorships. d. Providing or accepting unreasonable gifts, entertainment or other improper benefits. e. Infringement of trade secrets, trademark rights, patent rights, copyrights and other intellectual property rights. f. Engaging in acts of unfair competition. g. Products and services that directly or indirectly damage the rights, health and safety of consumers or other interested parties when they are researched and developed, purchased, manufactured, provided or sold.	None
(3) Does the company clearly define operating procedures, behavioral guidelines, punishment and appeal systems for violations in the plan for preventing dishonest behavior, and implement them, and regularly review the plan before revision?	✓		(3) The company has formulated the "Administrative Measures for the Prevention of Insider Trading" and affiliated group has formulated the "Key points for the implementation of the anti-corruption mechanism" to prevent from offering and receiving bribes and the provision of illegal political contributions, etc., and have been	None

Evaluation Item	Implementation Status ¹			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			reviewed and revised regularly.	
2. Fulfill operations integrity policy (1) Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?	✓		(1) The company conducts credit investigation and credit limit control for its trading partners, and the contract also stipulates that they must abide by the principle of good faith.	None
(2) Does the company set up a dedicated unit under the Board of directors to promote corporate integrity management, and regularly (at least once a year) report to the Board of Directors regarding its integrity management policies, plans for preventing dishonest behavior, and supervision of implementation?	✓		(2) In order to promote corporate integrity management units, the Administrative Division regularly (at least once a year) reports to the Board of Directors regarding its integrity management policies, prevention of dishonest behavior plans and supervision and implementation, and the audit supervisor is present at the meeting of the Board of Directors simultaneously.	None
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		(3) When a conflict of interest occurs, the group headquarters will take note of the statement and coordinate.	None
(4) Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management, and are they audited by either internal auditors or CPAs on a regular basis?	✓		(4) In order to implement the effective accounting and internal control system that the company has established for honest operations, internal auditors adopt irregularly scheduled project inspections.	None
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	✓		(5) The company regularly organizes education and training related to integrity management every year. <u>2020/12/18 (Fri.) 09:00 ~ 16:30 :</u> a. Number of attendees: 68 people including directors and supervisors of packaging materials in Taiwan. b. Subject: (1) Operation review from January to November and operation plan of 2021. (2) Legal Affairs Office: Comply with the company’s loyalty obligations Audit Office: recent publicity of the lack of inspection and approval authority Accounting Office: Electronic Invoicing Process (3) Business: Product Development, Marketing Planning Direction, and Logistics Distribution-Data Analysis Report <u>2020/10/20(Tue.) 14:00-17:00</u> Conducting courses on corporate governance, integrity and legal affairs a. Number of Attendees: 74 people in total, 40 people on site (including 6 directors), 34 people participated in the video.	None

Evaluation Item	Implementation Status ¹			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			b. Theme: Discussing about the functions of the Board of Directors on the prevention of corporate fraud (1) Introduction (2) Corporate governance and functions of the Board of Directors (3) The relationship between corporate fraud and the Board of Directors (4) Causes of corporate fraud and case analysis (In addition: insider trading) (5) Judicial practice's observation of the Board of Directors (6) The functions of the Board of Directors and fraud prevention (7) Conclusion	
3. Operation of the integrity channel (1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up? (2) Does the company establish standard operating procedures for confidential reporting on investigating accusation cases? (3) Does the company provide proper whistleblower protection?	✓ ✓ ✓		(1) The group to which the company belongs has formulated the "Key points for the implementation of the anti-corruption mechanism", clearly specifying the audit office as the unit to accept reports, and expose it on the company's website. (2) The standard operating procedures for the investigation of reported matters and the relevant confidential mechanism are formulated in the "Key Points for the Implementation of the Anti-Corruption Mechanism". In November 2018, the report and investigation measures were formulated and announced to accept the investigation of the report. Furthermore, in October, November of 2019 and February of 2020, the relevant inspections of the accepted cases by the audit executive were carried out. (3) The "Key points for the implementation of the anti-corruption mechanism" and the "Report and Investigation Measures" have expressly emphasized the responsibility of protecting whistleblowers.	None None None

Evaluation Item	Implementation Status ¹			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
4. Strengthening information disclosure Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?	✓		(1) The company’s code of integrity management has been disclosed on the company’s website. (2) The Human Resource Division conducts advocacy and requires newcomers to read during the quarterly education and training of newcomers, and regularly reviews the content compliance. Newcomer education training was held on January 15, 2021.	None
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: The company has formulated a code of integrity management and disclosed it on the company's website. There is no major difference between its operation and the established code.				
6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies): The company has formulated the key points for the implementation of the anti-corruption mechanism, staff code of conduct, and reporting and investigation methods to implement the determination to operate with integrity.				

Note: Regardless of whether the evaluation item is achieved or not, the company shall state an appropriate explanation.

3.3.7 Corporate Governance Guidelines and Regulations

The company and its subsidiaries have formulated the corporate governance code and related regulations, which are regularly and irregularly scheduled to be disclosed on the company website according to the regulations. The company website: <http://www.ycgroup.tw/>

3.3.8 Other Important Information Regarding Corporate Governance: None.

3.3.9 Internal Control Systems

The implementation status of the internal control system shall disclose the following matters:

(1) Declaration of the Internal Control System

Date:2021/03/04

Based on the results of self-assessment, the company's internal control system in 2020, hereby declares as follows:

1. The company is ensured that the establishment, implementation and maintenance of the internal control system is the responsibility of the company's Board of Directors and managers, and the company has established this system. Its purpose is to achieve the objectives of operation effectiveness and efficiency (including profitability, performance, asset safety protection, etc.), reporting reliability, timeliness, transparency, and compliance with relevant regulations and compliance with relevant laws and regulations, and provide reasonable guarantee.

2. The internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide a reasonable guarantee for the achievement of the three objectives above. Moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the company's internal control system has a self-monitoring mechanism. As long as the defect is identified, the company will take corrective action.

3. The company judges whether the design and implementation of the internal control system are effective in accordance with the judgment items on the effectiveness of the internal control system stipulated in the "Criteria for Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Criteria"). The internal control system judgment items adopted in the "Criteria for Internal Control" are based on the process of management control, which divides the internal control system into five components:(1) Environment Control (2) Risk Assessment (3) Operations Control, (4) Information and Communication, and (5) Supervisory Operation. Each component includes several items. For the items mentioned above, please refer to the "Criteria for Internal Control."

4. The company has adopted the internal control system judgment items mentioned above to evaluate the effectiveness of the design and implementation of the internal control system.

5. Based on the evaluation results of the preceding paragraph, the company believes that the company's internal control system (including supervision and management of subsidiaries) as of December 31, 2020, includes understanding the effectiveness of operations and the extent to which the efficiency objectives are achieved, and the design and implementation of the internal control system is reliable, timely, transparent and in compliance with relevant regulations and relevant laws and that the regulations are effective, which can reasonably ensure the achievement of the above objectives.

6. This statement will become the main content of the company's annual report and public prospectus, and will be made public. If there are false or concealed content in the above disclosure, it will involve legal liabilities under Article 20, Article 32, Article 171, and Article 174 of the Securities Exchange Law.

7. This statement was approved by the company's Board of Directors on March 4, 2021. All the five directors present agreed with the content of this statement and made this statement.

YEM CHIO CO., LTD.

Chairman: Zhixian Li authorized

General Manager: Zhixian Li authorized

(2) Those who entrust an accountant to review the internal control system should disclose the accountant's review report: None.

3.3.10 Major Resolutions from the Shareholders' Meeting and Board Meetings

In the most recent year and as of the publication date of the annual report, if the company and its internal personnel have been punished in accordance with the law, or the company has imposed penalties on its internal personnel for violation of the internal control system, and if the result of the penalty may have a significant impact on the shareholders' rights or the price of securities, the content of the penalty, main deficiencies and improvements shall be specified: From January 2020 to the publication date of the annual report, the company was penalized for a total of 0 cases.

3.3.11 Important resolutions from the shareholders meeting and Board of Directors' meeting in the most recent year and as of the publication date of the annual report:

Important Resolutions from the General Meeting of Shareholders on June 19, 2020

- (1) Recognition of the 2019 business report and financial statements. Implementation status: Resolution passed.
- (2) Recognition of the 2019 loss appropriation case Implementation status: Resolution passed.
- (3) Approved the amendment to the "Articles of Association".
Implementation status: Handle company-related affairs in accordance with the revised articles of association.
- (4) Approved the amendment to the "Processing Procedures for Fund Loan and Endorsement Guarantee". Implementation status: Handle related affairs in accordance with the revised processing procedures.

Important resolutions of the Board of Directors for the year 2020 and as of April 26, 2021:

Date of Meeting	Important Resolutions
2020/3/10	<ol style="list-style-type: none"> 1. Approved the company's proposal to apply for credit lines from financial institutions. 2. Approved the case of subsidiary applying for a credit line from a financial institution, endorsed and guaranteed by the company. 3. Approved the proposal for the eleventh time of the company repurchasing the company's shares (treasury stocks) for the capital reduction base date. 4. Approved the case of the lease-repurchase of land number 490 and 491 in the Shanglin Section of Changhua 5. Approved the proposal to amend part of the provisions of the company's "Fund Loan and Endorsement Guarantee Processing Procedures". 6. Approved the proposed amendment to part of the company's "Articles of Incorporation". 7. Approved the proposal to amend part of the provisions of the "Rules of Procedure for the Board of Directors Meeting". 8. Approved the proposal to amend part of the provisions of the "Organizational Rules of the Audit Committee". 9. Approved the case of the "Internal Control System Effectiveness Assessment" and "Draft Statement of the Internal Control System" in 2019. 10. Approved the proposal for the thirteenth time of the company repurchasing the company's shares (treasury stocks) for the capital reduction base date.
2020/3/27	<ol style="list-style-type: none"> 1. Approved the company's business report, financial report and consolidated financial report of 2019. 2. Approved the reimbursement of losses in 2019. 3. Approved the distribution of cash with additional Paid-In Capital. 4. Approved the company's proposal to apply for credit lines from financial institutions. 5. Approved the case of the subsidiary cancelling a credit line from a financial institution, endorsed and guaranteed by the company. 6. Approved the proposal of convening the company's 2020 shareholders' meeting. 7. Approved the proposal to replace the financial supervisor of the company.
2020/5/13	<ol style="list-style-type: none"> 1. Approved the company's proposal to apply for credit lines from financial institutions. 2. Approved the case of a subsidiary cancelling a credit line from a financial institution, endorsed and guaranteed by the company. 3. Approved the proposal of the company to lend fund to subsidiaries. 4. Approved the case of independence and competence assessment of the company's CPAs. 5. Approved to amend part of the provisions of the company's "Code of Integrity Management". 6. Approved the proposal for the fourteenth time of the company repurchasing the company's

	shares (treasury stocks) for the capital reduction base date.
2020/8/13	<ol style="list-style-type: none"> 1. Approved the case of the company's proposal to apply for loan lines from financial institutions. 2. Approved the case of a subsidiary applying (cancelling) for a credit line from a financial institution, endorsed and guaranteed by the company. 3. Approved the proposal of prepayments /receivables of materials to/from Achem Petrochemical (Jiangsu) Co., Ltd. (referred to as Achem Petrochemical), to use capital loans to lend to Achem Petrochemical instead. 4. Approved the case of the company proposing to sell the land in Linkou. 5. Approved the regular evaluation of the salary and remuneration of the company's managers.
2020/11/12	<ol style="list-style-type: none"> 1. Approved the case of the company's proposal to apply for loan lines from financial institutions. 2. Approved the case of a subsidiary cancelling a credit line from a financial institution, endorsed and guaranteed by the company. 3. Approved the proposal of the company lending fund to subsidiaries. 4. Approved the dismissal of YEM CHIO (BVI) CO., LTD., a subsidiary of the company, proposing to purchase 18.81% of the shares of WAN CHIO (BVI) CO., LTD. held by Toyota Japan. 5. Approved the draft of the 2021 audit plan. 6. Approved the review of the company's managerial performance evaluation and salary remuneration policies, systems, standards and structure proposals. 7. Approved the drafting of the company's Board of Directors performance evaluation method.
2021/3/4	<ol style="list-style-type: none"> 1. Approved the company's business report, financial report and consolidated financial report of 2019. 2. Approved the case of surplus distribution and capital increase by retained earnings in 2020. 3. Approved the case of the company's proposal to apply for loan lines from financial institutions. 4. Approved the joint credit case of which in order to repay debts and enrich the funds needed for the working capital, Taiwan Cooperative Bank Co., Ltd. handles a total credit line equivalent to NT\$3 billion (Within 20% of adjustment of the total credit line) for the credit bank group of the management bank.) Hereinafter referred to as "the credit case". 5. Approved the case of a subsidiary applying for a credit line from a financial institution, endorsed and guaranteed by the company. 6. Approved the case of conversion of eighth and ninth secured convertible bonds to issuance of new stocks, and drafting of the base date for the issuance of new shares. 7. Approved the proposal of setting the capital reduction benchmark date for the company's twelfth purchase of shares (treasury stocks). 8. Approved the Employee Remuneration Distribution Proposal in 2020. 9. Approved the Case of the "Internal Control System Effectiveness Assessment" and "Draft Statement Regarding the Internal Control System" in 2020. 10. Approved to amend part of the company's "Articles of Incorporation". 11. Approved the convening of the company's 2021 regular shareholders' meeting.

3.3.12 The main content in which the directors or supervisors have different opinions on important resolutions passed by the Board of Directors in the most recent year and up to the date of publication of the annual report and have records or written statements:
None.

3.3.13 A summary of the resignation and dismissal of the company's chairman, general manager, accounting supervisor, financial officer, internal audit officer, corporate governance officer, and R&D officer in the most recent year and as of the printing date of the annual report:

As of 2021/4/26

Title	Name	Date on Board	Dismissal date	Reason for Resignation Or Dismissal
Financial Officer	Jian Yu Lin	2013.04.01	2020.04.01	Job transfer

3.4 Information Regarding the Company's Audit Fee and Independence

3.4.1 Audit Fee

Accounting Firm	Name of CPA		Period Covered by the CPA's Audit	Remarks
PwC Taiwan	Yifan Lin	Jinchan Chen	20200101-20201231	

(Unit:NT\$ thousands)

Fee Range		Fee Items	Audit Fee	Non-audit Fee	Total
1	Under NT\$ 2,000,000			√	
2	NT\$ 2,000,000~NT\$4,000,000		√		
3	NT\$4,000,000~NT\$6,000,000				√
4	NT\$ 6,000,000~NT\$8,000,000				
5	NT\$ 8,000,000~NT\$10,000,000				
6	Over NT\$10,000,000				

Note:

Non-audit public expenses refer to the payment of public taxes, public fees for transfer of fixed prices, review of non-supervisor salary checklists, and other expenses.

3.4.2 Non-audit public expenses of the certified public accountant's firm and its affiliated companies account for more than one-fourth of the audit fee: None.

3.4.3 Audit fee paid during the replacement of the accounting firm and the replacement year is less than the audit fee of the previous year: None.

3.4.4 Audit fee has been reduced by more than 10% compared with the previous year:

Audit fee of previous year	Audit fee this year	Difference amount	Difference Ratio	Reason
5,250	3,900	(1,350)	-25.71%	Group integration

3.5 Replacement of CPA

Due to the need to adjust the internal administrative organization of PwC Taiwan, the financial report certified accountants from 2019 onwards were changed from CPA Yifan Lin and CPA Shirong Weng to CPA Yifan Lin and CPA Jinchang Chen.

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

3.7 Changes in shareholding of Directors, supervisors, managers, and

shareholders whose shareholding ratio exceeds 10%:

Title	Name	2020 (The number of turnovers as of the time of dismissal)		The current year as of March 31 (The number of turnovers as of the time of dismissal)	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman himself	Ings Chyung International Co., Ltd.	0	(2,248,800)	0	0
Chairman's legal representative/General Manager	Zhixian Li	0	0	(300,000)	0
Director	Asia Plastics Co., Ltd.	0	0	0	0
Director representative	Sishan Lin (newly appointed on 2019.06.20)	0	0	0	0
Independent Director	Yanjun Chen (newly appointed on 2019.06.20)	0	0	0	0
Independent Director	Jian Chuan Wang (newly appointed on 2019.06.20)	0	0	0	0
Independent Director	Shunfa Chen (newly appointed on 2019.06.20)	0	0	0	0
Deputy General Manager/Finance Officer	Shuwei Li	0	0	337,128	0
Deputy General Manager	Yousheng Lin (newly appointed on 2018.07.01)	0	0	0	0
Deputy General Manager	Jiang Wenrong (newly appointed on 2019.06.20)	0	0	0	0
Deputy General Manager	Qizheng Li (newly appointed on 2019.06.20)	0	0	300,000	0
Deputy General Manager	Qiang Xie	0	0	0	0
CFO	Jianyu Lin (dismissed on 2020.04.01)	0	0	0	0
Accounting Officer	Xueru Liu (Newly appointed on 2018.02.06)	0	0	0	0

Share Trading Information

Name ¹	Reason for Transfer ²	Date of Transaction	Transferee	Relationship between Transferee and Directors, Supervisors, Managers and Major Shareholders	Shares	Transaction Price (NT\$)
Zhixian Li	Gift	2021.01.13	Shuwei Li	first-degree relatives	150,000	None
		2021.01.14	Shuwei Li	first-degree relatives	150,000	None

Note:

1. These are the names of the company's directors, supervisors, managers, and shareholders who hold more than 10% of the shares.
2. This table indicates the acquisition or penalty.

Share pledge Information : Not applicable

3.8 Relationship among the Top Ten Shareholders

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees ³		Remarks
	Shares	%	Shares	%	Shares	%	Shares	%	Shares
Behavior Tech Computer Corp Representative: Yujuan Wang	40,475,988	7.01%	—	—	—	—	Note	Note	
	4,228,687	0.73%	30,878,385	5.34%	—	—			
Ings Chyung International Co., Ltd. Representative: Zhixian Li	40,353,436	6.98%	—	—	—	—	Note	Note	
	30,878,385	5.34%	4,228,687	0.73%	—	—			
Asia Plastics Co., Ltd. Representative: Yujuan Wang	39,746,195	6.88%	—	—	—	—	Note	Note	
	4,228,687	0.73%	30,878,385	5.34%	—	—			
Zhixian Li	30,878,385	5.34%	4,228,687	0.73%	—	—	Note	Note	
Yangjun Zheng	22,500,000	3.89%	—	—	—	—	—	—	
Investment account of BVI YEM CHIO company entrusted to keep by Mega International Commercial Bank	15,879,656	2.75%	—	—	—	—	—	—	
Hexie Investment Co., Ltd. Representative: Yanzhong Zheng	13,655,707	2.36%	—	—	—	—	-	-	
	315,711	0.05%	36,920	0.01%	—	—			
Hongrun Liu	5,888,693	1.02%	—	—	—	—	—	—	
Shuwei Li	5,437,654	0.94%	—	—	—	—	Note	Note	
Qizheng Li	5,219,409	0.90%	207,000	0.04%	—	—	Note	Note	

Note:

The relationship between Zhixian Li and Shuwei Li, Qizheng Li is father and son, Shuwei Li and Qizheng Li are brothers, Zhixian Li serves as directors of Behavior Tech Computer Corp. and Ings Chyung International Co., Ltd, and Shuwei Li and Qizheng Li serve as directors of Asia Plastics Co., Ltd., Behavior Tech Computer Corp. and Ings Chyung International Co., Ltd., Ings Chyung International Co., Ltd. and Behavior Tech Computer Corp. are shareholders of Asia Plastics Co., Ltd., and Asia Plastics Co., Ltd. is a shareholder of Ings Chyung International Co., Ltd.,

3.9 Comprehensive shareholding ratio

Unit: shares/ %

Re-Invested Businesses (Note)	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/ Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Yem Chio (Bvi) Co., Ltd.	47,117,523	100%	0	0	47,117,523	100%
<u>Achem Technology Corporation</u>	399,904,848	100%	0	0	399,904,848	100%
<u>Xin Chio Global Co., Ltd.</u>	25,740,120	38.59%	14,888,000	22.32%	40,631,120	60.91%
Chuangyi Investment Co., Ltd.	46,900,000	100%	0	0	46,900,000	100%
Wongchio CO., LTD.	34,507,664	100%	0	0	34,507,664	100%

Note: Refers to the company's investment using the equity method on December 31, 2020.

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

Source of Capital

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Sources of Capital	Remarks	Capital Increased by Assets Other than Cash	Other
		Shares	Amount (NT\$ thousands)	Shares	Amount (NT\$ thousands)				
1999.08	10	40,000	400,000	30,240	302,400	Capital increase by retained earnings of NT\$14,400,000	None		1
1999.11	10	40,000	400,000	34,500	345,000	Capital increase by cash of NT\$42,600,000	None		2
2000.08	10	40,000	400,000	36,225	362,250	Capital increase by retained earnings of NT\$17,250,000	None		3
2002.01	10	56,000	560,000	44,036	440,363	Capital increase by retained earnings of NT\$18,113,000 Capital increase by cash of NT\$60,000,000	None		4
2002.12	19.5	60,000	600,000	55,738	557,381	Capital increase by retained earnings of NT\$22,018,000 Capital increase by cash of NT\$95,000,000	None		5
2003.12	10	95,000	950,000	62,427	624,266	Capital increase by retained earnings of NT\$66,885 thousands	None		6
2003.12	—	95,000	950,000	72,161	721,607	The conversion of the first domestic convertible corporate bonds into common shares of NT\$9,734,035	None		7
2004.03	—	95,000	950,000	72,661	726,606	The conversion of the first domestic convertible corporate bonds into common shares of NT 4,998,990	None		7
2004.06	10	125,000	1,250,000	77,928	779,283	Capital increase by retained earnings of NT\$5,267,728,000	None		8
2004.12	—	125,000	1,250,000	78,111	781,107	The conversion of the first domestic convertible corporate bonds into common shares of \$NT 1,824,300	None		9
2005.08	10	125,000	1,250,000	84,845	848,446	Capital increase by retained earnings of NT\$67,339,000	None		10
2005.12	—	125,000	1,250,000	91,668	916,677	The conversion of the first domestic convertible corporate bonds into common shares of \$NT 68,230,750	None		11
2006.07	10	150,000	1,500,000	92,898	928,984	The conversion of the first domestic convertible corporate bonds into common shares of \$NT 12,307,000	None		12
2006.08	10	150,000	1,500,000	95,584	955,844	Capital increase by retained earnings of NT\$37,000,000 and Employee bonus of NT\$4,000,000 Capital reduction of NT\$14,140,000	None		13
2006.10	10	150,000	1,500,000	108,963	1,089,633	Capital increase by cash of NT\$100,000 and conversion of the first domestic convertible corporate bonds into common shares of NT\$33,789,000	None		14
2006.12	10	150,000	1,500,000	112,195	1,121,958	The conversion of the first domestic convertible corporate bonds into common shares of \$NT 2,258,000 and conversion of the second domestic convertible corporate bonds into common shares of NT\$30,066,000	None		15
2007.04	10	150,000	1,500,000	112,229	1,122,294	The conversion of second domestic convertible corporate bonds into common shares of NT\$336,000	None		16
2007.08	10	150,000	1,500,000	114,920	1,149,206	The conversion of second domestic convertible corporate bonds into common shares of NT\$26,912,000	None		17
2007.09	10	180,000	1,800,000	134,920	1,349,206	Capital increase by cash NT\$200,000 thousands	None		18
2007.10	10	180,000	1,800,000	146,179	1,461,796	Capital increase by retained earnings of NT\$111,180,000 and conversion of second domestic convertible corporate bonds into common shares of NT\$1,409,000	None		19

2008.04	10	180,000	1,800,000	143,953	1,439,534	The conversion of the second domestic convertible corporate bonds into common shares of NT\$8,623,000conversion of third domestic convertible corporate bonds into common shares of NT\$31,005,000 // Retirement of 3,293,000 of the fourth treasury stocks and 2,896,000 shares of the fifth treasury stocks	None	20
2008.08	10	300,000	3,000,000	146,919	1,469,199	The conversion of the second domestic convertible corporate bonds into common shares of NT\$434,000 and conversion of the third domestic convertible corporate bonds into common shares of NT\$29,230,000	None	21
2008.11	10	300,000	3,000,000	142,506	1,425,065	The conversion of the third domestic convertible corporate bonds into common shares of NT\$295,000/Retirement of 4,443 thousand shares of the sixth treasury stocks	None	22
2008.12	10	300,000	3,000,000	151,728	1,517,281	Distribution of stock dividends of NT\$92,215 thousands	None	23
2009.01	10	300,000	3,000,000	150,379	1,503,793	Retirement of 1,016,000 shares of the first and second treasury stocks and retirement of 333 thousand shares of the seventh treasury stocks	None	24
2009.02	10	300,000	3,000,000	162,319	1,623,195	The conversion of the fourth domestic convertible corporate bonds into common shares of NT\$ 119,401,000	None	25
2009.04	10	300,000	3,000,000	162,365	1,623,658	The conversion of the fourth domestic convertible corporate bonds into common shares of NT\$1,793,000 // retirement of 133 thousand shares of eighth treasury stocks	None	26
2009.07	10	300,000	3,000,000	162,365	1,623,658	Revision of articles	None	27
2009.08	10	300,000	3,000,000	175,861	1,758,616	The conversion of the third domestic convertible corporate bonds into common shares of NT\$774,000 and conversion of the fourth domestic convertible corporate bonds into common shares of NT\$134,184,000	None	28
2009.08	10	300,000	3,000,000	203,433	2,034,333	Capital increase by retained earnings of NT\$275,716 thousands	None	29
2009.10	10	300,000	3,000,000	212,688	2,126,886	The conversion of the third domestic convertible corporate bonds into common shares of NT\$820,000 and conversion of the fourth domestic convertible corporate bonds into common shares of NT\$91,732 ,000	None	30
2010.02	10	300,000	3,000,000	230,416	2,304,163	The conversion of the third domestic convertible corporate bonds into common shares of NT\$33,880,000 and conversion of the fourth domestic convertible corporate bonds into common shares of NT\$143,396,000	None	31
2010.04	10	300,000	3,000,000	230,932	2,309,320	The conversion of the fourth domestic convertible corporate bonds into common shares of NT\$5,157,000	None	32
2010.07	10	300,000	3,000,000	231,265	2,312,654	The conversion of the fourth domestic convertible corporate bonds into common shares of NT\$3,333,000	None	33
2010.10	10	300,000	3,000,000	232,799	2,327,999	The conversion of the fourth domestic convertible corporate bonds into common shares of NT\$15,345,000	None	34
2010.11	10	400,000	4,000,000	267,799	2,677,999	Distribution of stock dividends of NT\$350,000,000	None	35
2011.01	10	400,000	4,000,000	273,863	2,738,635	The conversion of the fifth domestic convertible corporate bonds into common shares of NT\$60,635,000	None	36
2011.04	10	400,000	4,000,000	277,014	2,770,144	The conversion of the fifth domestic convertible corporate bonds into common shares of NT\$31,509,000	None	37
2011.07	10	400,000	4,000,000	279,185	2,791,856	The conversion of the fifth domestic convertible corporate bonds into common shares of NT\$21,712,000	None	38
2011.10	10	400,000	4,000,000	280,571	2,805,713	The conversion of the fifth domestic convertible corporate bonds into common shares of NT\$13,856,000	None	39
2011.11	10	400,000	4,000,000	294,302	2,943,024	Capital increase by retained earnings to issue new shares	None	40
2011.11	10	500,000	5,000,000	294,302	2,943,024	Revision of articles, increase authorized capital and adjust the number of convertible shares of retained corporate bonds	None	41

2011.12	10	500,000	5,000,000	296,569	2,965,690	The conversion of the fifth domestic convertible corporate bonds into common shares of NT\$22,666,000	None	42
2012.03	10	500,000	5,000,000	296,569	2,965,690	Dismissal of supervisor, Registration of shareholders changed to appoint a representative as the supervisor	None	43
2012.04	10	500,000	5,000,000	297,488	2,974,888	The conversion of the fifth domestic convertible corporate bonds into common shares of NT\$9,198,000	None	44
2012.07	10	500,000	5,000,000	297,725	2,977,259	The conversion of the fifth domestic convertible corporate bonds into common shares of NT\$2,370,000	None	45
2012.08	10	500,000	5,000,000	297,725	2,977,259	Dismissal of supervisor, Registration of shareholders changed to appoint a representative as the supervisor	None	46
2012.09	10	500,000	5,000,000	357,223	3,572,237	Capital increase by retained earnings to issue new shares	None	47
2012.10	10	500,000	5,000,000	361,416	3,614,169	The conversion of the fifth domestic convertible corporate bonds into common shares of NT\$41,931,000	None	48
2012.12	10	500,000	5,000,000	394,416	3,944,169	Capital increase by cash of NT\$330,000,000	None	49
2013.04	10	500,000	5,000,000	395,594	3,955,933	The conversion of the fifth domestic convertible corporate bonds into common shares of NT\$11,764,000	None	50
2013.05	10	500,000	5,000,000	395,969	3,959,698	The conversion of the fifth domestic convertible corporate bonds into common shares of NT\$3,764,000	None	51
2013.07	10	500,000	5,000,000	395,969	3,959,698	Re-election of directors and supervisors, registration of changing to amend articles	None	52
2013.09	10	500,000	5,000,000	396,122	3,961,227	The conversion of the fifth domestic convertible corporate bonds into common shares of NT\$1,529,000	None	53
2013.10	10	500,000	5,000,000	444,054	4,440,548	The conversion of the fifth, sixth and seventh domestic convertible corporate bonds into common shares of NT\$83,615,000 and capital increase by retained earnings to issue new shares	None	54
2014.01	10	500,000	5,000,000	450,677	4,506,770	The conversion of the fifth, sixth and seventh domestic convertible corporate bonds into common shares of NT\$66,221,000	None	55
2014.04	10	500,000	5,000,000	464,960	4,649,609	The conversion of the sixth and seventh domestic convertible corporate bonds into common shares of NT\$142,839,000 and registration of new manager	None	56
2014.07	10	500,000	5,000,000	466,406	4,664,063	The conversion of the sixth and seventh domestic convertible corporate bonds into common shares of NT\$14,453,000	None	57
2014.09	10	600,000	6,000,000	512,696	5,126,964	Capital increase by retained earnings to issue new shares and apply for increasing authorized capital	None	58
2014.12	10	600,000	6,000,000	512,724	5,127,245	The conversion of the sixth and seventh domestic convertible corporate bonds into common shares of NT\$281,000	None	59
2015.04	10	600,000	6,000,000	512,724	5,127,245	The conversion of the sixth and seventh domestic convertible corporate bonds into common shares, capital increase by retained earnings to issue new shares and registration of new manager	None	60
2015.07	10	600,000	6,000,000	510,274	5,102,745	Retirement of 2,450,000 shares of ninth treasury stocks.	None	61
2015.10	10	600,000	6,000,000	459,002	4,590,021	Cash capital reduction 51,272,000 shares	None	62
2016.01	10	600,000	6,000,000	451,284	4,512,842	Retirement of 7,717,000 shares of tenth treasury stocks	None	63
2017.12	10	600,000	6,000,000	534,821	5,348,213	The company converted and issued new shares with Wonchio Chemical Co. Ltd.	None	64
2018.03	10	600,000	6,000,000	530,062	5,300,623	Retirement of shares converted with Achem Chemical Co. Ltd. to obtain treasury stocks.	None	65
2019.07	10	660,000	6,600,000	530,062	5,300,623	Apply for increasing authorized capital	None	66
2019.08	10	660,000	6,600,000	571,834	5,718,341	Capital increase by cash of NT\$450,000,000 , Retirement of shares converted with Achem Chemical Co. Ltd. to obtain treasury stocks	None	67
2020.03	10	660,000	6,600,000	570,040	5,700,401	Retirement of 1,794,000 shares of employees' untransferred eleventh treasury stocks	None	68

110.4	10	660,000	6,600,000	585,047	5,850,477	The conversion of the eighth and ninth domestic convertible corporate bonds into common shares	None	69
				575,667	5,756,677	Retirement of 9,380,000 shares of employees' untransferred eleventh treasury stocks		

Note:

1. Approved by Taiwan-Financials (1) No. 62988 letter on July 08, 1999.
2. Approved by Taiwan-Financials (1) No. 90480 letter on October 15, 1999.
3. Approved by Taiwan-Financials (1) No. 60110 letter on July 11, 2000.
4. Approved by Taiwan-Financials (1) No. 161621 letter on October 07, 2001.
5. Approved by Taiwan-Financials-Securities (1) No.0910148102 letter on September 10, 2002 and Taiwan-Financials-Securities (1) No.0910148101 letter on September 02, 2002.
6. Approved by Taiwan-Financials (1) No.129121 letter on July 01, 2003.
7. Approved by Taiwan-Financials (1) No.129630 letter on July 24, 2003.
8. Approved by Taiwan-Financials (1) No. 0930128021 letter on June 24, 2004.
9. Approved by Ministry of Economic Affairs-Letter No. 09401018430 on January 31, 2005.
10. Approved by Ministry of Economic Affairs-Letter No. 09401194970 on September 30, 2005.
11. Approved by Ministry of Economic Affairs-Letter No. 09501031750 on February 21, 2006.
12. Approved by Ministry of Economic Affairs-Letter No. 09501164630 on August 1, 2006.
13. Approved by Ministry of Economic Affairs-Letter No. 09501197240 on September 4, 2006.
14. Approved by Ministry of Economic Affairs-Letter No. 09501226150 on October 14, 2006.
15. Approved by Ministry of Economic Affairs-Letter No. 09601012030 on January 19, 2007.
16. Approved by Ministry of Economic Affairs-Letter No. 09600776330 on April 14, 2007.
17. Approved by Ministry of Economic Affairs-Letter No. 09601185220 on August 2, 2007.
18. Approved by Ministry of Economic Affairs-Letter No. 09601238680 on September 29, 2007.
19. Approved by Ministry of Economic Affairs-Letter No. 09601261240 on October 24, 2007.
20. Approved by Ministry of Economic Affairs-Letter No. 09701100570 on April 28, 2008.
21. Approved by Ministry of Economic Affairs-Letter No. 09701197980 on August 11, 2008.
22. Approved by Ministry of Economic Affairs-Letter No. 09701292890 on November 14, 2008.
23. Approved by Ministry of Economic Affairs-Letter No. 09701306980 on December 03, 2008.
24. Approved by Ministry of Economic Affairs-Letter No. 09701325220 on January 08, 2009.
25. Approved by Ministry of Economic Affairs-Letter No. 0981025070 on February 16, 2009.
26. Approved by Ministry of Economic Affairs-Letter No. 0980070960 on April 16, 2009.
27. Approved by Ministry of Economic Affairs-Letter No. 09801157390 on July 17, 2009.
28. Approved by Ministry of Economic Affairs-Letter No. 09801181510 on August 13, 2009.
29. Approved by Ministry of Economic Affairs-Letter No. 09801193720 on August 26, 2009.
30. Approved by Ministry of Economic Affairs-Letter No. 09801239650 on October 20, 2009.
31. Approved by Ministry of Economic Affairs-Letter No. 0991027440 on February 06, 2010.
32. Approved by Ministry of Economic Affairs-Letter No. 09901078010 on April 20, 2010.
33. Approved by Ministry of Economic Affairs-Letter No. 09901149260 on July 15, 2010.
34. Approved by Ministry of Economic Affairs- Letter No. 09901230210 on October 14, 2010.
35. Approved by Ministry of Economic Affairs- Letter No. 09901264520 on November 26, 2010.
36. Approved by Ministry of Economic Affairs-Letter No. 10001009480 on January 17, 2011.
37. Approved by Ministry of Economic Affairs-Letter No. 10001078150 on April 19, 2011.
38. Approved by Ministry of Economic Affairs-Letter No. 10001149320 on July 07, 2011.
39. Approved by Ministry of Economic Affairs-Letter No. 10001233390 on October 12, 2011.
40. Approved by Ministry of Economic Affairs-Letter No. 10001255420 on November 11, 2011.
41. Approved by Ministry of Economic Affairs-Letter No. 10001271220 on November 28, 2011.
42. Approved by Ministry of Economic Affairs-Letter No.10001292910 on December 30, 2011.
43. Approved by Ministry of Economic Affairs-Letter No.10101050780 on March 23, 2012.
44. Approved by Ministry of Economic Affairs-Letter No.10101062970 on April 10, 2012.
45. Approved by Ministry of Economic Affairs-Letter No.10101140690 on July 16, 2012.
46. Approved by Ministry of Economic Affairs-Letter No.10101164240 on August 09, 2012.
47. Approved by Ministry of Economic Affairs-Letter No.10101192510 on September 19, 2012.
48. Approved by Ministry of Economic Affairs-Letter No.10101208870 on October 9, 2012.
49. Approved by Ministry of Economic Affairs- Letter No.10101258430 on December 19, 2012.
50. Approved by Ministry of Economic Affairs-Letter No.10201062450 on April 10, 2013.
51. Approved by Ministry of Economic Affairs- Letter No.10201096730 on May 23, 2013.
52. Approved by Ministry of Economic Affairs-Letter No. 10201137350 on July 15, 2013.
53. Approved by Ministry of Economic Affairs-Letter No. 10201176240 on September 5, 2013.
54. Approved by Ministry of Economic Affairs-Letter No. 10201207670 letter on October 08, 2013.
55. Approved by Ministry of Economic Affairs-Letter No. 10301003380 on January 13, 2014.
56. Approved by Ministry of Economic Affairs-Letter No. 10301065560 on April 14, 2014.
57. Approved by Ministry of Economic Affairs-Letter No. 10301141160 on July 15, 2014.
58. Approved by Ministry of Economic Affairs-Letter No. 10301185380 on September 5, 2014.
59. Approved by Ministry of Economic Affairs-Letter No. 10301247640 on November 28, 2014.
60. Approved by Ministry of Economic Affairs-Letter No. 10401065780 on April 9, 2015.
61. Approved by Ministry of Economic Affairs-Letter No. 10401139460 on July 9, 2015.
62. Approved by Ministry of Economic Affairs-Letter No. 10401219330 on October 22, 2015.
63. Approved by Ministry of Economic Affairs-Letter No. 10401277240 on January 5, 2016.
64. Approved by Ministry of Economic Affairs-Letter No. 10601163590 on December 15, 2017.
65. Approved by Ministry of Economic Affairs-Letter No. 10701018660 on March 5, 2018.
66. Approved by Ministry of Economic Affairs-Letter No. 10801091560 on July 31, 2019.
67. Approved by Ministry of Economic Affairs-Letter No. 10801115020 on August 20, 2019.
68. Approved by Ministry of Economic Affairs-Letter No. 10901142860 on March 19, 2020.
69. Approved by Ministry of Economic Affairs-Letter No. 11001049720 on April 13, 2021.

2021/04/26

Share Type	Authorized Capital			Remarks
	Shares Outstanding (Note)	Un-issued Shares	Total Shares	
Registered common stock	575,667,729 shares	84,332,271 shares	660,000,000 shares	

Note: Refers to listed stock

4.1.2 Status of Shareholders

As of 2021/04/25

Shareholders Numbers	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	2	7	272	56,044	110	56,435
Shareholding (shares)	79	886,846	165,914,197	375,400,568	35,527,093	577,728,783
Percentage	0.00%	0.15%	28.72%	64.98%	6.15%	100.00%

4.1.3 Shareholding Distribution Status (NT\$10 per share)

As of 2021/04/25

A. Common Shares

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage (%)
1 ~ 999	29,791	4,034,525	0.70%
1,000 ~ 5,000	18,167	41,254,871	7.14%
5,001 ~ 10,000	3,907	31,467,537	5.45%
10,001 ~ 15,000	1,259	15,693,206	2.72%
15,001 ~ 20,000	927	17,125,749	2.96%
20,001 ~ 30,000	804	20,283,294	3.51%
30,001 ~ 40,000	349	12,241,900	2.12%
40,001 ~ 50,000	308	14,199,794	2.46%
50,001 ~ 100,000	507	36,244,294	6.27%
100,001 ~ 200,000	237	33,811,751	5.85%
200,001 ~ 400,000	78	21,635,915	3.74%
400,001 ~ 600,000	34	16,692,865	2.89%
600,001 ~ 800,000	19	13,092,584	2.27%
800,001~1,000,000	10	8,878,674	1.54%
1,000,001 or over	38	291,071,824	50.38%
Total	56,435	577,728,783	100.00%

B. Preferred Shares: The company does not issue preferred shares.

4.1.4 List of Major Shareholders

As of 2021/04/25

Shareholder's Name	Shares	Percentage
Behavior Tech Computer Corp	40,475,988	7.01%
Ings Chyung International Co., Ltd.	40,353,436	6.98%
Asia Plastics Co., Ltd.	39,746,195	6.88%
Zhixian Li	30,878,385	5.34%
Yangjun Zheng	22,500,000	3.89%
Investment account of BVI YEM CHIO company entrusted to keep by Mega International Commercial Bank	15,879,656	2.75%
Hexie Investment Co., Ltd.	13,655,707	2.36%
Hongrun Liu	5,888,693	1.02%
Shuwei Li	5,437,654	0.94%
Qizheng Li	5,437,654	0.90%

4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT\$

Items		Year			
		2019	2020	Current year and as of March 31, 2021	
Market price per share¹	Highest	14.70	17.35	16.70	
	Lowest	11.10	9.20	13.90	
	Average	12.94	14.36	15.33	
Net Worth per Share²	Before Distribution	16.63	17.88	-	
	After Distribution	16.33	16.49	-	
Earnings per Share	Weighted Average Shares (thousand shares)	514,862 thousand shares	533,668 thousand shares	-	
	Diluted Earnings (Loss) Per Share	(0.99)	1.51	-	
	Adjusted Diluted Earnings (Loss) Per Share	(0.99)	1.44	-	
Dividends per Share	Cash Dividends		0.305107	0.6 ⁹	-
	Stock Dividends	Dividends from Retained Earnings	-	0.43	-
		Dividends from Capital Surplus	-	-	-
	Accumulated Undistributed Dividends		-	-	-
Return on	Price / Earnings Ratio ⁵		(12.96)	8.41	-

Investment	Price / Dividend Ratio ⁶	42.05	21.17	-
	Cash Dividend Yield Rate ⁷	2.38%	4.72%	-

Note:

1. List the highest and lowest market prices of common stocks each year, and calculate the average market prices for each year based on the transaction value and volume of each year.
2. Please fill in the list based on the number of issued shares at the end of the year and the distribution based on the resolution of the shareholders meeting in the following year.
3. If retrospective adjustment is required due to circumstances such as bonus shares, the earnings per share before and after adjustment shall be shown.
4. If the equity securities issuance conditions stipulate that the dividends not paid in the current year will be accumulated to the year when there is a surplus, the dividends accumulated and not paid up to the current year shall be disclosed separately.
5. Price / Earnings Ratio = Average Market Price / Earnings per Share
6. Price / Dividend Ratio = Average Market Price / Cash Dividends per Share
7. Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price
8. The net value per share and earnings per share should be filled in with the information checked (reviewed) by an accountant as of the printing date of the annual report for the most recent quarter; the remaining fields should be filled in with the data of the current year as of the printing date of the annual report.
9. The company's Articles of Association authorized the Board of Directors to issue cash dividends by means of special resolutions.

4.1.6 Dividend Policy and Implementation Status

A. Dividend Policy

The company has a matured industry development, stable profitability and sound financial structure, and is suitable for adopting a stable dividend policy. The proposed distribution of shareholder's retained earnings shall be the legal reserve and special reserve in accordance with the law for the current year's distributable surplus, and the balance shall be distributed by stocks and cash dividends, but the cash dividend shall not be less than 10% of the current distribution.

B. Proposed Distribution of Dividend

Item \ Year	Cash Dividends	Stock Dividends
2020	NT\$0.6	NT\$0.43

Note: The year 2020 is based on the distribution plan according to the resolution of the Board of Directors on March 4, 2021. The retained earnings are used to distribute cash dividends of NT\$ 0.6 and stock dividends of NT\$0.43.

4.1.7 The impact of the bonus shares proposed by the shareholders' meeting on the company's operating performance and earnings per share:

The company has not disclosed individual financial forecasts, so there is no need to disclose the estimated information for the year 2021.

4.1.8 Compensation of Employees, Directors and Supervisors

A. Information Relating to Compensation of Employees, Directors and Supervisors in the Articles of Incorporation:

According to the company's articles of incorporation, after deducting accumulated losses from the company's profit for the year, if there is still a

balance, the employee's remuneration shall be allocated first, the remuneration shall not be less than 0.5%, and no more than 1%, and the Board of Directors will be authorized to negotiate the remuneration of directors and supervisors in accordance with the usual standards of the industry.

B. The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

On March 4, 2021, the Board of Directors resolved to allocate remuneration to employees, directors and supervisors. If there is a difference between the actual allotment amount and the estimated amount, the accounting treatment is that after the end of the year, if there is a major change in the amount of the disbursement of the Board of Directors' resolutions, original annual expenses will be adjusted in the alteration. On the date of the resolution of the shareholders' meeting, if the amount still changes, it shall be handled according to the alteration in accounting estimates and adjusted and recorded in the accounts during the year of the resolution of the shareholders' meeting.

C. Proposed employee compensation and other information approved by the Board of Directors:

(1) Remuneration for employees, directors and supervisors distributed in cash or stocks: NT\$ 4,309,027 for cash remuneration for employees; no remuneration for directors and supervisors.

(2) The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company-only financial reports or individual financial reports for the current period and total employee compensation: None.

(3) If the amount of remuneration of employees, directors and supervisors approved by the Board of Directors differs from the annual estimated amount of recognized expenses, the difference, reason and the processing method should be disclosed:

The remuneration of directors and supervisors is the same as the accounts in 2020, and the remuneration of employees is NT\$634,000 less than the estimated number in the accounts of 2020. After the shareholders' meeting decides on the actual allotment amount, the difference is regarded as a change in accounting estimates and is listed as year profit and loss of 2021.

D.If there's a difference between the actual distribution of employee dividends, the remuneration of directors, supervisors in the previous year (including the number of allotted shares, amount and stock price) and the remuneration of recognized employees, directors and supervisors, then the reasons and handling circumstances and the number of differences should be stated:

The company had accumulated losses for the year 2019 and no surplus was available for distribution. Therefore, the remuneration of employees and the remuneration of directors and supervisors isn't estimated, and the difference is zero.

4.1.9 Buyback of Treasury Stock

As of 04/25/2021

Treasury stocks: Batch Order	12 th Batch	13 th Batch	14 th Batch
Purpose of buy-back	Transfer shares to employees	Transfer shares to employees	Transfer shares to employees
Timeframe of buy-back	2017/11/14~2018/01/12	2020/03/12-2020/04/27	2020/05/22-2020/07/13
Price range	NT\$13.8~ NT\$20	NT\$9~ NT\$16	NT\$9~ NT\$16.2
Class, quantity of shares bought back	9,380,000 common shares	8,699,000 common shares	7,022,000 common shares
Value of shares bought-back (in NT\$)	NT\$139,272,500	NT\$85,553,642	NT\$84,796,395
Shares sold/transferred	9,380,000 shares	0 shares	0 shares
Accumulated number of company shares held	0 shares	8,699,000 shares	15,721,000 shares
Percentage of total company shares held (%)	0%	1.51%	2.73%

4.2 Bonds

4.2.1 Corporate Bonds

Corporate Bond Type ²	8 th secured convertible corporate bond ³	9 th secured convertible corporate bond ³
Issue date	2019/06/14	2019/06/14
Denomination	NT\$100,000	NT\$100,000
Issuing and transaction location ³	Not applicable	Not applicable
Issue price	Issued at 100% of par value	Issued at 100% of par value
Total price	NT\$500 million	NT\$500 million
Coupon rate	0%	0%
Tenor	5 years Expiry date: 2024/06/14	5 years Expiry date: 2024/06/14
Guarantee agency	Mega International Commercial Bank Co., Ltd.	First Commercial Bank Co., Ltd.
Consignee	Jih Sun International Bank Co., Ltd.	Jih Sun International Bank Co., Ltd.
Underwriting institution	Yuanta Securities Co., Ltd.	Yuanta Securities Co., Ltd.
Certified lawyer	Not applicable	Not applicable
CPA	Not applicable	Not applicable
Repayment method	Except for conversion or redemption according to the terms of conversion, the balance shall be paid back in cash at maturity.	Except for conversion or redemption according to the terms of conversion, the balance shall be paid back in cash at maturity.
Outstanding principal	NT\$419,200,000	NT\$381,100,000
Terms of redemption or advance repayment	<p>(1) From the day following three months after the issuance period of the convertible corporate bonds to 40 days before the expiry of the issuance period, if the closing price of the company's common shares exceeds the current conversion price by 30% (including), the company may send a one-month expiry "Bond Callback Notice" by registered post to the bondholder within 30 business days thereafter, (subject to the list of bondholders on the fifth business day prior to the issuance of the "Bond Callback Notice". For bondholders who subsequently obtain the converted corporate bonds due to trading or other reasons, they shall be announced.) and shall write to the Taipei Exchange for the announcement.</p> <p>(2) From the day following three months after the issuance period of the convertible corporate bonds to 40 days before the expiry of the issuance period, if the outstanding balance of the converted corporate bonds is less than 10% of the original issuance total, the company may send a one-month expiry "Bond Callback Notice" by registered post to the bondholder within 30 business days thereafter, (subject to the list of bondholders on the fifth business day prior to the issuance of the "Bond Callback Notice". For bondholders who subsequently obtain the convertible corporate bonds due to trading or other reasons, they shall be announced.) and shall write to the Taipei Exchange for announcements.</p> <p>3) If the bondholder fails to reply in writing to the company's stock brokerage before the bond collection date set forth in the "Bond Receipt Notice" (it will be effective at the time of delivery, for those who mailed by post, postmark serves as a proof). The bond will be redeemed in cash at the face value of the bond within five business days after the bond call date.</p>	<p>(1) From the day following three months after the issuance period of the convertible corporate bonds to 40 days before the expiry of the issuance period, if the closing price of the company's common shares exceeds the current conversion price by 30% (including), the company may send a one-month expiry "Bond Callback Notice" by registered post to the bondholder within 30 business days thereafter, (subject to the list of bondholders on the fifth business day prior to the issuance of the "Bond Callback Notice". For bondholders who subsequently obtain the converted corporate bonds due to trading or other reasons, they shall be announced.) and shall write to the Taipei Exchange for announcements.</p> <p>(2) From the day following three months after the issuance period of the convertible corporate bonds to 40 days before the expiry of the issuance period, if the outstanding balance of the converted corporate bonds is less than 10% of the original issuance total, the company may send a one-month expiry "Bond Callback Notice" by registered post to the bondholder within 30 business days thereafter, (subject to the list of bondholders on the fifth business day prior to the issuance of the "Bond Callback Notice". For bondholders who subsequently obtain the convertible corporate bonds due to trading or other reasons, they shall be announced.) and shall write to the Taipei Exchange for announcements.</p> <p>3) If the bondholder fails to reply in writing to the company's stock brokerage before the bond collection date set forth in the "Bond Receipt Notice" (it will be effective at the time of delivery, for those who mailed by post, postmark serves as a proof). The bond will be redeemed in cash at the face value of the bond within five business days after the bond call date.</p>
Restrictive clause ⁴	After the issuance of the converted corporate bonds, if the ratio of the cash dividends of common shares issued by the company to the current price per share exceeds 1.5%, the conversion price shall be lowered on the ex-dividend base date according to the ratio of the current price per share.	After the issuance of the converted corporate bonds, if the ratio of the cash dividends of common shares issued by the company to the current price per share exceeds 1.5%, the conversion price shall be lowered on the ex-dividend base date according to the ratio of the current price per share.
Name of credit rating agency, rating date, rating of corporate bonds	None	None

Other rights attached	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	As of March 31, 2021, the amount converted into ordinary shares was NT\$61,679,030.	As of March 31, 2021, the amount converted into ordinary shares was NT\$90,762,910.
	Issuance and conversion (exchange or subscription) method	For details, please refer to the Eighth Domestic Secured Convertible Corporate Bond Issuance and Terms of Conversion	For details, please refer to the Ninth Domestic Secured Convertible Corporate Bond Issuance and Terms of Conversion
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity		Estimated based on the current conversion price, the number of reconvertible shares is expected to account for approximately 6.5% of the total number of shares outstanding, and the impact on existing shareholders' equity is still limited.	Estimated based on the current conversion price, the number of reconvertible shares is expected to account for approximately 6.5% of the total number of shares outstanding, and the impact on existing shareholders' equity is still limited.
Corporate Bond Type		Not applicable	Not applicable

Note:

1. The handling of corporate bonds includes public and private corporate bonds in the process of handling. Public company bonds in process refer to those that have become effective (approved) by the council; private company bonds in process refer to those that have been approved by the Board of Directors.
2. The number of columns will be adjusted according to the actual number of transactions.
3. For those who belong to overseas corporate bonds to fill in.
4. Such as restricting the distribution of cash dividends, foreign investment or requiring the maintenance of a certain proportion of assets, etc.
5. If there is private placement, it should be marked in a significant way.
6. In the case of convertible corporate bonds, exchangeable corporate bonds, shelf Registration for Issuing Bonds and corporate bond with warrant, the format should be listed in the table according to the nature then disclose their information.

4.2.2 Convertible Bonds

Corporate bond type ¹		8 th Secured Convertible Corporate Bond	
Year		2020	The current year as of March 31, 2021 ⁴
Item	Market price of the convertible bond ²		
	Highest	131.5	126.9
	Lowest	101.05	115.5
	Average	114.98	121.26
Convertible Price		13.1	13.1
Issue date and conversion price at issuance		June 14, 2019 Conversion price: 14	
Conversion methods ³		Issue new shares	
Corporate bond type ¹		9 th Secured Convertible Corporate Bond	
Year		2020	The current year as of March 31, 2021 ⁴
Item			

Market price of the convertible bond ²	Highest	131.5	126.4
	Lowest	101.9	117
	Average	115.44	121.38
Convertible Price		13.1	13.1
Issue date and conversion price at issuance		June 14, 2019 Conversion price: 14	
Conversion methods ³		Issue new shares	

Note:

1. The number of columns will be adjusted according to the actual number of transactions.
2. If there are multiple trading locations for overseas corporate bonds, they shall be listed separately according to the trading locations.
3. Delivery of issued shares or issuance of new shares.
4. The data for the current year as of the publication date of the annual report should be filled in.

4.2.3 Exchangeable Bonds

None.

4.2.4 Shelf Registration for Issuing Bonds

None.

4.2.5 Corporate Bonds with Warrants

None.

4.3 Preferred Shares

None.

4.4 Global Depository Receipts

None.

4.5 Employee Stock Options

None.

4.6 New shares that restrict employees' rights

None.

4.7 Status of New Shares Issuance in Connection with Mergers and Acquisitions

4.7.1 Those who have completed mergers and acquisitions in the most recent year and as of the date of publication of the annual report or have transferred shares of other companies to issue new shares: Not applicable.

4.7.2 In the most recent year and as of the publication date of the annual report, the Board of Directors has passed a resolution to acquire or transfer shares of other companies to issue new shares. The execution status and basic information of the acquired company or the transferee company should be disclosed: None.

4.8 Financing Plans and Implementation

4.8.1 Financing Plans

None.

4.8.2 Implementation

None.

V. Operations Profile

5.1 Business Activities

5.1.1 Business Scope

(1) Main areas of business operations

A. Manufacturing, processing and buying and selling operations of various tapes. (Packaging tape, PVC electrical insulation pipe tape, automotive wire harness tape, stationery tape, protective tape, double-sided tape, special tape, PCB electronic tape, printing tape, trademark paper tape and tape for protective clothing).

B. Manufacturing, processing and buying and selling operations of hardware equipment such as strapping, strapping machine, packaging machine, box sealing machine, iron buckle, box sealing needle, etc.

C. Manufacturing, processing and buying and selling operations of hardware equipment such as strapping, strapping machine, packaging machine, box sealing machine, iron buckle, box sealing needle, etc.

D. Manufacturing, processing and buying and selling operations of cardboard, paper bags, cartons, paper cups, and paper tubes.

E. Manufacturing, processing and buying and selling operations of BOPP film, PVC soft film, PE film.

F. Import and export business of the previous products.

G. Semiconductor raw material solvent purification, electronic grade solvent.

H. Residential and building development and sales and real estate buying and selling business.

(2) Revenue distribution

Major Divisions	Total Sales for 2020 (NT\$thousands)	(%) of Total Sales
Tape	9,027,733	65%
Package	1,559,858	11%
Thin film	2,140,047	15%
Acrylic acid	24,523	0%
Build	681,646	5%
Other	514,909	4%
Total	13,948,716	100%

(3) Main products

A. BOPP film, PVC soft film, PE film.

B. Packaging tapes, PVC electrical insulation pipe tapes, automotive wiring harness tapes, Stationery tapes, protective tapes, double-sided tapes, foam tapes, other tapes, Water-based adhesive (resin)

C. Plastic bags, packing belts, various packaging materials.

D. OEM production of electronic grade high-purity chemicals for the optoelectronic industry, waste solvent recovery, purification and reuse, High-purity special raw material solvent purification.

(4) New product development

Electronic film, medical film, food packaging antibacterial film, environmental protection material, new application of glue.

5.1.2 Industry Overview

(1) Current status and development of the industry

The current status and development of the company's main products into upstream, midstream and downstream industries are explained as follows:

The BOPP film, PVC soft film, and PE film industries belong to the upstream industry. BOPP film is a very important flexible packaging material with a wide range of applications. It has high stretch, impact strength, rigidity, strong bristles and good transparency. After corona treatment, it can adapt well to printing and can be printed with color to obtain an exquisite appearance, so it is often used as the material of composite film. In recent years, with the increasing requirements for application materials in various industries, the demand for films has increased year by year, and the application industries have become more extensive. YemChio is committed to increase additional value and invest in research and development such as on pearl films used in facial masks and labels, films that maintain freshness for fresh vegetables and fruit packaging, antibacterial and anti-fog multifunctional films, glazed laminated films for posters and printing, and bag-making films used in the packaging of various consumer goods.

PVC is one of the earliest industrialized resins, due to its mature processing technology and low price, PVC is widely used in the automotive industry, electronics industry, machinery manufacturing industry, building materials industry, and people's livelihood applications. The development of PVC tapes tends to be product functional applications including thin, low-cost, low-cost products, good operability, environmental protection, and safety. With the rapid upgrading and progress of the global industry and technological advancement, Yemchio's self-made PVC flexible film is vertically integrated, especially for bulk products, PVC insulation tape, products tailored to specific industries, and customers' special needs, which are more likely to be favored by the market. With the strengthening of global environmental awareness, Yemchio's products have obtained the hazardous restricted substances (RoHS) certification, the European Union regulations (REACH) certification, and the non-toxic, easy-to-recycle products have a stronger market acceptance.

The full name of PE is polyethylene, which is the simplest polymer organic compound and the most widely used polymer material in the world today. PE protective film uses special polyethylene (PE) plastic film as the base material, and the biggest advantage is that the protected product can be prevented from being stained, corroded, cut and scratched during production, transportation, storage and use, and can keep the original smooth and shiny surface. From PE film making to gluing, Yemchio uses a completely self-made and consistent operation mode to ensure product quality and maintain product market competitiveness. Such products are widely used in the hardware industry, photoelectric industry, plastic industry, wire and cable industry, and electronics, which makes it a very common protective film product with environmental protection concepts.

Adhesive tape belongs to the midstream industry. It refers to a product that is coated with adhesive on a substrate, and the flow of the adhesive is combined with adherend to produce an adhesive effect. There are many types of adhesive tapes, which can be divided into three types: solvent-activated, heat-activated, and pressure-sensitive adhesive tapes. At present, there are more than 10,000 types of commercialized tapes, and their convenient use, superior functions and low price are of irreplaceable importance in daily life and work.

Currently, the raw materials for the production of BOPP film, PE film and adhesive tape domestic are mainly concentrated in several large plasticization plants such as Formosa Plastics and Formosa Chemicals. Therefore, in order to maintain a competitive advantage in the industry, in addition to the use of automatic production equipment to produce a large amount of production to reach an economic scale, the cooperation of upstream raw material suppliers is also a key factor. In terms of downstream manufacturers, due to different characteristics of films and tapes required by various downstream industries, manufacturers need to have mature production technology and diverse production specifications in order to provide customers with a complete product portfolio immediately to meet customers' one-time purchase needs.

In response to the rapid growth of the domestic electronic information industry, tape products are in demand for various tapes such as transformer coil insulation, stainless steel plate protection, printed circuit board electroplating protection, semiconductor wafer cutting, grinding, and demagnetization coils. Among them, the OPP tape series, which is based on environmental

protection requirements has gradually become the mainstream of the market. Besides, tape products have the characteristics of convenience, superior functions and low prices, and due to continuous development and completion of new products and technologies, there is currently no other product that can completely replace its auxiliary position in various industries, since film and tape products will not be affected by the prosperity and decline of a single industry. There is a certain demand for the overall economic growth.

(2) The relevance of the industry's upstream, midstream and downstream industries:

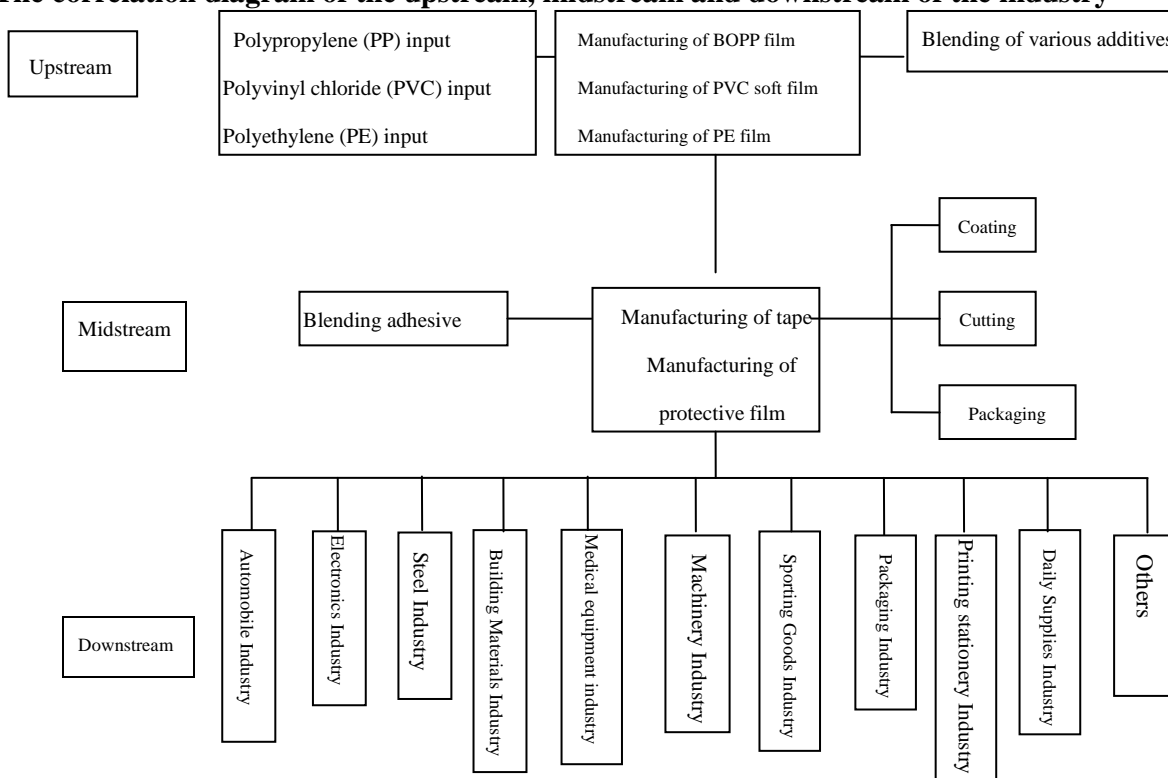
The upstream raw materials of the BOPP film industry include polypropylene (PP) and various additives, and the downstream are various tape processing manufacturers, color printing and food packaging factories. The film can be widely used in food packaging such as bread, fruits and vegetables, cigarettes, biscuits, and clothing, footwear, books, cosmetics and other consumer goods packaging.

The upstream raw materials of the PE film industry include the mining and supply of PE resin and natural rubber. PE resin is closely related to the petrochemical industry, and its price fluctuations are also closely integrated with the supply and demand of the crude oil market. Natural rubber is mainly mined in Southeast Asian countries such as Thailand, where it is mined at a specific time, and its natural rubber is also widely used for tires and rubber gloves for example.

The adhesive tape industry belongs to the upstream raw material manufacturers including paper, cloth, rubber, plastic film or metal foil and other substrate manufacturers, as well as the resin factory that manufactures various adhesives. The midstream is a manufacturer of various tape processing manufacturers, wherein the main tasks consists of mixes and coats, fabrication, drying, cutting, slitting, packaging and other operations. The finished tape can be used in a wide range of industries, such as the automobile industry, electronics industry, machinery manufacturing, building materials industry, hardware industry, printing stationery. It is used in industry, medical equipment industry and even general household consumption, and because adhesive tape is widely used for packaging purposes, it covers almost all industries.

The company is a film and tape processing manufacturer in the upstream and midstream reaches of the industry. Its upstream, middle and downstream structure is shown in the figure below.

The correlation diagram of the upstream, midstream and downstream of the industry



(3) Product Development Trend

The development trend of film products tends to develop toward the direction of product environmental protection, diversification and differentiation. As long as BOPP film is environmentally friendly and non-toxic, BOPP film is highly suitable to replace other types of packaging materials, and its application in new fields and industries is gradually expanding. Moreover, in terms of differentiation, film products are also moving toward a trend of being thinner and lighter, which can effectively reduce downstream costs and establish an entry barrier for the industry.

(4) Product competitor

The adhesive tape industry has been developed in Taiwan for more than 40 years. In the past, there was only one BOPP film manufacturer, Nanya Plastics. At present, there are three companies namely Yemchio, Nanya Plastics and Baoyan, and there are about 70 tape manufacturers. As a large-scale industry, OPP and SPVC tape have the most mature technology development and are extremely competitive for export, accounting for about 80% of the total tape output. The main manufacturers of various tape products are as follows:

Product Category	Manufacturer
BOPP film	Yemchio, Nan Ya Plastics, Pao Yan Tsae Yih
OPP tape	Yemchio, Achem Technology, Symbio, Chin Tung, Globetape, Rainbow Tape, Kikusui Tape, Sharktape, Solarplus-Tape, Imptapes
SPVC tape	Symbio, Achem Technology, Chin Tung, Globetape, Nitto, KK Enterprise, King Arrow, Imptapes
Cellophane tape	Symbio, Globetape
Water-based kraft paper tape	Fuda tape, Chiuer Jiuey
Pressure sensitive kraft paper tape	Yemchio, Kikusui Tape, Symbio
Double-sided tape	Yemchio, Symbio, Achem Technology, KK Enterprise, Globetape, Captaintek, Sharktape, Uee Zee Enterprise, Kikusui Tape, Rainbow Tape, Seal King, Solarplus-Tape, Fortunetape, Metagalaxy, King Arrow, V. Himark, Celadon, Sun-Good
PET tape	Symbio, Sharktape, KK Enterprise, Globetape, Pantechtape, Nitto, 3M, Solarplus-Tape, Celadon
PE tape	Symbio, Achem Technology, Seal King, Metagalaxy, KK Enterprise
Crepe paper tape	Symbio, Achem Technology, KK Enterprise, Globetape, Sharktape, Captaintek, Fortunetape
Medicine, medical tape	Symbio, Chenshin, Full Bond
Green silicone tape	KK Enterprise, Solarplus-Tape, Metagalaxy
Polyimide film tape	KK Enterprise, Symbio, Solarplus-Tape, Metagalaxy, Sharktape, Pantechtape, Avatack
Trademark tape	KK Enterprise, Symbio, Hezong, Solarplus-Tape, Fortunetape, Bestak
Other special tapes	Symbio, Seal King, Captaintek, Pantechtape, Uee Zee Enterprise, Hopax, V. Himark, Swantape, Solarplus-Tape, Sharktape, King Arrow, House-well, Kikusui Tape, Full Bond, Sun-Good

Source: Taiwanese Adhesive Tape Industry Association

5.1.3 Overview of Technology and R&D

R&D expenses invested in 2020 and successfully developed technologies or products:
(Unit: NT\$thousands)

Year	Consolidated research and development expenses (thousand NT dollars)	Successfully developed technology or product
2020	47,288	1. PVC tape with environmentally friendly glue. 2. PE protective tape for outdoor applications in the construction industry. 3. Low VOC cloth-based hot melt adhesive tape for electric vehicle wiring harness applications. 4. Relevant tape required for P3 level of protective clothing.

R&D investment plan and progress

The most recent annual plan	Current progress	R&D expenses that should be reinvested	Time to complete mass production	The main factors influencing the success of future R&D
Research and application of environmentally friendly glue in PVC wiring harness and electrical tape	A part of the products have been made to order	NT\$6million	2021-2022	Market acceptance and basic glue research
PE special protective tape (matte and printing, etc.) related products	A part of the products have been made to order	NT\$2million	2021-2022	Existing basic market share expands product categories to different industrial fields and applications
Hot melt adhesive related projects (retail easy-to-tear PE market)	A part of the products have been made to order	NT\$6 million	2021-2022	Market acceptance

5.1.4 Long-term and short-term business development plans

(1) Short-term business development plan

In response to the US-China trade conflict in 2020 and the severe Covid-19 epidemic, awareness of epidemic prevention increased, and the demand for epidemic prevention materials increased as well. In the short term, the focus will be on the development of mask packaging films and food/ingredient films that maintain freshness.

(A) Continue to expand production capacity and add coating lines to production bases in Vietnam and China.

(B) Production line automation and digital optimization improve management efficiency and reduce human dependence.

(C) Promotion of fresh-keeping antibacterial film product series.

(D) Promotion of high barrier food film series.

(E) Promotion of the product series of packaging plastic wrap for agricultural products.

(F) Promotion of precoated co-extruded film glazed, laminated film product series.

(G) Promotion of antibacterial and anti-epidemic materials heat-sealing packaging film

series.

(H) Development and promotion of anti-epidemic related products (adhesive tape for protective clothing, floor tape for social distance).

(I) Promotion of high and low temperature and extreme weather products.

(J) Glue promotion.

(K) Promotion of wiring harness tape in the automotive industry, and obtained IATF16949 certification.

(2) Mid-term and long-term business development plan

(A) Increase environmental protection products and develop environmental protection materials.

(B) The 2.0 film plan will continue to expand, by developing multi-functional films (such as velvet coating films and easy-to-tear films, etc.).

(C) Continue to introduce ISO 22000 for food safety standard operation certification.

(D) Develop new uses of glue.

(E) The product has obtained the national standard certification.

5.2 Market and Sales Overview

5.2.1 Market Analysis

(1) Sales area of main products

The main products of the company and its subsidiaries are various tape and film products. The market distribution is mainly for export. In 2020, the export accounted for about 71% of total sales, and the Americas and Asia were among the largest markets. The current internal and external sales ratios of the main products of the company and its subsidiaries are estimated as follows:

Products	Sales Figure (NT\$thousands)	Proportion of domestic sales	Proportion of Export
Tape	9,027,733	6%	94%
Packaging	1,559,858	91%	9%
Material Film	2,140,047	40%	60%
Acrylic Acid	24,523	0%	100%
Construction	681,646	100%	0%
Others	514,909	100%	0%
Total	13,948,716	29%	71%

(2) Market share, supply and demand condition, and growth of the market in the future

The tape industry faces a large production capacity and supply in developing countries such as Mainland China and Southeast Asia. However, since tape products are constantly updated and have been widely used in various industries, their demand still maintains a steady growth

nonetheless. As the film industry has bounced off the bottom of the industrial boom, Changbin Film Plant has increased investment in new product inspection equipment CCD, cutting machines, and workshop compartments to strengthen quality management, increase the production of high value-added food packaging films, and create product differentiation. Since 2011, BOPP has been sold to major international tape brand manufacturers. In 2016, the product mix was adjusted to increase the sales of consumer packaging films. As stated above, the demand for films is expected to continue growing, and the market growth can be expected.

(3) Competitive Niche

(3.1) In terms of Sales:

(A) The Film Division and Tape Division regularly plan international exhibitions every year and deploy to the global market.

(B) Adjust product mix and pursue maximization of profits.

(C) Under the brand of "Master Bao", strengthen the proportion of the retail business revenue of the packaging material business unit (currently, revenue mainly comes from various industrial packaging departments) and start the layout of e-commerce channels.

(3.2) In terms of production:

(A) Vertically integrate the upstream, midstream and downstream industries of the tape.

(B) Coordinate and integrate the raw material procurement, production and sales of Yemchio and Achem Chemical, aiming to become the world's largest manufacturer of tapes.

(3.3) In terms of Research and Development:

(A) Continue to develop films with higher additional value.

(B) Increase environmental protection products and develop environmental protection materials.

(C) Develop new uses of glue.

(3.4) In terms of Management:

(A) Integrate global resources and establish a structure with Taiwan as the operating center.

(B) Integrate the enterprise management resource integration (ERP) system within the group to improve performance of management and decision-making.

(4) Advantages and disadvantages of the development prospects and countermeasures

(4.1) Favorable factors

(A) The US-China trade conflict has driven the demand for tapes and packaging materials from all walks of life to increase, and the demand is still growing steadily because of the continuous development of uses.

(B) Film products have a wide application industry, and are environmentally friendly and non-toxic, and the application level will continue to expand in the future.

(C) Vietnam and Indonesia implement anti-dumping policies against China's BOPP, and the market turns to Taiwan to make a purchase.

(D) Thailand initiated an anti-dumping investigation against BOPP in Mainland China.

(4.2) Unfavorable factors:

(A) Due to the large supply of film manufacturers in China and Southeast Asia, and tariff barriers since Taiwan is not a member of the Association of Southeast Asian Nations, reasons mentioned above have caused fierce competition in the international market and reduced profits.

(B) The price of raw materials fluctuates abnormally, and the supply of upstream raw materials tends to be a seller's market.

(C) The severe outflow of labor-intensive industries affects domestic market demand.

(4.3) Countermeasures:

(A) Develop new products and improve quality to increase added value.

(B) Analyze the overall economic situation and improve inventory management.

(C) Cooperate with the film 2.0 development plan to increase the proportion of consumer films.

5.2.2 Important use and production process of main products

(1) Biaxially stretched film (BOPP): Widely used in packaging applications such as tape, food, cosmeceuticals, textiles, refrigerated preservation products and stationery.

(2) OPP packaging tape: Suitable for sealing and fixing, carton packaging, and packaging requiring tensile strength.

(3) PVC tapes: Suitable for electrical insulation, automotive wiring harnesses, floor warnings and pipeline coatings to resist corrosion.

(4) Stationery tapes: All kinds of tapes used in art, crafts, gifts, hair accessories, venue layout and factories or offices.

(5) Protective tapes: Used for aluminum door and window frames, plastic window frames, stainless steel plates, cosmetic plywood and house wall pipeline paint repair and other purposes, mobile phone screens, surface protection of painted parts, shaft-mounted copper wires, semi-finished products/finished products, and to effectively prevent dust pollution and oxidation.

(6) Double-sided adhesive tape: In response to various uses, tissue paper, foam, polyester film and other different substrates are used, which are suitable for bonding and fixing in the electronics industry and for specific purposes.

(7) Laminating tapes: Suitable for specific purposes such as adhesive labels and trademarks.

5.2.3 Supply status of the main source

The main products of the company and its subsidiaries are adhesive products. Its main suppliers in the last two years are as follows:

Raw material name	Year	2020	2019
		Main supplier	Main supplier
Polypropylene (PP)		Sabic Asia Pacific Pte, Mitsubishi, Yung Chang Shuen, Sumitomo, Formosa Plastics, Formosa Chemicals, China Petrochemicals	Sabic Asia Pacific Pte, Mitsubishi, Yung Chang Shuen, Sumitomo, Jinshan, Formosa Plastics, Formosa Chemicals
Polypropylene film Original BOPP		Nan Ya Plastics, Forop, Shuangliang, Jiayue	Nan Ya Plastics, Erongsheng, Forop, Shuangliang
PVC film SPVC original cloth		Nan Ya Plastics, China General Plastics, Shih-Kuen Plastics, Yingtai	Nan Ya Plastics, China General Plastics, Shih-Kuen Plastics, Yingtai
Vinyl acetate		Chemfront, Everest	Chemfront, Everest
Isooctyl acrylate		Formosa Plastics, BASF, Chuan Sheng Urethane	Formosa Plastics, BASF, Chenshin, Wanhwa
Ethyl acetate		Chemfront, Wintak, Methyl, Young Sun, Hong-Chuan	Chemfront, Wintak, Methyl, Orient, Young Sun, Chenshin

5.2.4 Information on major suppliers in the last two years

The company and its subsidiaries haven't had an individual supplier's purchase amount exceeding 10% of the combined purchase amount in the last two years. Main reasons for the increase or decrease of the difference: None.

5.2.5 Information on major clients in the last two years

In the past two years, the company and its subsidiaries did not have individual sales clients whose sales amount reached more than 10% of the combined sales. Main reasons for the increase or decrease of the difference: None.

5.2.6 Production value in the last two years

Year	2020			2019		
Output	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Main Products	(Thousand m ² /tons)	(Thousand m ² /tons)	(NT\$ thousands)	(Thousand m ² /tons)	(Thousand m ² /tons)	(NT\$ thousands)
Tape	2,265,824	1,761,736	7,123,369	2,305,171	1,730,837	7,712,386
Thin film	100,800	102,428	3,542,388	99,600	90,061	3,845,532
Acrylic Acid	-	-	-	180,000	62,707	2,027,428
Total	2,366,624	1,864,164	10,665,757	2,584,771	1,883,605	13,585,346

5.2.7 Sales in the last two years

Year	2020				2019			
	Local		Export		Local		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Main Products	(Thousand m ² /tons)	(NT\$ thousands)	(Thousand m ² /tons)	(NT\$ thousands)	(Thousand m ² /tons)	(NT\$ thousands)	(Thousand m ² /tons)	(NT\$ thousands)
Tape	91,308	537,792	1,578,321	8,489,941	85,833	549,850	1,651,804	9,365,608
Packaging Material	-	1,416,465	-	143,393	-	1,259,144	-	168,309
Film	19,379	852,458	29,744	1,287,589	23,145	1,116,199	25,885	1,254,934
Acrylic Acid	-	-	1,232	24,523	-	-	48,273	1,308,599
Construction	-	681,646	-	-	-	583,099	-	-
Others	-	514,909	-	-	-	571,699	-	-
Total	110,687	4,003,270	1,609,298	9,945,446	108,978	4,079,991	1,725,961	12,097,450

5.3 Information on the employees of the company and its subsidiaries in the last two years and as of the publication date of the annual report:

Year		2019	2020	2021 as of 3/31
Number of Employees	Direct Labor	1,507	1,386	1,383
	Indirect Labor	1,035	973	997
	Total	2,542	2,359	2,380
Average Age		38.28	37.8	37.8
Average Years of Service		7.55	7.36	7.36
Education	Ph.D.	0.08%	0.06%	0.10%
	Masters	2.60%	2.61%	2.64%
	Bachelor's Degree	33.20%	32.56%	33.04%
	Senior High School	43.01%	41.74%	38.28%
	Below Senior High School	21.20%	23.03%	25.94%

5.4 Environmental Protection Expenditure

Losses due to environmental pollution in the most recent year and up to the date of publication of the annual report and countermeasures

(1) The losses suffered by the company and its subsidiaries due to environmental pollution in 2020 and 2021 as of the publication date of the annual report:

As of the publication date of the annual report in 2020 and 2021, the company and its subsidiaries, due to heavy rain flooding the boiler area overflow dike in 2020, the subsequent discharge port of the runoff wastewater was penalized by the Environmental Protection Agency with a fee of NT\$94,500.

(2) The key pollution prevention and control measures in 2020 are as follows, with a total expenditure of NT\$135,814,048.

Item	2020
Operation and maintenance of pollution prevention equipment	Approximately NT\$33,008,000
Environmental testing and calibration	Approximately NT\$6,142,000
Pollution prevention and control (treatment) fee payment	Approximately NT\$73,387,000
Other environmental improvement costs	Approximately NT\$23,275,000

(3) Estimated environmental capital expenditures in the next three years and the impact of improvements:

	2021	2022-2023
Pollution prevention (control) equipment or expenditure content to be purchased	1. Purchase active carbon	1. Purchase active carbon
	2. Environmental protection related testing fees	2. Environmental protection related testing fees
	3. Pollution prevention and control equipment operation and maintenance fees	3. Pollution prevention and control equipment operation and maintenance fees
	4. Upgrading of absorption and desorption recycling equipment	4. Upgrading of absorption and desorption recycling equipment
	5. Adding new wastewater treatment facility	
Expected improvement	1. Meet the requirements of environmental protection laws and regulations	1. Meet the requirements of environmental protection laws and regulations
	2. Reduce pollution emissions	2. Reduce pollution emissions
	3. Carry out resource regeneration and sustainable recycling	3. Carry out resource regeneration and sustainable recycling
Capital expenditure amount	NT\$ 158,142,000	NT\$73,142,000
Impact on net profit after improvement	Reduce pollution emissions, reduce pollution costs, and avoid fines.	Reduce pollution emissions, reduce pollution costs, and avoid fines.
Impact on competitive position after improvement	1. Sustainable business operation	1. The product conforms to the trend of environmental protection
	2. Enhance corporate image and increase shareholder and customer confidence.	2. Reduce pollution and related prevention costs.

5.5 Labor Relations

The company's various employee welfare measures, further education, training, retirement systems and their implementation, as well as agreements between labor and management and various employee rights protection measures:

(1) Employee welfare measures

A. Welfare measures handled by the company:

1. Employee stock option: Employees participate in the subscription, based on the employee's position, performance and seniority considerations.
2. Group insurance: Apply group insurance for employees from the day they arrive to increase employee protection.
3. Training courses: In order to effectively assist employees to improve their work knowledge and complete the tasks assigned by the company, various training and seminars are held regularly.
4. Year-end bonus: Issue year-end bonuses based on employee performance and company operating conditions.

B. Welfare measures handled by the company's employee welfare committee:

The source of welfare funds is mainly from 0.05% of the company's revenue, 20% of the leftover income and 0.5% of the employee's self-paid salary. The main welfare measures are as follows:

1. Domestic/foreign travel: Handled every year.
2. Gift certificates for Dragon Boat Festival, Mid-Autumn Festival and Labor Day.
3. For weddings and funerals, employees can apply for gifts or ceremonies in accordance with regulations.

(2) Staff training and situation

The company regularly arranges employee education and training, and conducts skills verification for production line employees to improve employee quality and product quality.

(3) Retirement system and its implementation

The company formulates a retirement system in accordance with the Labor Standards Act and related measures, and establishes a labor retirement reserve supervision committee. Meanwhile, the company commissions an actuary to make calculations and draw up retirement reserve liabilities on a monthly basis, and draws 2% of the total salary on a monthly basis to the Central Trust Bureau retirement fund special account. In addition, since July 1, 2005, the new pension funds that have been allocated in accordance with the Labor Pension Regulations will be deposited in the individual pension account of the Labor Insurance Bureau.

(4) The status of agreements between labor and management and the protection of various employees' rights and interests

The company regularly convenes labor-management meetings and sets up an employee welfare committee to fully discuss employee welfare measures to enhance a harmonious atmosphere between labor and management.

(5) Losses incurred due to labor disputes in the most recent year and as of the publication date of the annual report (including labor inspection results that violate the Labor Standards Act, the date of punishment, the font size, the violation of laws and regulations, the content of violations, and the content of punishment should be specified), and disclose the estimated amount and corresponding measures that may occur at present and in the future. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be explained:

The company and its subsidiaries did not suffer losses due to labor disputes in the most recent year and as of the publication date of the annual report.

(6) Company human rights policy

Yem Chio Co., Ltd.
Human rights policy

Established date: March 21, 2021

1. The company is committed to the goal of “A people-oriented happy enterprise, building a benchmark for the industry” and abides by the labor laws and regulations formulated by the government of the Republic of China, including but not limited to the: “Labor Standards Act”, “Trade Union Act”, “Group Agreement Act”, “Labor-Management Dispute Resolution Law”, “Occupational Safety and Health Law” and “Gender Work Equality Law” and other basic human rights laws.
2. In addition, the company’s global operations sites also comply with United Nations’ “Universal Declaration of Human Rights”, “Convention for the Protection of Human Rights and Fundamental Freedoms”, “Charter of Fundamental Rights of the European Union”, the basic principles of the ILO Declaration on Fundamental Principles and Rights at Work and the laws and regulations of the countries where they are located.
3. We have formulated "Personnel Management Measures", to maintain a fair, just and open working environment, providing fair, just, open and reasonable employment opportunities and training and development plans, and also require employees to be committed to maintaining a safe and dignified working environment. We take the initiative to communicate; besides, the company has established an employee complaint system to handle complaints from employees about regarding disciplinary measures, improper management, suggestions, and violations of relevant labor laws and regulations. An employee suggestion box is also set up: chairmanoffice@ycgroup.tw, to gather suggestions from employees and maintain a smooth communication channel.
4. We protect the rights and interests of employees (including contract, hired and temporary personnel) and abide by the following principles:
 - (1) Comply with local labor and environmental laws and regulations at the place of operation to ensure that employees have reasonable working conditions and a safe and healthy working environment.
 - (2) Strive to create a working environment that is equal and fair, free from discrimination and harassment, and does not discriminate based on factors such as race, nationality, age, gender, marital status, political position, religious belief, etc.
 - (3) It is forbidden to force employees to work and child labor is prohibited.
 - (4) Protect employees' personal privacy rights and respect employees' right to associate freely.
 - (5) Create an environment wherein employees are willing to communicate, provide a complaint and reporting mechanism (reporting mailbox: ryanwu@ycgroup.tw), respect employees’ opinions, and promote labor-management cooperation; if there is a violation of human rights, relevant units will carry out investigation procedures and implement remedial and improvement measures.
 - (6) Help employees to maintain physical and mental health and work-life balance through health talks and medical professionals.
 - (7) Regularly review and evaluate relevant systems and human rights policies, revise company norms in a timely manner; and maintain basic human rights through repeated education, training and publicity every year.

(7) Protective measures for personal safety and working environment of employees and their implementation status

Factories:

Date	Regular/irregular	Frequency	Specific safety measures	Remarks
2020.01.03	Regular	Every year	In-plant flu vaccination (96 people in total)	
2020.01.09	Regular	Every month	Psychological Counselor (Teacher Cuihua Zhang: Director of Lifeline, Taoyuan City)	
2020.01.03 2020.01.17	Regular	1-2 times per month	Resident physician services (Dr. Xiao Orthopedics: Musculoskeletal)	1. Cooperate with the physicians doing flu shots in the factory to evaluate the work on January 3. 2. On January 17, discussed with the work-injured personnel, Mr. Ye, about his returning to work.
2020.01.13	Irregular	/	Occupational safety health education and training	New staff
2020.01.13	Regular	Every Quarter	Water testing for drinking fountains (E. coli testing)	The first half of 2020
2020.01.16	Regular	Every half year	Working environment monitoring	
2020.01.07~08	Regular	Every Quarter	Replenishment of medicines in the factory's medicine cabinet	
2020.01.20	Regular	Every Quarter	Occupational Safety and Health Committee (2019Q4)	Yangmei Plant No.3 (including PE plant)
2020.01.21	Regular	Every week	Factory safety inspection	Yangmei Plant No.2
2020.01.22	Regular	Every Quarter	Occupational Safety and Health Committee (2019Q4)	Yangmei Plant No.2
2020.01.22	Irregular	/	During the Spring Festival, coronavirus prevention measures were launched and foreign workers took body temperature when entering and exiting	
2020.01.22~31	Irregular	/	1. Coronavirus epidemic prevention work, made an inventory of epidemic prevention warehouses, application for the establishment of a forehead thermometer (establishment number, management profile configuration map)	
2020.01.27	Regular	Every half year	Declared the use of dangerous goods in plant No.1 in the first half of the year	
2020.01.28	Regular	Every year	Declared the annual release of toxic compounds from the Yangmei Factory	
2020.01.29	Irregular	/	According to the Ministry of Labor's epidemic prevention announcement, provide recommended measures for the Yangmei plant, and keep abreast of the information issued by the disease management bureau to the supervisor	
2020.01.30	Regular	Every month	On-site physician service (Doctor He: Occupational Safety Physician)	Held the coronavirus pneumonia prevention meeting in the factory, and cooperated with <u>Dr. He</u> to participate in the meeting and education training promotion in the factory
2020.01.31	Regular	Every Quarter	Occupational Safety and Health Committee (2019Q4)	Specialized Plant
2020.01.31	Regular	Every half year	AED equipment maintenance function test	Safe and secure equipment maintenance at certified sites
2020.02.03~06	Irregular	/	Coronavirus Prevention and Emergency Response Plan (Yangmei Plant)	
2020.02.05	Regular	Every week	Factory safety inspection	Yangmei Plant No.3

2020.02.05	Regular	Every quarter	Occupational Safety and Health Committee (2019Q4)	Yangmei Plant No.1
2020.02.12	Regular	Every week	Factory safety inspection	Yangmei PE Plant
2020.02.07 2020.02.21	Regular	1~2 times per month	Resident physician services (Dr. Xiao Orthopedics: Musculoskeletal)	
2020.02.13	Regular	Every month	On-site physician service (Doctor He: Occupational Safety Physician)	Plant epidemic prevention inspection Sampling inspection
2020.02.25	Regular	Every week	Factory safety inspection	Yangmei Specialized Plant
2020.02.27	Regular	Every month	Psychological Counselor (Teacher Cuihua Zhang: Director of Lifeline, Taoyuan City)	
2020.03.06 2020.03.20	Regular	Twice per month	Resident physician services	
2020.03.12	Regular	Every month	Psychological Counselor (Teacher Cuihua Zhang: Director of Lifeline, Taoyuan City)	
2020.03.26	Regular	Every month	On-site physician service (Doctor He: Occupational Safety Physician)	
2020.03.06	Regular	Every week	Factory safety inspection	Yangmei Plant No.1
2020.03.16~20	Regular	Every half year	ISO system internal audit (First half of the year)	
2020.03.25	Regular	Every week	Factory safety inspection	Yangmei Plant No.2
2020.04.16	Regular	Every month	Psychological Counselor (Teacher Cuihua Zhang: Director of Lifeline, Taoyuan City)	
2020.04.01 2020.04.29	Regular	1~2 times per month	Resident physician services (Dr. Xiao Orthopedics: Musculoskeletal)	
2020.04.23	Regular	Every month	On-site physician service (Doctor He: Occupational Safety Physician)	
2020.04.04	Regular	Every half year	High-voltage equipment inspection, insulation test and cleaning and maintenance of high and low voltage switchboards	
2020.04.06~08	Regular	Every quarter	Replenishment of medicines in the factory's medicine cabinet	
2020.04.08	Regular	Every week	Factory safety inspection	Yangmei Plant No.3
2020.04.20	Regular	Every quarter	Occupational Safety and Health Committee (2020Q1)	Yangmei Plant No.3 (including PE plant)
2020.04.21	Regular	Every quarter	Water testing for drinking fountains (E. coli testing)	
2020.04.22	Regular	Every year	Before commercial fire insurance is insured, there will be an inspection tour of the fire equipment in the factory	
2020.04.22	Regular	Every quarter	Occupational Safety and Health Committee (2020Q1)	Yangmei Plant No.1
2020.04.23	Regular	Per year/ Complete the declaration before July	Safety inspection of public buildings in Yangmei Factory	
2020.04.24	Regular	Every week	Factory safety inspection	Yangmei PE Plant
2020.04.27	Regular	Every quarter	Occupational Safety and Health Committee (2020Q1)	Specialized Plant
2020.04.27	Regular	Every half year	High-temperature operation in boiler area, detection of Legionella bacteria in cooling water towers, and noise detection at plant state boundaries	
2020.04.29	Regular	Every quarter	Occupational Safety and Health Committee (2020Q1)	Yangmei Plant No.2
2020.05.07	Regular	Every month	Psychological Counselor (Teacher Cuihua Zhang: Director of Lifeline, Taoyuan City)	

2020.05.15 2020.05.29	Regular	1~2 times per month	Resident physician services (Dr. Xiao Orthopedics: Musculoskeletal)	
2020.05.21	Regular	Every month	On-site physician service (Doctor He: Occupational Safety Physician)	
2020.05.07	Regular	Every week	Factory safety inspection	Yangmei Specialized Plant
2020.05.14	Regular	Every week	Factory safety inspection	Yangmei Plant No.1
2020.05.21	Regular	Every week	Factory safety inspection	Yangmei Plant No.2
2020.05.28	Regular	Every week	Factory safety inspection	Yangmei Plant No.3
2020.06.11	Regular	Every month	Psychological Counselor (Teacher Cuihua Zhang: Director of Lifeline, Taoyuan City)	
2020.06.05	Regular	1~2 times per month	Resident physician services (Dr. Xiao Orthopedics: Musculoskeletal)	
2020.06.15	Regular	Every half year	AED equipment maintenance function test	Safe and secure equipment maintenance at certified sites
2020.06.18	Regular	Every month	On-site physician service (Doctor He: Occupational Safety Physician)	
2020.06.02	Regular	Every week	Factory safety inspection	Yangmei PE Plant
2020.06.02~03	Irregular	/	Improvement of fireproof materials in public dangerous goods storage areas	Yangmei No.1 Glue Making Zone M
2020.06.03	Irregular	Every half year	Blood donation activity + internal organs testing (body fat)	Health promotion
2020.06.22	Irregular	/	Occupational safety health education and training	New staff
2020.06.24	Regular	Every half year	Self-defense fire drill and poisoning disaster drill	
2020.06.17~23	Regular	Every year	2020 fire equipment maintenance work	Yangmei Plant No.3
2020.06.18	Regular	Every week	Factory safety inspection	Yangmei Specialized Plant
2020.06.29	Regular	Every year	Special health check for employees (small health check)	
2020.06.30~07.05	Regular	Every year	2020 fire equipment maintenance work	Specialized Plant
2020.07.23	Regular	Every month	Psychological Counselor (Teacher Cuihua Zhang: Director of Lifeline, Taoyuan City)	
2020.07.03 2020.07.31	Regular	1~2 times per month	Resident physician services (Dr. Xiao Orthopedics: Musculoskeletal)	
2020.07.10	Regular	Every month	On-site physician service (Doctor He: Occupational Safety Physician)	
2020.07.02	Regular	Every week	Factory safety inspection	Yangmei Plant No.1
2020.07.07~07.14	Regular	Every year	2020 fire equipment maintenance work	Yangmei Plant No.1
2020.07.09	Regular	Every week	Factory safety inspection	Yangmei Plant No.2
2020.07.13~16	Regular	Every quarter	Replenishment of medicines in the factory's medicine cabinet	
2020.07.20	Regular	Every quarter	Occupational Safety and Health Committee (2020Q2)	Yangmei Plant No.3(including PE Plant)
2020.07.21~07.22	Regular	Every year	2020 fire equipment maintenance work	Yangmei Plant No.2
2020.07.22	Regular	Every half year	Working environment monitoring	Second half of 2020
2020.07.22	Regular	Every quarter	Occupational Safety and Health Committee (2020Q2)	Yangmei Plant No.1
2020.07.27	Regular	Every quarter	Occupational Safety and Health Committee (2020Q2)	Specialized Plant
2020.07.29	Regular	Every quarter	Occupational Safety and Health Committee (2020Q2)	Yangmei Plant No.2
2020.07.29	Regular	Every quarter	Water testing for drinking fountains (E. coli testing)	
2020.07.30	Regular	Every week	Factory safety inspection	Yangmei Plant No.3

2020.08.14 2020.08.28	Regular	1~2 times per month	Resident physician services (Dr. Xiao Orthopedics: Musculoskeletal)	
2020.08.06	Regular	Every month	On-site physician service (Doctor He: Occupational Safety Physician)	
2020.08.12	Regular	Every week	Factory safety inspection	Yangmei PE Plant
2020.08.19	Irregular/Regular	/ Every month	Understanding Psychosis and crisis management + psychological counselor (Teacher Zhang Cuihua: Director of Lifeline, Taoyuan City)	Health promotion
2020.08.14~28	Regular	Every year	Implementation of the Civil Defense Corps plan of the police station	
2020.09.24	Regular	Every month	Psychological Counselor (Teacher Cuihua Zhang: Director of Lifeline, Taoyuan City)	
2020.09.04 2020.09.18	Regular	1~2 times per month	Resident physician services (Dr. Xiao Orthopedics: Musculoskeletal)	
2020.09.10	Regular	Every month	On-site physician service (Doctor He: Occupational Safety Physician)	
2020.09.03	Irregular	Every half year	Blood donation activities and sarcopenia activities	Health promotion
2020.09.07~11	Regular	Every half year	ISO system internal audit (second half of the year)	
2020.09.17	Regular	Every week	Factory safety inspection	Yangmei Specialized Plant
2020.09.20-26	Regular	Every year	Priority, regulated chemical declaration	All Plants in Yangmei
2020.09.28	Regular	Every half year	Monitoring of the operating environment of the Yangmei Plant in the second half of the year	
2020.10.06	Regular	Every month	Psychological Counselor (Teacher Cuihua Zhang: Director of Lifeline, Taoyuan City)	
2020.10.16 2020.10.30	Regular	1~2 times per month	Resident physician services (Dr. Xiao Orthopedics: Musculoskeletal)	
2020.10.22	Regular	Every month	On-site physician service (Doctor He: Occupational Safety Physician)	
2020.10.04	Regular	Every half year	High-voltage equipment inspection, insulation test and cleaning and maintenance of high and low voltage switchboards	
2020.10.12~14	Regular	Every quarter	Replenishment of medicines in the factory's medicine cabinet	
2020.10.13	Regular	Every quarter	Drinking water testing for drinking fountains (E. coli testing)	
2020.10.15	Regular	Every quarter	Occupational Safety and Health Committee (2020Q3)	Yangmei Plant No.2
2020.10.19	Irregular	/	Occupational safety health education and training	New staff
2020.10.20	Regular	Every half year	High-temperature operation in boiler area, detection of Legionella bacteria in cooling water towers, and noise detection at plant state boundaries	
2020.10.21	Regular	Every quarter	Occupational Safety and Health Committee (2020Q3)	Yangmei Plant No.1
2020.10.22	Regular	Every year	Environmental Safety and Health Management Review Committee	
2020.10.26	Regular	Every quarter	Occupational Safety and Health Committee (2020Q3)	Yangmei Plant No.3 (08:30~09:30) · Yangmei Specialized Plant (14:30~15:30)
2020.11.26	Regular	Every month	Psychological Counselor (Teacher Cuihua Zhang: Director of Lifeline, Taoyuan City)	

2020.11.06 2020.11.20	Regular	1~2 times per month	Resident physician services (Dr. Xiao Orthopedics: Musculoskeletal)	
2020.11.12	Regular	Every month	On-site physician service (Doctor He: Occupational Safety Physician)	Cooperate with 2 PGY doctors on-site service
2020.11.2~3	Regular	Every year	ISO14001/ISO45001 external audit verification	
2020.11.11	Regular	Every week	Factory safety inspection	Yangmei Plant No.1
2020.11.19	Regular	Every week	Factory safety inspection	Yangmei Plant No.2
2020.11.25	Regular	Every week	Factory safety inspection	Yangmei Plant No.3
2020.12.24	Regular	Every month	Psychological Counselor (Teacher Cuihua Zhang: Director of Lifeline, Taoyuan City)	
2020.12.04 2020.12.18	Regular	1~2 times per month	Resident physician services (Dr. Xiao Orthopedics: Musculoskeletal)	
2020.12.10	Regular	Every month	On-site physician service (Doctor He: Occupational Safety Physician)	
2020.12.01	Irregular	/	Training of factory supervisors	Yangmei Specialized Plant
2020.12.03	Regular	Every week	Factory safety inspection	Yangmei PE Plant
2020.12.10	Regular	Every week	Factory safety inspection	Yangmei Specialized Plant
2020.12.21	Regular	At least once a year	Contractor's occupational safety & health briefing	
2020.12.23	Regular	Every week	Factory safety inspection	Indirect unit
2020.12.25	Regular	At least once a year	Infrared detection of electrical equipment in the factory	Insurance company-free of charge
2020.12.28	Irregular	/	Foreign Workers' Conference	Cooperate with the Human Resources Department to increase epidemic prevention education and training
2020.12.28	Regular	1~2 times per year	Crane and hanging operators (re-training)	Held in the factory
2020.12.29	Regular	Every half year	Self-defense fire drill and poisoning disaster drill	

Workplace:

1. 2020/6/12 Annual fire safety equipment inspection of the headquarters office building
2. Fire pump inspection at the beginning of each month
3. Daily elevator floor control
4. Employees are required to use the identification card to enter the office they belong to to protect the safety of their office.
5. Maintenance works are done on the water dispenser four times a year (2020/2/14, 2020/5/21, 2020/8/25, 2020/11/20)
6. A simple desktop health box is available in the office
7. Annual CO₂ concentration (2020/05/05) and illuminance inspection (2020/05/12) in the office

5.6 Important Contracts

Important contracts that are still in force and sufficient to affect the benefits of investors:

Agreement	Counterparty	Period	Major Contents	Restrictions
Mid-term and long-term loans	Achem Chemical and First Bank, etc. (joint loan)	2017.09.22-2022.09.12	Mid-term operating turnover purpose	Mortgage of the land and plant of the Yangmei factory
Mid-term and long-term loan	Achem Petrochemical and Zhaofeng International Commercial Bank, etc. (joint loan)	2018.12.12-2023.12.11	Mid-term operating turnover purpose	The company acts as a joint guarantor
Mid-term and long-term loan	The company and Land bank, etc. (joint loan)	2020.10.28-2025.10.28	Mid-term operating turnover purpose	Mortgage of Land in the Suburban District of New Taipei City
Mid-term and long-term loan	The company and Taiwan Cooperative Treasury, etc. (joint loan)	2021.3.19-2026.03.19	Mid-term operating turnover purpose	Mortgage of Land and Plant in Zhangbin Plant

VI. Financial Information

6.1 Five-Year Financial Summary

6.1.1 Condensed Balance Sheet

Individual Condensed Balance Sheet – Based on IFRS

(Unit: NT\$ thousands)

Year Item		Financial Summary for the Last Five Years ¹				
		2016	2017	2018	2019	2020
Current assets		9,582,729	8,735,932	7,664,298	8,166,546	8,171,540
Property, Plant and Equipment		3,973,511	3,795,393	3,684,541	3,367,152	3,499,157
Intangible assets		—	221	236	210	188
Other assets		6,407,485	8,917,845	9,099,082	9,403,621	9,094,369
Total assets		19,963,725	21,449,391	20,448,157	20,937,529	20,765,254
Current liabilities	Before distribution	10,490,398	6,495,098	5,926,763	7,548,639	8,165,158
	After distribution	10,358,013	6,190,625	5,671,565	7,714,904	8,501,268
Non-current liabilities			6,270,725	5,774,188	4,361,953	3,179,161
Total liabilities	Before distribution	12,963,952	12,765,823	11,700,951	11,910,592	11,344,319
	After distribution	12,831,567	12,461,350	11,445,753	12,076,857	11,680,429
Equity attributable to shareholders of the parent		—	—	—	—	—
Capital stock		4,512,842	5,348,213	5,300,623	5,718,342	5,850,478
Capital surplus	Before distribution	1,815,478	2,631,380	2,640,718	2,751,507	2,592,442
	After distribution	1,815,478	2,631,380	2,640,718	2,585,242	2,592,442
Retained earnings	Before distribution	870,892	1,465,042	1,810,834	916,821	1,717,382
	After distribution	738,507	1,160,569	1,555,636	916,821	1,381,272
Other equity interest		(146,395)	(205,417)	(473,920)	55,037	(176,879)
Treasury stock		(53,044)	(555,650)	(531,049)	(414,770)	(562,488)
Non-controlling interest		—	—	—	—	—
Total equity	Before distribution	6,999,773	8,683,568	8,747,206	9,026,937	9,420,935
	After distribution	6,867,388	8,379,095	8,492,008	8,860,672	9,084,825

Note:

1. The annual financial information has been verified by an accountant.
2. As of the date of publication of the annual report, if there is the latest financial information that has been verified by an accountant or checked by an accountant, it should be disclosed together: None.

Consolidated Condensed balance sheet– Based on IFRS

(Unit: NT\$ thousands)

Item	Year	Financial Summary for The Last Five Years ¹				
		2016	2017	2018	2019	2020
Current assets		18,017,705	19,179,294	16,490,901	15,552,373	14,565,303
Property, Plant and Equipment		15,557,992	15,143,833	14,370,740	13,192,774	11,549,183
Intangible assets		278,454	258,188	258,490	269,763	186,007
Other assets		2,059,273	1,873,913	2,107,769	4,265,287	3,515,332
Total assets		35,913,424	36,455,228	33,227,900	33,280,197	29,815,825
Current liabilities	Before distribution	18,545,569	15,441,383	12,729,026	17,055,489	13,313,274
	After distribution	18,413,184	15,136,910	12,437,828	17,221,754	13,649,384
Non-current liabilities			11,603,236	11,129,705	6,653,459	6,525,758
Total liabilities	Before distribution	25,594,174	27,044,619	23,858,731	23,708,948	19,839,032
	After distribution	25,461,789	26,740,146	23,603,533	23,875,213	20,175,142
Equity attributable to shareholders of the parent company		6,999,773	8,683,568	8,747,206	9,026,937	9,420,935
Capital stock		4,512,842	5,348,213	5,300,623	5,718,342	5,850,478
Capital surplus	Before distribution	1,815,478	2,631,380	2,640,718	2,751,507	2,592,442
	After distribution	1,815,478	2,631,380	2,640,718	2,585,242	2,592,442
Retained earnings	Before distribution	870,892	1,465,042	1,810,834	916,821	1,717,382
	After distribution	738,507	1,160,569	1,555,636	916,821	1,381,272
Other equity interest		(146,395)	(205,417)	(473,920)	55,037	(176,879)
Treasury stock		(53,044)	(555,650)	(531,049)	(414,770)	(562,488)
Prior interests under joint-control		—	—	—	—	—
Non-controlling interest		3,319,477	727,041	621,963	544,312	555,858
Total equity	Before distribution	10,319,250	9,410,609	9,369,169	9,571,249	9,976,793
	After distribution	10,186,865	9,106,136	9,113,971	9,404,984	9,640,683

Note:

1. The annual financial information has been verified by an accountant.
2. As of the date of publication of the annual report, if there is the latest financial information that has been verified by an accountant or checked by an accountant, it should be disclosed together: None.

6.1.2 Condensed Statement of Comprehensive Income/Condensed Statement of Income

Individual Condensed Statement of Comprehensive Income – Based on IFRS

(Unit: NT\$ thousands)

Item \ Year	Financial Summary for the Last Five Years ¹				
	2016	2017	2018	2019	2020
Operating revenue	5,460,088	5,259,487	5,766,235	4,345,163	4,176,275
Gross profit	793,362	843,210	1,051,916	477,193	551,955
Income from operations	444,627	531,808	693,224	177,224	220,875
Non-operating income	(478,475)	124,447	(89,248)	(669,912)	635,986
Non-operating expenses	(33,848)	656,255	603,976	(492,688)	856,861
Income before tax	(89,216)	588,778	543,593	(509,016)	805,604
Net income (Loss)	—	—	—	—	—
Other comprehensive income	(89,216)	588,778	543,593	(509,016)	805,604
(income after tax)	(298,000)	(53,650)	(229,224)	399,158	(236,959)
Total comprehensive income	(387,216)	535,128	314,369	(109,858)	568,645
Net income attributable to shareholders of the parent	—	—	—	—	—
Net income attributable to non-controlling interest	—	—	—	—	—
Comprehensive income attributable to Shareholders of the parent company	—	—	—	—	—
Comprehensive income attributable to non-controlling interest	—	—	—	—	—
Earnings per share	(0.22)	1.30	1.11	(0.99)	1.51

Note:

1. The annual financial information has been verified by an accountant.

2. As of the date of publication of the annual report, if there is the latest financial information that has been verified by an accountant or checked by an accountant, it should be disclosed together: None.

Consolidated Condensed Statement of Comprehensive Income – Based on IFRS

(Unit: NT\$ thousands)

Year Item	Financial Summary for The Last Five Years ¹				
	2016	2017	2018	2019	2020
Operating revenue	18,769,079	18,978,213	19,810,468	16,177,441	13,948,716
Gross profit	2,335,254	2,547,869	2,286,012	1,884,421	2,299,199
Income from operations	540,871	823,996	579,503	225,955	712,300
Non-operating income	(577,814)	(68,917)	220,239	(667,130)	230,819
Non-operating expenses	(36,943)	755,079	799,742	(441,175)	943,119
Income before tax	(217,389)	623,783	526,652	(564,376)	778,905
Net income (Loss)	—	—	—	—	—
Other comprehensive income	(217,389)	623,783	526,652	(564,376)	778,905
(income after tax)	(524,385)	(52,610)	(238,494)	387,127	(243,488)
Total comprehensive income	(741,744)	571,173	288,158	(177,249)	535,417
Net income attributable to shareholders of the parent	(100,332)	588,778	543,593	(509,016)	805,604
Net income attributable to non-controlling interest	11,115	—	—	—	—
Comprehensive income attributable to Shareholders of the parent company	(128,172)	35,005	(16,941)	(55,360)	(26,699)
Comprehensive income attributable to non-controlling interest	(399,920)	535,128	314,369	(109,858)	568,645
Earnings per share	12,703	—	—	—	—
Operating revenue	(354,557)	36,045	(26,211)	(67,391)	(33,228)
Gross profit	(0.22)	1.30	1.11	(0.99)	1.51

Note:

1. The annual financial information has been verified by an accountant.
2. As of the date of publication of the annual report, if there is the latest financial information that has been verified by an accountant or checked by an accountant, it should be disclosed together: None.

6.1.3 Auditors' Opinions for the last five years

Year	Accounting Firm	CPA	Audit Opinion
2020	PwC Taiwan	Yifan Lin, Jinchang Chen	unqualified audit report with explanatory paragraph or modified wording
2019	PwC Taiwan	Yifan Lin, Jinchang Chen	unqualified audit report with explanatory paragraph or modified wording
2018	PwC Taiwan	Yifan Lin, Shirong Weng	unqualified audit report with explanatory paragraph or modified wording
2017	PwC Taiwan	Yifan Lin, Shirong Weng	unqualified audit report with explanatory paragraph or modified wording
2016	PwC Taiwan	Huixian Wang, Shirong Weng	unqualified opinion

6.2 Five-Year Financial Analysis

Individual Financial Analysis – Based on IFRS

Year		Financial Analysis for the Last Five Years				
		2016	2017	2018	2019	2020
Item						
Financial structure (%)	Debt Ratio	64.94	59.52	57.22	56.89	54.63
	Ratio of long-term capital to property, plant and equipment	238.41	394.01	394.12	397.63	360.09
Solvency (%)	Current ratio	91.35	134.5	129.32	108.19	100.08
	Quick ratio	24.28	34.15	34.55	35.03	33.28
	Interest earned ratio (times)	0.34	3.40	3.22	(1.70)	5.04
Operating performance	Accounts receivable turnover (times)	7.39	7.40	8.58	7.41	7.86
	Average collection period	49.39	49.32	42.54	49.25	46.43
	Inventory turnover (times)	0.67	0.67	0.79	0.72	0.70
	Accounts payable turnover (times)	9.85	10.31	9.09	8.89	17.26
	Average days in sales	546.04	548.56	459.96	506.27	520.19
	Property, plant and equipment turnover (times)	1.37	1.39	1.56	1.29	1.19
	Total assets turnover (times)	0.27	0.25	0.28	0.21	0.20
Profitability	Return on total assets (%)	-	3.41	3.17	(1.96)	4.30
	Return on stockholders' equity (%)	(1.21)	7.51	6.24	(5.73)	8.73
	Pre-tax income to paid-in capital (%)	(0.75)	12.27	11.39	(8.62)	15.03
	Profit ratio (%)	(1.63)	11.19	9.43	(11.71)	19.29
	Earnings per share (NT\$)	(0.22)	1.30	1.11	(0.99)	1.51
Cash flow	Cash flow ratio (%)	5.37	12.46	13.51	0.46	8.17
	Cash flow adequacy ratio (%)	0.31	7.89	22.04	114.08	204.97
	Cash reinvestment ratio (%)	4.71	5.75	3.64	(1.79)	4.01
Leverage	Operating leverage	1.42	1.35	1.29	2.43	1.91
	Financial leverage	1.32	1.36	1.28	5.42	2.06

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

(1) Solvency

The increase in interest earned ratio is mainly due to the turnaround from loss to profit in 2020.

(2) Profitability

The increase in the relevant ratio is mainly due to the turnaround from loss to profit in 2020.

(3) Cash flow ratio

Changes in related ratios were mainly due to the increase in net cash flow from operating activities.

Consolidated Financial Analysis – Based on IFRS

Year		Financial Analysis for the Last Five Years				
		2016	2017	2018	2019	2020
Item						
Financial structure (%)	Debt Ratio	71.26	74.18	71.80	71.24	66.53
	Ratio of long-term capital to property, plant and equipment	111.63	138.76	142.64	122.98	142.89
Solvency (%)	Current ratio	97.15	124.21	129.55	91.19	109.40
	Quick ratio	42.58	59.82	62.50	45.36	50.80
	Interest earned ratio (times)	0.67	2.07	2.22	0.02	3.22
Operating performance	Accounts receivable turnover (times)	6.11	6.06	5.75	4.83	4.74
	Average collection period	59.73	60.23	63.47	75.56	77.00
	Inventory turnover (times)	1.88	1.78	2.03	1.85	1.60
	Accounts payable turnover (times)	12.09	11.26	11.20	11.31	11.05
	Average days in sales	194.14	205.05	179.80	197.29	228.12
	Property, plant and equipment turnover (times)	1.21	1.25	1.38	1.23	1.21
	Total assets turnover (times)	0.52	0.52	0.57	0.49	0.44
Profitability	Return on total assets (%)	0.36	2.92	2.65	(0.61)	3.22
	Return on stockholders' equity (%)	(1.98)	6.32	5.61	(5.96)	7.97
	Pre-tax income to paid-in capital (%)	(0.82)	14.12	15.09	(7.72)	16.54
	Profit ratio (%)	(1.16)	3.29	2.66	(3.49)	5.58
	Earnings per share (NT\$)	(0.22)	1.3	1.11	(0.99)	1.51
Cash flow	Cash flow ratio (%)	(0.32)	4.27	11.17	7.64	12.97
	Cash flow adequacy ratio (%)	11.73	9.91	20.89	55.27	102.80
	Cash reinvestment ratio (%)	(1.00)	2.52	4.30	5.30	6.82
Leverage	Operating leverage	2.38	1.97	2.50	5.50	2.02
	Financial leverage	4.44	2.73	7.10	(0.86)	1.72

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

(1) Solvency

The increase in interest earned ratio is mainly due to the turnaround from loss to profit in 2020.

(2) Profitability

The increase in the relevant ratio is mainly due to the turnaround from loss to profit in 2020.

(3) Cash flow ratio

Changes in related ratios were mainly due to the increase in net cash flow from operating activities.

1. Financial structure

(1) Debt Ratio= Total liabilities/Total assets.

(2) Ratio of long-term capital to property, plant and equipment = (Total equity + non-current liabilities)/ property, plant and equipment.

2. Solvency

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

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

(3) Interest earned ratio=Net income before tax and interest expense/interest expense.

3. Operating performance

(1) Account receivable turnover (including accounts receivable and notes receivable resulting from business operations) =Net sales/Average balance of account receivable (including accounts receivable and notes receivable resulting from business operations).

(2) Average collection period= 365/Accounts receivable turnover.

(3) Inventory turnover = Cost of goods sold/Average inventory.

(4) Accounts payable turnover (including accounts payable and notes payable resulting from business operations) =Operating costs/Average balance of accounts payable (including accounts payable and notes payable resulting from business operations)

(5) Average days in sales = 365 / Inventory turnover

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

(7) Total assets turnover = Net sales/average total assets.

4. Profitability

(1) Return on total assets = [Net income + interest expense × (1 - tax rate)] / average total assets .

(2) Return on stockholders' equity = Net income / Average net shareholder's equity.

(3) Profit ratio = Net income / Net sales.

(4) Earnings per share = (Consolidated Net Income Attributed to Stockholders of the Company - Preferred stock dividend) / Weighted average number of issued shares

5. Cash flow

(1) Cash flow ratio = Cash flows from operating activities / Current liabilities.

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

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

6. Leverage

(1) Operating leverage = (Net operating income - variable operating costs and expenses) / operating profit.

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

Note: As of the date of publication of the annual report, if there is the latest financial information that has been verified by an accountant, it should be analyzed together:

None.

6.3 Supervisors' /Audit Committee's Report for the Most Recent Year

To: The General Meeting of Shareholders as of year 2020

The company's 2020 business report, financial statements and earnings distribution proposals were made by the Board of Directors, among which the financial statements were verified by the entrusted PwC's CPAs, and a verification report was issued. The above-mentioned business report, financial statement and earnings distribution proposal have been checked by the Audit Committee and no discrepancies were found. The report is prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. For your perusal.

Sincerely,
Yem Chio Corporation

Convener of the Audit Committee: Yanjun Chen



2021/3/4

6.4 The Latest Financial Report and Notes

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.

Lin, Yi-Fan

Chen, Chin-Chang

For and on behalf of PricewaterhouseCoopers, Taiwan
March 4, 2021

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	%	
Current assets						
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	Total current assets		<u>14,565,303</u>	<u>49</u>	<u>15,552,373</u>	<u>47</u>
Non-current assets						
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	Total non-current assets		<u>15,250,522</u>	<u>51</u>	<u>17,727,824</u>	<u>53</u>
1XXX	Total assets		<u>\$ 29,815,825</u>	<u>100</u>	<u>\$ 33,280,197</u>	<u>100</u>

(Continued)

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	%
Current liabilities						
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	Total current liabilities		<u>13,313,274</u>	<u>45</u>	<u>17,055,489</u>	<u>51</u>
Non-current liabilities						
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	Total non-current liabilities		<u>6,525,758</u>	<u>22</u>	<u>6,653,459</u>	<u>20</u>
2XXX	Total liabilities		<u>19,839,032</u>	<u>67</u>	<u>23,708,948</u>	<u>71</u>
Equity attributable to owners of parent						
Share capital 6(21)						
3110	Common stock		5,700,402	19	5,718,342	17
3130	Certificate of entitlement to new shares from convertible bonds		150,076	1	-	-
Capital surplus 6(22)						
3200	Capital surplus		2,592,442	8	2,751,507	8
Retained earnings 6(23)						
3310	Legal reserve		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	Equity attributable to owners of the parent		<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	Total equity		<u>9,976,793</u>	<u>33</u>	<u>9,571,249</u>	<u>29</u>
Significant contingent liabilities and unrecognised contract commitments 9						
Significant events after the balance sheet date 11						
3X2X	Total liabilities and equity		<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	Profit (loss) before income tax		943,119	7	(441,175)	(2)
7950	Income tax expense	6(29)	(164,214)	(1)	(123,201)	(1)
8200	Profit (loss) for the year		\$ 778,905	6	(\$ 564,376)	(3)

(Continued)

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	%	
Other comprehensive income						
Components of other comprehensive income that will not be reclassified to profit or loss						
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
Components of other comprehensive income that will be reclassified to profit or loss						
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	Other comprehensive (loss) income for the year		<u>(\$ 243,488)</u>	<u>(2)</u>	<u>\$ 387,127</u>	<u>2</u>
8500	Total comprehensive income (loss) for the year		<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
CASH FLOWS FROM OPERATING ACTIVITIES			
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
	<u>\$ 58,577</u>	<u>\$ 43,119</u>
<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>

	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 Note8.
- 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	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: (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.	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: (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.
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. AICHEM 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. AICHEM 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 AICHEM 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	"	1,127	15,838
Technology Holdings Limited			
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:

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

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:

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

(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	\$ 229,506	\$ 229,506	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	\$ 45,129	\$ 50,359

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

(30) Earnings (loss) per share

	Year ended December 31, 2020		
	<u>Amount after tax</u>	Retroactive adjustment weighted average number of ordinary shares outstanding (shares in thousands)	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to the parent	\$ 805,604	533,668	\$ 1.51
<u>Diluted earnings per share</u>			
Profit attributable to the parent	\$ 805,604	533,668	
Assumed conversion of all dilutive potential ordinary shares			
Treasury stocks transferred to employees	-	20,168	
Employees' compensation	-	300	
Subsidiaries' domestic convertible bonds	(4,624)	-	
Domestic convertible bonds	6,646	74,841	
Profit attributable to the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 807,626	628,977	\$ 1.28
	Year ended December 31, 2019		
	<u>Amount after tax</u>	Retroactive adjustment weighted average number of ordinary shares outstanding (shares in thousands)	<u>Loss per share (in dollars)</u>
<u>Basic and diluted loss per share</u>			
Loss attributable to the parent	(\$ 509,016)	514,862	(\$ 0.99)

(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 amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<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			Book value	
	(In thousands)			Exchange rate	(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 other comprehensive income	
		degree of variation	Effect on profit on loss			
(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		
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 983,541	\$ -	\$ 995,818	\$ -
		December 31, 2019		
		Fair value		
	Book 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:

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value 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>
Assets				
<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>
Liabilities				
<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:

	<u>2020</u>	<u>2019</u>
	Wealth <u>management products</u>	Wealth <u>management products</u>
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	<u>\$ -</u>	<u>\$ -</u>

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:

<u>Item</u>	<u>Fair value at December 31, 2020</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
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)	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			
0	The Company	UINN Hotel	Other receivables	Y	\$ 100,000	\$ 100,000	\$ -	2.50%	2	\$ -	Working capital	\$ -	None	-	\$ 1,884,187	\$ 3,768,374	-
0	The Company	Chuang-Yi 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	Other receivables	Y	151,600	-	-	3.50%	2	-	Working capital	-	None	-	1,884,187	3,768,374	-
0	The Company	Wan Chio	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	Petrochemical (Jiangsu) Co., Ltd.	Other receivables	Y	30,320	-	-	3.00%	2	-	Working capital	-	None	-	87,918	87,918	-
1	YEM CHIO	ASIA PLASTICS	Other receivables	Y	151,600	-	-	3.00%	2	-	Working capital	-	None	-	87,918	87,918	-
1	YEM CHIO	ACHEM Technology Holdings Limited	Other receivables	Y	151,600	-	-	3.00%	2	-	Working capital	-	None	-	87,918	87,918	-
1	YEM CHIO	Wan Chio	Other receivables	Y	151,600	-	-	4.00%	2	-	Working capital	-	None	-	87,918	87,918	-
1	YEM CHIO	Petrochemical (Jiangsu) Co., Ltd.	Other receivables	Y	113,920	113,920	113,920	2.00%	2	-	Working capital	-	None	-	35,167	35,167	-
2	ACHEM Technology Corporation	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	Other receivables	Y	303,200	-	-	4.00%	2	-	Working capital	-	None	-	3,658,997	3,658,997	-
3	ACHEM Technology Holdings Limited	Petrochemical (Jiangsu) Co., Ltd.	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	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	-

Table 1, Page 2

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			
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 net 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 even though 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 company 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	-

Table 2, Page 1

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 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 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 Corporation (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)

		As at December 31, 2020						
Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	Number of shares	Book value (Note 3)	Ownership (%)	Fair value	Footnote (in shares) (Note 4)
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

Table 3, Page 2

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%

Table 7, Page 1

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

Table 8, Page 1

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	\$ 834,464	29,300,000	49.66%	\$ (375,255)	\$ (513,168)	\$ -	An indirect subsidiary	
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	

Table 8, Page 2

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		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)		amount of investment income remitted back to Taiwan as of December 31, 2020	
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.

Table 9, Page 2

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.

6.5 Latest Individual Financial Statements

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying parent company only balance sheets of YC Co., Ltd. (the "Company") as at December 31, 2020 and 2019, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only 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 *Other matter* section), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audit of the parent company only 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 parent company only 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 parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, we believe that the 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 Company's 2020 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only 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 Company's 2020 parent company only financial statements are stated as follows:

Valuation of inventory

Description

Refer to Note 4(12) 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\$5,041,488 thousand and NT\$11,878 thousand, respectively.

The Company 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 Company'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 Company'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 allowance for inventory valuation loss 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 and obtained an understanding of provision policies in relation to the allowance for inventory valuation losses.

2. For packaging materials 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 Company'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 Company 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(17) 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\$2,090,466 thousand.

The Company's investment property is valued by external experts using the fair value model. Additionally, the Company'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 of investment accounted for under the equity method

Description

Refer to Notes 4(17)(21) in the consolidated financial statements for the accounting policy on investment accounted for using the equity method and non-financial assets impairment, Note 5(2) in the consolidated financial statements for the uncertainty of accounting estimates and assumptions in relation to the impairment of non-financial assets, and Note 6(13) in the consolidated financial statements for the details of non-financial assets impairment.

Certain property, plant and equipment of the Company's indirect subsidiary, Wan Chio Petrochemical (Jiangsu) Co., Ltd., may be impaired due to market factors resulting to a temporary idle for operating adjustment 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 of investment accounted for under the equity method 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 certain investees accounted for under the equity method, which statements reflect total investment amount of NT\$1,083,577 thousand and NT\$940,090 thousand as at December 31, 2020 and 2019, constituting 5% and 4% of total assets, respectively, and comprehensive income and loss of NT\$143,487 thousand and NT\$(74,979) thousand, constituting 25% and 68% of total comprehensive income 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.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the parent company only financial statements

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

Lin, Yi-Fan

Chen, Chin-Chang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 4, 2021

The accompanying parent company only 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 parent company only 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.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2020		December 31, 2019		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 267,761	1	\$ 781,883	4
1110	Financial assets at fair value through profit or loss - current	6(2)	2,009	-	-	-
1120	Financial assets at fair value through other comprehensive income - current	6(3)	8,632	-	12,526	-
1136	Financial assets at amortised cost - current	6(4) and 8	203,835	1	114,323	1
1150	Notes receivable, net	6(5)	42,211	-	48,831	-
1170	Accounts receivable, net	6(5)	349,705	2	377,756	2
1180	Accounts receivable - related parties	7	118,132	-	92,667	-
1200	Other receivables		165,758	1	4,375	-
1210	Other receivables - related parties	7	1,059,963	5	1,130,885	5
1220	Current tax assets		-	-	1,982	-
130X	Inventories, net	6(6) and 8	5,029,610	24	5,278,689	25
1460	Non-current assets held for sale, net	6(11)	376,262	2	-	-
1470	Other current assets	7	547,662	3	322,629	2
11XX	Total current assets		<u>8,171,540</u>	<u>39</u>	<u>8,166,546</u>	<u>39</u>
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	5,597	-	5,597	-
1535	Financial assets at amortised cost - non-current	6(4) and 8	209,019	1	215,992	1
1550	Investments accounted for under equity method	6(7)	6,716,040	33	6,270,951	30
1600	Property, plant and equipment, net	6(8) and 8	3,499,157	17	3,367,152	16
1755	Right-of-use assets	6(9) and 8	-	-	196,723	1
1760	Investment property, net	6(11), 7 and 8	2,090,466	10	2,646,186	13
1780	Intangible assets, net		188	-	210	-
1840	Deferred income tax assets	6(27)	70,295	-	61,593	-
1900	Other non-current assets	8	2,952	-	6,579	-
15XX	Total non-current assets		<u>12,593,714</u>	<u>61</u>	<u>12,770,983</u>	<u>61</u>
1XXX	Total assets		<u>\$ 20,765,254</u>	<u>100</u>	<u>\$ 20,937,529</u>	<u>100</u>

(Continued)

YC CO., LTD.
PARENT COMPANY ONLY 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	%
	Current liabilities					
2100	Short-term borrowings	6(12) and 8	\$ 3,787,905	18	\$ 2,572,028	12
2110	Short-term notes and bills payable	6(13)	300,000	1	300,000	1
2120	Financial liabilities at fair value through profit or loss - current	6(2)	-	-	1,150	-
2130	Current contract liabilities	6(21)	334,414	2	69,570	-
2150	Notes payable		37,785	-	78,373	-
2160	Notes payable - related parties	7	-	-	5,017	-
2170	Accounts payable		140,464	1	94,805	1
2180	Accounts payable - related parties	7	15,718	-	47,733	-
2200	Other payables		138,237	1	117,811	1
2220	Other payables - related parties	7	536,217	3	105,002	1
2230	Current income tax liabilities		27,277	-	-	-
2280	Current lease liabilities		-	-	12,477	-
2300	Other current liabilities	6(14)(16) and 8	2,847,141	14	4,144,673	20
21XX	Total current liabilities		<u>8,165,158</u>	<u>40</u>	<u>7,548,639</u>	<u>36</u>
	Non-current liabilities					
2530	Corporate bonds payable	6(15) and 8	789,667	4	971,544	5
2540	Long-term borrowings	6(16) and 8	1,855,346	9	2,789,193	13
2570	Deferred income tax liabilities	6(27)	141,613	-	123,607	-
2580	Non-current lease liabilities		-	-	144,304	1
2600	Other non-current liabilities	6(7)(17)	392,535	2	333,305	2
25XX	Total non-current liabilities		<u>3,179,161</u>	<u>15</u>	<u>4,361,953</u>	<u>21</u>
2XXX	Total liabilities		<u>11,344,319</u>	<u>55</u>	<u>11,910,592</u>	<u>57</u>
	Equity					
	Share capital	6(18)				
3110	Common stock		5,700,402	27	5,718,342	27
3130	Certificate of entitlement to new shares from convertible bonds		150,076	1	-	-
	Capital surplus	6(19)				
3200	Capital surplus		2,592,442	13	2,751,507	13
	Retained earnings	6(20)				
3310	Legal reserve		279,187	1	620,361	3
3320	Special reserve		637,634	3	637,634	3
3350	Unappropriated retained earnings (accumulated deficit)		800,561	4	(341,174)	(2)
	Other equity interest					
3400	Other equity interest		(176,879)	(1)	55,037	1
3500	Treasury stocks	6(18)	(562,488)	(3)	(414,770)	(2)
3XXX	Total equity		<u>9,420,935</u>	<u>45</u>	<u>9,026,937</u>	<u>43</u>
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		<u>\$ 20,765,254</u>	<u>100</u>	<u>\$ 20,937,529</u>	<u>100</u>

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

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

Items	Notes	2020		2019		
		AMOUNT	%	AMOUNT	%	
4000	Sales revenue	6(21) and 7	\$ 4,176,275	100	\$ 4,345,163	100
5000	Operating costs	6(6)(26) and 7	(3,624,320)	(87)	(3,867,970)	(89)
5950	Net operating margin		551,955	13	477,193	11
	Operating expenses	6(26) and 7				
6100	Selling expenses		(202,425)	(5)	(183,920)	(4)
6200	General and administrative expenses		(125,942)	(3)	(107,270)	(3)
6300	Research and development expenses		(2,713)	-	(8,779)	-
6000	Total operating expenses		(331,080)	(8)	(299,969)	(7)
6900	Operating profit		220,875	5	177,224	4
	Non-operating income and expenses					
7100	Interest income	6(22) and 7	8,024	-	6,014	-
7010	Other income	6(23) and 7	126,102	3	125,195	3
7020	Other gains and losses	6(24)	(280,218)	(7)	(48,295)	(1)
7050	Finance costs	6(25) and 7	(113,413)	(3)	(129,832)	(3)
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method	6(7)				
			895,491	22	(622,994)	(14)
7000	Total non-operating income and expenses		635,986	15	(669,912)	(15)
7900	Profit (loss) before income tax		856,861	20	(492,688)	(11)
7950	Income tax expense	6(27)	(51,257)	(1)	(16,328)	(1)
8200	Profit (loss) for the year		\$ 805,604	19	(\$ 509,016)	(12)
	Other comprehensive income (loss)					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial gains on defined benefit plans	6(17)	\$ 5,575	-	\$ 5,585	-
8316	Unrealised (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)	(2,596)	-	534	-
8330	Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method		(1,533)	-	527,372	12
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(27)	(1,115)	-	(1,117)	-
8310	Other comprehensive income that will not be reclassified to profit or loss		331	-	532,374	12
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		(249,295)	(6)	(120,183)	(3)
8380	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method		12,005	1	(13,033)	-
8360	Other comprehensive income that will be reclassified to profit or loss		(237,290)	(5)	(133,216)	(3)
8300	Other comprehensive (loss) income for the year		(\$ 236,959)	(5)	\$ 399,158	9
8500	Total comprehensive income (loss) for the year		\$ 568,645	14	(\$ 109,858)	(3)
	Earnings (loss) per share (in dollars)					
9750	Basic earnings (loss) per share	6(28)	\$ 1.51		(\$ 0.99)	
9850	Diluted earnings (loss) per share	6(28)	\$ 1.28		(\$ 0.99)	

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

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

	Notes	Capital			Retained Earnings			Other Equity Interest				Total
		Share capital - common stock	Certificate of entitlement to new shares from convertible bonds	Capital surplus	Legal reserve	Special reserve	Total 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	
2019												
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
Loss for the year		-	-	-	-	-	(509,016)	-	-	-	-	(509,016)
Other comprehensive income (loss) for the year		-	-	-	-	-	(7,956)	(133,649)	101,187	439,576	-	399,158
Total comprehensive income (loss)		-	-	-	-	-	(516,972)	(133,649)	101,187	439,576	-	(109,858)
Distribution of 2018 earnings:	6(20)											
Legal reserve		-	-	-	54,359	-	(54,359)	-	-	-	-	-
Special reserve		-	-	-	-	268,504	(268,504)	-	-	-	-	-
Cash dividends		-	-	-	-	-	(255,198)	-	-	-	-	(255,198)
Issuance of shares	6(18)(19)	450,000	-	74,500	-	-	-	-	-	-	-	524,500
Share-based payments	6(18)(19)	-	-	9,045	-	-	-	-	-	-	-	9,045
Disposal of equity investments valued at fair value through other comprehensive income		-	-	-	-	-	(121,843)	-	121,843	-	-	-
Treasury stocks transferred to employees	6(18)(19)	-	-	(187)	-	-	-	-	-	-	70,924	70,737
Changes in ownership interests in subsidiaries	6(19)	-	-	2,508	-	-	-	-	-	-	-	2,508
The Company's stocks held by subsidiaries deemed as cash dividends distributed to treasury stocks		-	-	8,906	-	-	-	-	-	-	-	8,906
Recognition of equity component of convertible bonds issued	6(15)(19)	-	-	29,091	-	-	-	-	-	-	-	29,091
Cancellation of treasury stocks	6(18)(19)	(32,281)	-	(13,074)	-	-	-	-	-	-	45,355	-
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
2020												
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
Profit for the year		-	-	-	-	-	805,604	-	-	-	-	805,604
Other comprehensive income (loss)		-	-	-	-	-	17,122	(241,400)	(12,681)	-	-	(236,959)
Total comprehensive income (loss)		-	-	-	-	-	822,726	(241,400)	(12,681)	-	-	568,645
Legal reserve used to offset against accumulated deficit	6(20)	-	-	-	(341,174)	-	341,174	-	-	-	-	-
Cash dividends from capital surplus	6(19)(20)	-	-	(166,265)	-	-	-	-	-	-	-	(166,265)
Dividends for which the claim period has elapsed and unclaimed by shareholders	6(19)	-	-	86	-	-	-	-	-	-	-	86
Disposal of equity investments valued at fair value through other comprehensive income	6(3)	-	-	-	-	-	(1,528)	-	1,528	-	-	-
Disposal of equity investments valued at fair value through other comprehensive income of subsidiaries		-	-	-	-	-	(20,637)	-	20,637	-	-	-
Changes in ownership interests in subsidiaries	6(19)	-	-	(33,223)	-	-	-	-	-	-	-	(33,223)
Purchase of treasury shares	6(18)	-	-	-	-	-	-	-	-	-	(170,350)	(170,350)
Cancellation of treasury stocks	6(18)(19)	(17,940)	-	(4,692)	-	-	-	-	-	-	22,632	-
Conversion of convertible bonds	6(18)(19)	-	150,076	39,630	-	-	-	-	-	-	-	189,706
The Company's stocks held by subsidiaries deemed as cash dividends distributed to treasury stocks	6(19)	-	-	5,399	-	-	-	-	-	-	-	5,399
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

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

YC CO., LTD.
PARENT COMPANY ONLY 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 OPERATING ACTIVITIES</u>			
Profit (loss) before tax		\$ 856,861	(\$ 492,688)
Adjustments			
Adjustments to reconcile profit (loss)			
(Gain) loss on financial asset (liability) at fair value through profit or loss	6(2)(24)	(3,939)	650
Share of (profit) loss of associates and joint ventures accounted for under equity method	6(7)	(895,492)	622,994
Depreciation	6(8)(26)	201,284	207,219
Loss on disposal of property, plant and equipment	6(24)	2,902	1,891
Loss on write-off of investment property	6(11)(24)	178,738	-
Loss (gain) on fair value adjustment of investment property	6(11)(24)	720	(24,821)
Amortization	6(26)	145	3,166
Employees' compensation	6(26)	4,944	-
Interest income	6(22)	(8,024)	(6,014)
Dividend income	6(23)	(1,569)	(2,856)
Interest expense	6(25)	113,413	129,832
Share-based payments	6(18)(19)	-	9,045
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		6,620	28,050
Notes receivable - related parties		-	4,389
Accounts receivable, net		28,051	75,673
Accounts receivable - related parties		(25,465)	(6,578)
Other receivables		(5,472)	4,574
Other receivables - related parties		(1,089)	(192,183)
Inventories		328,063	124,966
Other current assets		(237,766)	(53,839)
Changes in operating liabilities			
Current contract liabilities		61,009	24,011
Notes payable		(40,588)	4,222
Notes payable - related parties		(5,017)	(2,227)
Accounts payable		45,659	(332,431)
Accounts payable - related parties		(32,015)	(100,525)
Other payables		16,911	10,529
Other current liabilities		3,653	(3,917)
Other non-current liabilities		(1,360)	(18,564)
Cash inflow generated from operations		591,177	14,568
Interest received		8,024	8,950
Dividends received		251,489	283,366
Interest paid		(182,901)	(202,267)
Income tax paid		(1,076)	(69,766)
Net cash flows from operating activities		<u>666,713</u>	<u>34,851</u>

(Continued)

YC CO., LTD.
PARENT COMPANY ONLY 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>			
Decrease (increase) in financial assets at amortised cost		\$ 121,296	(\$ 199,301)
Decrease (increase) in other receivables - related parties		72,011	(27,000)
Acquisition of property, plant and equipment	6(29)	(51,142)	(77,156)
Proceeds from disposal of property, plant and equipment		1,906	240
Acquisition of right-of-use assets	6(9)	(90,617)	(11,528)
Acquisition of financial assets at fair value through other comprehensive income		(308)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income		1,606	-
Decrease (increase) in other non-current assets		3,889	(886)
Net cash flows from (used in) investing activities		<u>58,641</u>	<u>(315,631)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(30)	1,212,679	627,507
Increase in short-term notes and bills payable	6(30)	-	20,000
Increase in other payables - related parties	6(30)	432,773	95,909
Proceeds from issuance of bonds	6(15)(30)	-	996,260
Proceeds from long-term borrowings	6(30)	1,841,162	6,270,980
Repayment of long-term borrowings	6(30)	(4,232,694)	(7,540,859)
Decrease in lease liabilities	6(30)	(156,781)	(64,609)
Proceeds from issuance of shares	6(18)	-	526,500
Cash dividends from capital surplus	6(19)(20)	(166,265)	-
Payment of cash dividends	6(20)	-	(255,198)
Treasury stocks transferred to employees		-	66,444
Purchase of treasury shares	6(18)	(170,350)	-
Net cash flows (used in) from financing activities		<u>(1,239,476)</u>	<u>742,934</u>
Net (decrease) increase in cash and cash equivalents		(514,122)	462,154
Cash and cash equivalents at beginning of year		781,883	319,729
Cash and cash equivalents at end of year		<u>\$ 267,761</u>	<u>\$ 781,883</u>

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

YC CO., LTD.

NOTES TO THE PARENT COMPANY ONLY 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 is primarily engaged in researching, designing, manufacturing, processing, and sales of 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 Gre 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.

(3) Names, relationship and short form of related parties:

<u>Names and relationship of related parties</u>	<u>Abbreviated company name</u>	<u>Note</u>
Subsidiaries of the Company		
YEM CHIO (BVI) CO., LTD.	YEM CHIO	
ACHEM Technology Corporation	-	
Xin Chio Co., Ltd.	-	
Chuang-Yi Investment Co., Ltd.	-	
UINN Hotel Co., Ltd.	UINN Hotel	
Wong Chio Development, Ltd.	-	
WONG CHIO (SAMOA) CO., LTD.	WONG CHIO	
Subsidiary of YEM CHIO		
WAN CHIO (BVI) CO., LTD.	WAN CHIO	
Subsidiaries of ACHEM Technology Corporation		
ASIACHEM International Corporation	-	
ACHEM Opto-Electronic Corporation	-	
Valueline Investment Corporation	-	
ACHEM Technology Holdings Limited	-	
Subsidiaries of Xin Chio Co., Ltd.		
Master Package (Shanghai) Material Technology Co., Ltd.	-	
ACHEM (Tianjin) Adhesive Product Co., Ltd.	-	
ACHEM Technology (Wuhan) Limited	-	
Subsidiary of WAN CHIO		
Wan Chio Petrochemical (Jiangsu) Co., Ltd.	-	

Names and relationship of related parties	Abbreviated company name	Note
Subsidiaries of ASIACHEM International Corporation		
Fuzhou Fuda Plastic Products Co., Ltd.	-	Note 1
Shaanxi Heyangder Adhesive Product Co., Ltd. (Formerly: Wanchio Technology Adhesive Product (Weinan) Co., Ltd.)	-	Note 4
Subsidiaries of ACHEM Technology Holdings Limited		
ACHEM Technology China	-	
ACHEM Technology Americas Ltd.	-	
ACHEM Technology (M) Sdn. Bhd.	-	
ACHEM Technology (Vietnam) Ltd.	-	
ACHEM Technology (India) Ltd.	-	Note 2
ASIA PLASTICS (BVI) CO., LTD.	ASIA PLASTICS	
Subsidiaries of ASIA PLASTICS		
Achem Technology (Ningbo) Co., Ltd.	Ningbo Yem Chio Co., Ltd.	Note 5
WAN DAO New Material Co., Ltd	WAN DAO New Material	Note 5
Subsidiaries of ACHEM Technology China		
ACHEM Technology Huizhou Adhesive Products Ltd.	-	Note 1
ACHEM Technology (Chengdu) Limited	-	
ACHEM Technology (Dongguan) Adhesive Products Co., Ltd.	-	Note 6
Foshan Inder Adhesive Product Co., Ltd.	-	
Wanchio Adhesive Product (Jiangsu) Co., Ltd.	-	Note 6
LANDMART GLOBAL LIMITED	LANDMART	Note 3
Subsidiary of ACHEM Technology Americas Ltd.		
ACHEM Industry America Inc.	-	
Subsidiary of ACHEM Opto- Electronic Corporation		
AOE Holding Limited	-	
Subsidiary of LANDMART		
ACHEM Technology (Shanghai) Limited	-	Note 3
Associate		
Winda Opto-Electronics Co., Ltd.	-	
Other related parties		
Li, Zhi-Xian	-	
Yong Chen International, LLC.	-	

Note 1: Fuzhou Fuda Plastic Products Co., Ltd. and ACHEM Technology Huizhou Adhesive Products Ltd. have ceased operations.

Note 2: ACHEM Technology (India) Ltd. underwent liquidation in May 2017.

Note 3: In October 2017, the indirect subsidiary of the Company, 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 4: In April 2020, the indirect subsidiary of the Company, ASIACHEM International Corporation disposed its 100% equity interest in Shaanxi Heyangder Adhesive Product Co., Ltd. Accordingly, the Company lost control over the indirect subsidiary and recognised gain on disposal of investment in the amount of \$167,367. The registration for the change had been completed.

Note 5: In May 2020, Ningbo Yem Chio Co., Ltd. split into Ningbo Yem Chio Co., Ltd. and 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 Company lost control over the indirect subsidiary and recognised gain on disposal of investments 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. The registration of the above had been completed.

Note 6: On January 2, 2020, the Board of Directors of the indirect subsidiary, 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., and the registration for the transfer was completed on July 21, 2020.

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

These 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 (“IFRSs”) 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 Company's financial condition and financial performance based on the Company's assessment.

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

New standards, interpretations and amendments 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 Company's financial condition and financial performance based on the Company's assessment.

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

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

<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 Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

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

- (a) Financial assets (financial liabilities) at fair value through profit or loss.
- (b) Financial assets and liabilities at fair value through other comprehensive income measured at fair value.
- (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- (d) Investment property remeasured at fair value.

B. The preparation of financial statements in compliance with the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Foreign currency translation

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

(4) Classification of current and non-current items

- A. The Company'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.

(5) 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.

(6) 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 Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(7) 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 Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- 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 Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

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 Company and the amount of the dividend can be measured reliably.

(8) 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 Company'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 Company'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.

(9) Accounts and notes receivable

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

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

(10) 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 Company 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 Company recognises the impairment provision for lifetime ECLs.

(11) 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.

(12) 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. Costs of buildings and land held for sale are stated at acquisition cost basis during construction. In accordance with IFRSs, the related interest expense is capitalised.

(13) 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.

(14) Investments accounted for using equity method / subsidiaries and associates

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company 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.
- B. Unrealised gains on transactions between the Company and its subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' 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 Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company recognise loss continuously in proportion to its ownership.
- 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. Associates are all entities over which the Company 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.

- F. Land is not depreciated. The Company'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 Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- G. 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 Company's ownership percentage of the associate, the Company recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- H. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company'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 Company.
- I. When the Company 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.
- J. In accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the profit or loss and other comprehensive income or loss presented on the parent company only financial statements are consistent with those presented on the consolidated financial statements. In addition, owner's equity presented on the parent company only is consistent with equity attributable to owners of parent presented on the consolidated financial statements.

(15) 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 Company 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. 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	3 ~ 25 years
Transportation equipment	5 ~ 10 years
Office equipment	2 ~ 7 years

(16) 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 Company. 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 Company 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.

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.

(17) 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.

(18) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is 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. 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.

(19) 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.

(20) 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.

(21) Convertible bonds payable

Convertible corporate bonds issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Company 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 Company, 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.

(22) 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.

(23) 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 plan

For the defined contribution plan, 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 Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. 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 Company uses interest rates of government bonds (at the balance sheet date) instead.
- ii. Remeasurements arising on the defined benefit plan 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 Company'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 Company 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' and 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.

(24) 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.

(25) 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 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 of 5% 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 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 Company 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.

(26) 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 Company 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.

(27) 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.

(28) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company 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 Company recognises expenses for the related costs for which the grants are intended to compensate.

(29) 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 Company 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 Company 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 Company 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.

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

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

(1) Critical judgements in applying the Company'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 Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. The Company 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 Company's strategy

might affect the value of investment property.

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	\$ 397	\$ 387
Checking accounts and demand deposits	267,364	242,787
Time deposits	-	447,333
Bonds sold under repurchase agreements	-	91,376
	<u>\$ 267,761</u>	<u>\$ 781,883</u>

A. The Company 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 liabilities designated as at fair value through profit or loss		
Derivative financial instruments - bonds payable	(\$ 401)	(\$ 500)
Valuation adjustment	2,410	(650)
	<u>\$ 2,009</u>	<u>(\$ 1,150)</u>

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

	<u>Year ended December 31</u>	
	<u>2019</u>	<u>2018</u>
Financial assets (liabilities) designated as at fair value through profit or loss		
Derivative financial instruments - bonds payable	\$ 3,639	(\$ 650)

B. As of December 31, 2020 and 2019, the issuance of convertible bonds by the Company amounting to \$2,009 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 Company has recognised the changes in fair value amounting to \$3,639 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(15).

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current items:		
Equity instruments		
Listed stocks	\$ 16,631	\$ 19,457
Valuation adjustments	(7,999)	(6,931)
	<u>\$ 8,632</u>	<u>\$ 12,526</u>
Equity instruments		
Unlisted shares	\$ 1,719	\$ 1,719
Valuation adjustments	3,878	3,878
	<u>\$ 5,597</u>	<u>\$ 5,597</u>

- A. The Company has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income.
- B. Due to adjustments on strategic investments for the year ended December 31, 2020, the Company sold its investments in stocks at fair value of \$1,606.
- 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:

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 2,596)	\$ 534
Cumulative (losses) gains reclassified to retained earnings due to derecognition	(\$ 1,528)	\$ -
Dividend income recognised in profit or loss		
Held at end of year	<u>\$ 1,569</u>	<u>\$ 2,856</u>

- D. The Company has no financial assets at fair value through other comprehensive income pledged to others as collateral.

(4) Financial assets at amortised cost

Items	December 31, 2020	December 31, 2019
Current items:		
Restricted demand deposits	\$ 203,835	\$ 1,509
Restricted time deposits	-	112,814
	<u>\$ 203,835</u>	<u>\$ 114,323</u>
Non-current items:		
Restricted demand deposits	\$ 104,112	\$ 102,569
Restricted time deposits	104,907	113,423
	<u>\$ 209,019</u>	<u>\$ 215,992</u>

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	<u>\$ 1,412</u>	<u>\$ 2,285</u>

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 Company was \$412,854 and \$330,315, respectively.

D. Details of the Company'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	\$ 43,018	\$ 49,638
Less: Allowance for uncollectible accounts	(807)	(807)
	<u>\$ 42,211</u>	<u>\$ 48,831</u>

	December 31, 2020	December 31, 2019
Accounts receivable	\$ 365,537	\$ 393,588
Less: Allowance for uncollectible accounts	(15,832)	(15,832)
	<u>\$ 349,705</u>	<u>\$ 377,756</u>

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

	December 31, 2020	
	<u>Notes receivable</u>	<u>Accounts receivable</u>
Not past due	\$ 43,018	\$ 218,440
Up to 30 days	-	123,409
31 to 90 days	-	21,888
91 to 180 days	-	574
Over 180 days	-	1,226
	<u>\$ 43,018</u>	<u>\$ 365,537</u>

	December 31, 2019	
	<u>Notes receivable</u>	<u>Accounts receivable</u>
Not past due	\$ 49,638	\$ 301,695
Up to 30 days	-	72,614
31 to 90 days	-	17,815
91 to 180 days	-	144
Over 180 days	-	1,320
	<u>\$ 49,638</u>	<u>\$ 393,588</u>

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. As of January 1, 2019, the balance of receivables from contracts with customers amounted to \$530,310.
- C. The Company does not hold any collateral for accounts and notes receivable.
- D. 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		
	Cost	Allowance for valuation loss	Book value
Packaging Materials Sales			
Channel business:			
Raw materials and supplies	\$ 170,796	(\$ 298)	\$ 170,498
Finished goods	160,786	(9,786)	151,000
	<u>331,582</u>	<u>(10,084)</u>	<u>321,498</u>
Land Development & Construction business:			
Construction-in-progress	3,833,300	-	3,833,300
Land held for building	528,142	(1,794)	526,348
Buildings and land held for sale	348,464	-	348,464
	<u>4,709,906</u>	<u>(1,794)</u>	<u>4,708,112</u>
	<u>\$ 5,041,488</u>	<u>(\$ 11,878)</u>	<u>\$ 5,029,610</u>
	December 31, 2019		
	Cost	Allowance for valuation loss	Book value
Packaging Materials Sales			
Channel business:			
Raw materials and supplies	\$ 191,814	(\$ 97)	\$ 191,717
Finished goods	241,227	(10,095)	231,132
Merchandise	934	(276)	658
	<u>433,975</u>	<u>(10,468)</u>	<u>423,507</u>
Land Development & Construction business:			
Construction-in-progress	3,494,140	-	3,494,140
Land held for building	516,463	-	516,463
Buildings and land held for sale	844,579	-	844,579
	<u>4,855,182</u>	<u>-</u>	<u>4,855,182</u>
	<u>\$ 5,289,157</u>	<u>(\$ 10,468)</u>	<u>\$ 5,278,689</u>

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

	Year ended December 31	
	2020	2019
Cost of inventories sold	\$ 3,113,992	\$ 3,505,295
Cost of construction sold	508,918	351,905
Unamortised fixed production overhead	-	11,958
Loss on (gain on reversal of) market price decline	1,410	(1,188)
	<u>\$ 3,624,320</u>	<u>\$ 3,867,970</u>

Gain on reversal of market price decline in 2019 refer to the selling price adjustment due to the fluctuation of the price of raw materials and disposal of slow-moving inventory.

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	\$ 78,984	\$ 84,005
Range of interest rates	1.77%~2.26%	1.71%~2.55%

D. The Company's construction is located in Neihu District, Taipei City - the Headquarters Office Buildings of YC Group. Certain floors were reclassified as 'investment property' based on their usage. Details are provided in Note 6(11).

E. 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>Shown as assets</u>	<u>December 31, 2020</u>		<u>December 31, 2019</u>	
	<u>Percentage of ownership</u>	<u>Book value</u>	<u>Percentage of ownership</u>	<u>Book value</u>
ACHEM Technology Corporation	100.00	\$ 5,780,013	100.00	\$ 5,427,946
Chuang-Yi Investment Co., Ltd.	100.00	551,624	100.00	461,202
Wong Chio Development, Ltd.	100.00	320,970	100.00	341,315
Xin Chio Co., Ltd.	41.76	63,433	43.84	40,488
		<u>\$ 6,716,040</u>		<u>\$ 6,270,951</u>
<u>Shown as liabilities</u>				
UINN Hotel	100.00	(\$ 142,436)	100.00	(\$ 35,078)
YEM CHIO	100.00	(215,761)	100.00	(256,954)
		<u>(\$ 358,197)</u>		<u>(\$ 292,032)</u>

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

<u>Investee company</u>	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
ACHEM Technology Corporation	\$ 728,660	(\$ 140,685)
YEM CHIO	121,360	(582,531)
Chuang-Yi Investment Co., Ltd.	109,694	60,779
Wong Chio Development, Ltd.	(10,489)	13,196
UINN Hotel	(107,358)	(17,645)
Xin Chio Co., Ltd.	53,624	43,892
	<u>\$ 895,491</u>	<u>(\$ 622,994)</u>

C. Please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2020 for the information regarding the Company's subsidiaries.

(8) Property, plant and equipment

2020

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Unfinished construction and equipment under acceptance	Total
At January 1							
Cost	\$ 419,684	\$ 1,701,249	\$ 3,039,136	\$ 2,097	\$ 45,146	\$ 20,015	\$ 5,227,327
Accumulated depreciation and impairment	-	(483,772)	(1,345,956)	(1,189)	(29,258)	-	(1,860,175)
	<u>\$ 419,684</u>	<u>\$ 1,217,477</u>	<u>\$ 1,693,180</u>	<u>\$ 908</u>	<u>\$ 15,888</u>	<u>\$ 20,015</u>	<u>\$ 3,367,152</u>
Opening net book amount as at							
January 1	\$ 419,684	\$ 1,217,477	\$ 1,693,180	\$ 908	\$ 15,888	\$ 20,015	\$ 3,367,152
Additions	-	245	1,149	-	153	49,595	51,142
Disposals	(3,000)	(316)	(1,492)	-	-	-	(4,808)
Transfers	-	4,320	34,994	39	763	(40,116)	-
Reclassifications	287,339	-	-	-	-	(384)	286,955
Depreciation charge	-	(46,595)	(149,827)	(233)	(4,629)	-	(201,284)
Closing net book amount as at							
December 31	<u>\$ 704,023</u>	<u>\$ 1,175,131</u>	<u>\$ 1,578,004</u>	<u>\$ 714</u>	<u>\$ 12,175</u>	<u>\$ 29,110</u>	<u>\$ 3,499,157</u>
At December 31							
Cost	\$ 704,023	\$ 1,703,924	\$ 3,064,343	\$ 2,136	\$ 46,053	\$ 29,110	\$ 5,549,589
Accumulated depreciation and impairment	-	(528,793)	(1,486,339)	(1,422)	(33,878)	-	(2,050,432)
	<u>\$ 704,023</u>	<u>\$ 1,175,131</u>	<u>\$ 1,578,004</u>	<u>\$ 714</u>	<u>\$ 12,175</u>	<u>\$ 29,110</u>	<u>\$ 3,499,157</u>

2019

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Leased assets	Unfinished construction and equipment under acceptance	Total
At January 1								
Cost	\$ 314,542	\$ 1,695,448	\$ 2,976,160	\$ 1,367	\$ 33,536	\$ 290,337	\$ 28,928	\$ 5,340,318
Accumulated depreciation and impairment	-	(437,046)	(1,191,880)	(1,084)	(25,767)	-	-	(1,655,777)
	<u>\$ 314,542</u>	<u>\$ 1,258,402</u>	<u>\$ 1,784,280</u>	<u>\$ 283</u>	<u>\$ 7,769</u>	<u>\$ 290,337</u>	<u>\$ 28,928</u>	<u>\$ 3,684,541</u>
Opening net book amount as at January 1	\$ 314,542	\$ 1,258,402	\$ 1,784,280	\$ 283	\$ 7,769	\$ 290,337	\$ 28,928	\$ 3,684,541
Additions	-	3,768	38,617	769	1,221	-	32,781	77,156
Disposals	-	(22)	(2,099)	(10)	-	-	-	(2,131)
Transfers	-	2,055	29,250	-	10,389	-	(41,694)	-
Reclassifications	105,142	-	-	-	-	(290,337)	-	(185,195)
Depreciation charge	-	(46,726)	(156,868)	(134)	(3,491)	-	-	(207,219)
Closing net book amount as at December 31	<u>\$ 419,684</u>	<u>\$ 1,217,477</u>	<u>\$ 1,693,180</u>	<u>\$ 908</u>	<u>\$ 15,888</u>	<u>\$ -</u>	<u>\$ 20,015</u>	<u>\$ 3,367,152</u>
At December 31								
Cost	\$ 419,684	\$ 1,701,249	\$ 3,039,136	\$ 2,097	\$ 45,146	\$ -	\$ 20,015	\$ 5,227,327
Accumulated depreciation and impairment	-	(483,772)	(1,345,956)	(1,189)	(29,258)	-	-	(1,860,175)
	<u>\$ 419,684</u>	<u>\$ 1,217,477</u>	<u>\$ 1,693,180</u>	<u>\$ 908</u>	<u>\$ 15,888</u>	<u>\$ -</u>	<u>\$ 20,015</u>	<u>\$ 3,367,152</u>

- A. No borrowing cost was capitalised as part of property, plant and equipment for the years ended December 31, 2020 and 2019.
- 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. In January 2020 and 2019, 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 2020 and 2019, respectively. Please refer to Note 6(9) for details.

(9) Leasing arrangements — lessee

- A. The Company leases various assets including land. Rental contracts are typically made for periods of 17 to 20 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
	Year ended	Year ended
	December 31, 2020	December 31, 2019
	Depreciation charge	Depreciation charge
Land	\$ -	\$ -

- 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.

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.

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. The land transfer procedure was completed, and the land was transferred into property, plant and equipment in May 2020.

D. For the years ended December 31, 2020 and 2019, the additions to right-of-use assets were \$90,617 and \$11,528, respectively.

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

	<u>Year ended</u> <u>December 31, 2020</u>	<u>Year ended</u> <u>December 31, 2019</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 764	\$ 5,113
Expense on short-term lease contracts	4,521	4,427

H. For the years ended December 31, 2020 and 2019, the Company's total cash outflow for leases was \$252,683 and \$85,677, respectively.

I. Information on the right-of-use assets that were pledged to others as collateral is provided in Note8.

(10) Leasing arrangements - lessor

A. The Company leases various assets including land and buildings. Rental contracts are typically made for periods of 1 to 13 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 Company recognised rent income in the amount of \$69,535 and \$71,174, 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	\$ -	\$ 66,646
2021	38,725	14,459
2022	7,678	8,090
2023	7,168	3,838
2024	4,050	690
2025	2,940	-
After 2026	8,130	-
	<u>\$ 68,691</u>	<u>\$ 93,723</u>

(11) Investment property / Subsequent events

	<u>2020</u>		
	<u>Related party</u>	<u>Non-related party</u>	<u>Total</u>
At January 1	\$ 1,699,158	\$ 947,028	\$ 2,646,186
Write-off	(178,738)	-	(178,738)
Reclassifications	(376,262)	-	(376,262)
Gain on fair value adjustment	(21,002)	20,282	(720)
At December 31	<u>\$ 1,123,156</u>	<u>\$ 967,310</u>	<u>\$ 2,090,466</u>

	<u>2019</u>		
	<u>Related party</u>	<u>Non-related party</u>	<u>Total</u>
At January 1	\$ 1,686,553	\$ 815,818	\$ 2,502,371
Reclassifications	-	118,994	118,994
Gain on fair value adjustment	12,605	12,216	24,821
At December 31	<u>\$ 1,699,158</u>	<u>\$ 947,028</u>	<u>\$ 2,646,186</u>

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

	Year ended December 31, 2020		
	<u>Related party</u>	<u>Non-related party</u>	<u>Total</u>
Rental revenue from investment property	\$ <u>37,371</u>	\$ <u>22,723</u>	\$ <u>60,094</u>
Direct operating expenses arising from the investment property that generated rental income during the year	\$ <u>6,239</u>	\$ <u>2,975</u>	\$ <u>9,214</u>
Direct operating expenses arising from the investment property that did not generate rental income during the year	\$ <u>-</u>	\$ <u>304</u>	\$ <u>304</u>
	Year ended December 31, 2019		
	<u>Related party</u>	<u>Non-related party</u>	<u>Total</u>
Rental revenue from investment property	\$ <u>43,086</u>	\$ <u>18,615</u>	\$ <u>61,701</u>
Direct operating expenses arising from the investment property that generated rental income during the year	\$ <u>6,256</u>	\$ <u>2,034</u>	\$ <u>8,290</u>
Direct operating expenses arising from the investment property that did not generate rental income during the year	\$ <u>-</u>	\$ <u>157</u>	\$ <u>157</u>

B. Fair value basis of investment property

The Company's investment property mainly comprises office buildings and hotels located in Neihu District, Shihlin District, Zhongzheng District, Taipei City and Linkou District, New Taipei City, etc. The Company earns rental income from leasing and the lease terms are between 1 to 13 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:

	December 31, 2020	December 31, 2019
Object	Office buildings and hotels	Office buildings and hotels
Location	Neihu District, Shihlin District and Zhongzheng District, Taipei City	Neihu District, Shihlin District, Zhongzheng District, Taipei City and Linkou District, New Taipei City
Valuation method	Income approach	Income approach
Appraisal firm	PANASIA Real Estate Appraisers Firm	PANASIA Real Estate Appraisers Firm/ Cathay Pacific Real Estate Appraisers Firm
Appraiser	YANG, MIN-AN	CHUNG, SHAO-YU XU, CHUN-BAO
Effective date for appraisal	December 31, 2020	December 31, 2019

(b) The information on the average leasing rate for the previous year, changes in income generated in the past, and comparison between local rents and rents for objects similar to the Company's office buildings and hotels is provided in the table below:

	Year ended December 31	
	2020	2019
Estimated rents (in dollars/per ping /monthly)	\$926~\$1,111	\$576~\$1,148
Local rents and rent quotes for similar objects	Approximate to estimated rents	Approximate to estimated rents
Income	\$5,486~\$20,459	\$5,486~\$22,857
Average leasing rates	91%~100%	93%~100%

- (c) The fair value of the Company's office buildings and hotels are 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. 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	2.45%~2.60%	2.45%~3.10%

- C. The information on the 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 Company in Neihu District, Taipei City for the year ended December 31, 2019. Hence, inventories amounting to \$118,994 was reclassified to investment property.
- (b) In August 2020, the land of the Company located in Linkou District, New Taipei City, was sold in accordance with the resolution of the Board of Directors. In December 2020, the Company completed the registration for destruction and met the condition for immediate disposal, thus, related assets were reclassified to non-current assets held for sale from investment property. In February 2021, the land transfer procedure of this transaction was completed and the total proceeds in the amount of \$1,043,350 had been collected.

(12) Short-term borrowings

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Bank borrowings-		
Secured bank borrowings	\$ 1,811,346	\$ 781,000
Unsecured bank borrowings	<u>1,976,559</u>	<u>1,791,028</u>
	<u>\$ 3,787,905</u>	<u>\$ 2,572,028</u>
Range of the interest rates	0.94%~1.90%	1.33%~3.23%

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

(13) Short-term bills payable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Commercial paper	\$ 300,000	\$ 300,000
Range of the interest rates	1.35%~1.44%	1.35%~1.49%

(14) Other current liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Long-term borrowings		
Current portion		
-within one year	\$ 609,906	\$ 2,075,290
-within one operating cycle	2,071,849	2,064,150
Guarantee deposits received	156,500	-
Others	<u>8,886</u>	<u>5,233</u>
	<u>\$ 2,847,141</u>	<u>\$ 4,144,673</u>

(15) Bonds payable

	<u>Domestic secured convertible bonds</u>	
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
8th convertible bonds payable	\$ 427,500	\$ 506,300
Less: Discount on bonds payable	<u>(13,786)</u>	<u>(20,528)</u>
	<u>413,714</u>	<u>485,772</u>
9th convertible bonds payable	388,500	506,300
Less: Discount on bonds payable	<u>(12,547)</u>	<u>(20,528)</u>
	<u>375,953</u>	<u>485,772</u>
	<u>\$ 789,667</u>	<u>\$ 971,544</u>

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.</p> <p>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.</p> <p>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. 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.

(16) Long-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Medium and long-term secured borrowings	\$ 3,887,101	\$ 5,578,633
Medium and long-term unsecured borrowings	650,000	1,350,000
	<u>4,537,101</u>	<u>6,928,633</u>
Less: Current portion		
-within one year	(609,906)	(2,075,290)
-within one operating cycle	(2,071,849)	(2,064,150)
	<u>\$ 1,855,346</u>	<u>\$ 2,789,193</u>
Range of the interest rates	1.77%~2.65%	1.48%~2.90%

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 the 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 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%; tangible net worth of not less than \$8 billion.

- (d) The Company reclassified the balance of long-term liabilities to 'long-term liabilities expiring within one year' of current liabilities amounting to \$1,311,538 after the negotiation with banks 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 the 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 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%; 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 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.

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

D. In addition to the collaterals provided as stated in Note 8, as of December 31, 2020, the Company had issued guarantee notes totaling \$13,853,290 for the bank loans and bonds payable.

E. The Company's borrowings should be repaid in full by August 2031 at the latest in accordance with the contracts.

(17) Pensions

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

pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make 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	\$ 34,712	\$ 41,397
Fair value of plan assets	(6,097)	(7,139)
Net defined benefit liability	<u>\$ 28,615</u>	<u>\$ 34,258</u>

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

2020	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
Balance at January 1	\$ 41,397	(\$ 7,139)	\$ 34,258
Current service cost	170	-	170
Interest expense (income)	290	(50)	240
	<u>41,857</u>	<u>(7,189)</u>	<u>34,668</u>
Remeasurements:			
Return on plan assets	-	(238)	(238)
Change in financial assumptions	1,068	-	1,068
Experience adjustments	(6,405)	-	(6,405)
	<u>(5,337)</u>	<u>(238)</u>	<u>(5,575)</u>
	<u>36,520</u>	<u>(7,427)</u>	<u>29,093</u>
Pension fund contribution	-	(478)	(478)
Paid pension	(1,808)	1,808	-
Balance at December 31	<u>\$ 34,712</u>	<u>(\$ 6,097)</u>	<u>\$ 28,615</u>

2019	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	\$ 48,270	(\$ 6,394)	\$ 41,876
Current service cost	221	-	221
Interest expense (income)	434	(58)	376
	<u>48,925</u>	<u>(6,452)</u>	<u>42,473</u>
Remeasurements:			
Return on plan assets	-	(220)	(220)
Change in financial assumptions	592	-	592
Experience adjustments	(5,957)	-	(5,957)
	<u>(5,365)</u>	<u>(220)</u>	<u>(5,585)</u>
	<u>43,560</u>	<u>(6,672)</u>	<u>36,888</u>
Pension fund contribution	-	(467)	(467)
Paid pension	(2,163)	-	(2,163)
Balance at December 31	<u>\$ 41,397</u>	<u>(\$ 7,139)</u>	<u>\$ 34,258</u>

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

(e) The principal actuarial assumptions used were as follows:

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

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory. Future mortality rate of the Company was set based on the 5th Taiwan Standard Ordinary Experience Mortality 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	(\$ 673)	\$ 694	\$ 594	(\$ 580)
<u>December 31, 2019</u>				
Effect on present value of defined benefit obligation	(\$ 738)	\$ 761	\$ 646	(\$ 630)

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 plan of the Company for the year ending December 31, 2021 amount to \$448.
- (g) As of December 31, 2020, the weighted average duration of that retirement plan is 8 years.

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2020 and 2019 were \$9,248 and \$7,302, respectively.

(18) 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 including certificate of entitlement to new shares from convertible bonds (in thousand shares) outstanding are as follows:

	2020	2019
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	15,008	-
At December 31	541,949	542,662

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 totaling \$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

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

(19) 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>

(20) 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:

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

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:

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

(21) Operating revenue

A. Disaggregation of revenue from contracts with customers

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

	Year ended December 31, 2020		
	<u>Packaging materials business segment</u>	<u>Real estate business segment</u>	<u>Total</u>
Revenue from non-related parties	\$ 2,728,216	\$ 681,956	\$ 3,410,172
Revenue from related parties	<u>766,103</u>	<u>-</u>	<u>766,103</u>
Total segment revenue	<u>\$ 3,494,319</u>	<u>\$ 681,956</u>	<u>\$ 4,176,275</u>

	Year ended December 31, 2019		
	<u>Packaging materials business segment</u>	<u>Real estate business segment</u>	<u>Total</u>
Revenue from non-related parties	\$ 3,063,865	\$ 550,704	\$ 3,614,569
Revenue from related parties	<u>698,200</u>	<u>32,394</u>	<u>730,594</u>
Total segment revenue	<u>\$ 3,762,065</u>	<u>\$ 583,098</u>	<u>\$ 4,345,163</u>

B. Contract liabilities

The Company 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	\$ 15,905	\$ 27,652	\$ 28,340
Contract liabilities – Pre-sold house	<u>318,509</u>	<u>41,918</u>	<u>17,219</u>
	<u>\$ 334,414</u>	<u>\$ 69,570</u>	<u>\$ 45,559</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 \$51,233 and \$41,664, respectively.

(22) Interest income

	Years ended December 31,	
	2020	2019
Interest income from bank deposits	\$ 7,053	\$ 5,874
Interest income from loans to related parties	971	140
	<u>\$ 8,024</u>	<u>\$ 6,014</u>

(23) Other income

	Years ended December 31,	
	2020	2019
Rental revenue	\$ 69,535	\$ 71,174
Dividend income	1,569	2,856
Income from managerial services	38,245	34,600
Revenue from government grants	13,585	9,290
Other income	3,168	7,275
	<u>\$ 126,102</u>	<u>\$ 125,195</u>

(24) Other gains and losses

	Years ended December 31,	
	2020	2019
Gains (losses) on financial assets (liabilities) at fair value through profit or loss	\$ 3,639	(\$ 650)
Net foreign exchange loss	(82,201)	(48,955)
Losses on disposal of property, plant and equipment	(2,902)	(1,891)
Losses on write-off of investment property	(178,738)	-
(Losses) gains on fair value adjustment of investment property	(720)	24,821
Fee expense	(15,666)	(17,994)
Other losses	(3,630)	(3,626)
	<u>(\$ 280,218)</u>	<u>(\$ 48,295)</u>

(25) Finance costs

	Years ended December 31,	
	2020	2019
Interest expense:		
Bank borrowings	\$ 179,788	\$ 201,366
Convertible bonds	8,308	4,873
Lease liabilities	764	5,113
Interest payable to related parties	3,537	2,485
Less: Capitalisation of qualifying assets	(78,984)	(84,005)
	<u>\$ 113,413</u>	<u>\$ 129,832</u>

(26) Expenses by nature

	Year ended December 31, 2020		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 145,297	\$ 81,923	\$ 227,220
Labor and health insurance fees	15,463	6,876	22,339
Pension costs	5,660	3,998	9,658
Directors' remuneration	-	651	651
Other personnel expenses	7,226	1,546	8,772
	<u>173,646</u>	<u>94,994</u>	<u>268,640</u>
Depreciation	191,147	10,137	201,284
Amortisation	50	96	146
	<u>\$ 364,843</u>	<u>\$ 105,227</u>	<u>\$ 470,070</u>

	Year ended December 31, 2019		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 141,544	\$ 76,656	\$ 218,200
Labor and health insurance fees	13,680	6,528	20,208
Pension costs	4,147	3,752	7,899
Directors' remuneration	-	414	414
Other personnel expenses	5,599	4,287	9,886
	<u>164,970</u>	<u>91,637</u>	<u>256,607</u>
Depreciation	197,689	9,530	207,219
Amortization	50	3,116	3,166
	<u>\$ 362,709</u>	<u>\$ 104,283</u>	<u>\$ 466,992</u>

- A. For the years ended December 31, 2020 and 2019, the Company had 397 and 402 employees, respectively, both including 3 non-employee directors.
- B. For the years ended December 31, 2020 and 2019, average employee benefit expense was \$680 and \$642, respectively.
- C. For the years ended December 31, 2020 and 2019, average employees salaries were \$577 and \$547, respectively.
- D. Adjustments of average employees salaries was 5.30%.
- E. 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 authorised to determine the distribution of directors' remuneration based on the usual industry standard but shall not exceed 1%.

The distribution of employees compensation shall be resolved by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders during their meeting.

Employees' compensation can be distributed in the form of cash or shares and shall be distributed to the employees of affiliates of the Company who meet certain specific requirements which were set by the Board of Directors.

Directors and managers of the Company are remunerated based on the usual industry standard and the principle of the correlation and rationality with respect to the individual's performance, the Company's performance and the future operational risks, and the remuneration is evaluated periodically.

Additionally, to attract outstanding talents, the Company established a salary policy by timely reflecting the labour market salary survey, industry salary standard as well as the position, responsibility, professional and technical ability, education and work experience, performance, contribution, etc., to retain and motivate the internal talents.

- F. For the year ended December 31, 2020, employees' compensation was accrued at \$4,944; while no directors' remuneration was accrued. The aforementioned amount was recognised 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.

(27) Income tax

A. Components of income tax expense (benefit):

	Year ended December 31	
	2020	2019
Current tax:		
Current tax on profits for the year	\$ 40,400	\$ 10,929
Prior year income tax under estimation	2,668	29,478
Total current tax	<u>43,068</u>	<u>40,407</u>
Deferred tax:		
Origination and reversal of temporary differences	8,189	(24,079)
Income tax expense	<u>\$ 51,257</u>	<u>\$ 16,328</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	<u>\$ 1,115</u>	<u>\$ 1,117</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	\$ 171,372	(\$ 98,538)
Items disallowed (tax exempt income) by tax regulation	(135,750)	104,539
Change in assessment of realisation of deferred tax assets	-	(27,949)
Prior year income tax under estimation	2,668	29,478
Land value increment tax	12,733	9,242
Others	234	(444)
Income tax expense	<u>\$ 51,257</u>	<u>\$ 16,328</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	\$ 2,094	\$ 282	\$ -	\$ 2,376
Accrued pension liabilities	6,813	(375)	(1,115)	5,323
Unrealised exchange loss	8,706	10,540	-	19,246
Deferred selling expenses	10,182	702	-	10,884
Deferred interest payable	29,263	(964)	-	28,299
Others	4,535	(368)	-	4,167
	<u>61,593</u>	<u>9,817</u>	<u>(1,115)</u>	<u>70,295</u>
-Deferred tax liabilities:				
Unrealised loss from sales	(11,108)	-	-	(11,108)
Fair value adjustment of investment property	(79,000)	(18,006)	-	(97,006)
Gain on foreign investment	(33,499)	-	-	(33,499)
	<u>(123,607)</u>	<u>(18,006)</u>	<u>-</u>	<u>(141,613)</u>
	<u>(\$ 62,014)</u>	<u>(\$ 8,189)</u>	<u>(\$ 1,115)</u>	<u>(\$ 71,318)</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	\$ 2,331	(\$ 237)	\$ -	\$ 2,094
Accrued pension liabilities	6,284	1,646	(1,117)	6,813
Unrealised exchange loss	-	8,706	-	8,706
Deferred selling expenses	7,709	2,473	-	10,182
Deferred interest payable	1,821	27,442	-	29,263
Others	14,901	(10,366)	-	4,535
	<u>33,046</u>	<u>29,664</u>	<u>(1,117)</u>	<u>61,593</u>
-Deferred tax liabilities:				
Accrued pension liabilities	(3,706)	3,706	-	-
Unrealised exchange gain	(1,226)	1,226	-	-
Unrealised loss from sales	(10,116)	(992)	-	(11,108)
Fair value adjustment of investment property	(69,475)	(9,525)	-	(79,000)
Gain on foreign investment	(33,499)	-	-	(33,499)
	<u>(118,022)</u>	<u>(5,585)</u>	<u>-</u>	<u>(123,607)</u>
	<u>(\$ 84,976)</u>	<u>\$ 24,079</u>	<u>(\$ 1,117)</u>	<u>(\$ 62,014)</u>

E. The Company's income tax returns through 2018, except for 2017, have been assessed and approved by the Tax Authority.

(28) Earnings (loss) per share

	<u>Year ended December 31, 2020</u>		
	<u>Amount after tax</u>	<u>Retroactive adjustment weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to the parent	\$ 805,604	533,668	\$ 1.51
<u>Diluted earnings per share</u>			
Profit attributable to the parent	\$ 805,604	533,668	
Assumed conversion of all dilutive potential ordinary shares	-	20,168	
Treasury stocks transferred to employees	-	300	
Employees' compensation Subsidiaries' domestic convertible bonds	(4,624)	-	
Domestic convertible bonds	6,646	74,841	
Profit attributable to the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 807,626	628,977	\$ 1.28
	<u>Year ended December 31, 2019</u>		
	<u>Amount after tax</u>	<u>Retroactive adjustment weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Loss per share (in dollars)</u>
<u>Basic and diluted loss per share</u>			
Loss attributable to the parent	(\$ 509,016)	514,862	(\$ 0.99)

(29) Supplemental cash flow information

Investing activities with partial cash payments

	Year ended December 31	
	2020	2019
Purchase of property, plant and equipment	\$ 51,142	\$ 77,156
Add: Opening balance of payable on equipment and construction	38,300	38,300
Less: Ending balance of payable on equipment and construction	(38,300)	(38,300)
Cash paid during the year	<u>\$ 51,142</u>	<u>\$ 77,156</u>

(30) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings	Short-term notes and bills payable	Other payables to related parties	Corporate bonds payable	Lease liabilities	Liabilities from financing activities-gross
At January 1, 2020	\$ 2,572,028	\$ 6,928,633	\$ 300,000	\$ 105,002	\$ 971,544	\$ 156,781	\$ 11,033,988
Changes in cash flow from financing activities	1,212,679	(2,391,532)	-	432,773	-	(156,781)	(902,861)
Impact of changes in foreign exchange rate	3,198	-	-	(4,175)	-	-	(977)
Changes in other non-cash items	-	-	-	-	(181,877)	-	(181,877)
At December 31, 2020	<u>\$ 3,787,905</u>	<u>\$ 4,537,101</u>	<u>\$ 300,000</u>	<u>\$ 533,600</u>	<u>\$ 789,667</u>	<u>\$ -</u>	<u>\$ 9,948,273</u>
At January 1, 2019	\$ 1,950,634	\$ 8,198,512	\$ 280,000	\$ -	\$ -	\$ 221,390	\$ 10,650,536
Changes in cash flow from financing activities	627,507	(1,269,879)	20,000	95,909	996,260	(64,609)	405,188
Impact of changes in foreign exchange rate	(6,113)	-	-	9,093	-	-	2,980
Changes in other non-cash items	-	-	-	-	(24,716)	-	(24,716)
At December 31, 2019	<u>\$ 2,572,028</u>	<u>\$ 6,928,633</u>	<u>\$ 300,000</u>	<u>\$ 105,002</u>	<u>\$ 971,544</u>	<u>\$ 156,781</u>	<u>\$ 11,033,988</u>

7. RELATED PARTY TRANSACTIONS

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

(2) Significant related party transactions and balances

A. Operating revenue

	Year ended December 31	
	2020	2019
Sales of goods	\$ 766,103	\$ 698,200
-Subsidiaries		
Sales of buildings and land		
-Other related parties	-	32,394
	<u>\$ 766,103</u>	<u>\$ 730,594</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 mutually agreed by both parties. The credit terms to related parties are 15 to 30 days and 60 to 120 days after monthly billings, compared to 60 to 120 days to third parties.

B. Purchases:

	Year ended December 31	
	2020	2019
Purchases of goods:		
-Subsidiaries	\$ 57,132	\$ 64,104
-Other related parties	-	175,994
	<u>\$ 57,132</u>	<u>\$ 240,098</u>

The prices of goods purchased from related parties are available to third parties. The payment terms are 30 days and 60 to 90 days after monthly billings.

C. Receivables from related parties:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts receivable		
-Subsidiaries	\$ 118,132	\$ 92,667
Other receivables		
Receivables for raw materials purchased and payment made on behalf of related parties		
-Wan Chio Petrochemical (Jiangsu) Co., Ltd.	\$ -	\$ 1,091,960
-Subsidiaries	10,036	8,947
Loans to		
-Wan Chio Petrochemical (Jiangsu) Co., Ltd.	1,049,927	-
-Subsidiaries	-	29,978
	<u>\$ 1,059,963</u>	<u>\$ 1,130,885</u>

Receivables from related parties refer to raw materials purchased on behalf of related parties and loans to related parties. The receivables are unsecured in nature, and there are no allowances for uncollectible accounts held against receivables from related parties.

D. Payables to related parties

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Notes payable		
-Subsidiaries	\$ -	\$ 5,017
Accounts payable		
-Subsidiaries	\$ 15,718	\$ 47,733
Other payables		
Loans from		
-YEM CHIO	\$ 114,064	\$ 105,002
-ASIACHEM International Corporation	101,508	-
-ACHEM Technology Corporation	320,645	-
	<u>\$ 536,217</u>	<u>\$ 105,002</u>

Notes and accounts payable arise mainly from purchase transactions. Other payables arise mainly from loans from subsidiaries, etc.

E. Prepayments (shown as other current assets)

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Wan Chio Petrochemical (Jiangsu) Co., Ltd.	\$ -	\$ 83,635
Wong Chio Development, Ltd.	149,153	-
	<u>\$ 149,153</u>	<u>\$ 83,635</u>

F. Investment property

Details of land, buildings and office leased to UINN Hotel are provided in Note 6(11).

G. Property transactions

Acquisition of property, plant and equipment

	Year ended December 31	
	2020	2019
Subsidiaries	\$ -	\$ 12,288

H. Loans to /from related parties

(a) Loans to related parties

i. Outstanding balance

	December 31, 2020	December 31, 2019
Wan Chio Petrochemical (Jiangsu) Co., Ltd.	\$ 1,049,927	\$ -
Subsidiaries	-	29,978
	\$ 1,049,927	\$ 29,978

ii. Interest income

	Year ended December 31	
	2020	2019
Subsidiaries	\$ 971	\$ 140

The loans to subsidiaries are repayable within 1 year and carry interest at 0%~2.5% and 2.0%~2.5% per annum for the years ended December 31, 2020 and 2019, respectively.

(b) Loans from related parties

i. Outstanding balance

	December 31, 2020	December 31, 2019
YEM CHIO	\$ 113,920	\$ 105,002
ASIACHEM International Corporation	99,680	-
ACHEM Technology Corporation	320,000	-
	\$ 533,600	\$ 105,002

ii. Interest expense

	Year ended December 31	
	2020	2019
Subsidiaries	\$ 3,537	\$ 2,485

The loans from subsidiaries are repayable within 1 year and carry interest at 1.75%~3.0% and 2.5%~3.0% per annum for the years ended December 31, 2020 and 2019, respectively.

I. Other income

(a) Income from managerial services

	Year ended December 31	
	2020	2019
Subsidiaries	\$ 38,245	\$ 34,600

(b) Rent income

	Year ended December 31	
	2020	2019
Subsidiaries	\$ 46,697	\$ 52,215

(c) Other

	Year ended December 31	
	2020	2019
Subsidiaries	\$ -	\$ 3,447

J. Lease transactions — lessee

The Company leases buildings from subsidiaries. Rental contracts are typically made for periods of 1 year. Rents are paid at the end of month.

	Year ended December 31	
	2020	2019
Subsidiaries	\$ 1,840	\$ 1,493

k. Endorsements and guarantees provided to related parties

	December 31, 2020	December 31, 2019
Related parties	\$ 12,243,484	\$ 12,738,049

L. Endorsements and guarantees provided to related parties:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Associates	\$ 2,238,867	\$ 3,773,200

(3) Key management compensation

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Salaries and bonuses	\$ 11,208	\$ 11,059
Pensions	432	416
	<u>\$ 11,640</u>	<u>\$ 11,475</u>

8. PLEDGED ASSETS

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

<u>Pledged assets</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2020</u>	<u>December 31, 2019</u>	
Current - financial assets at amortised cost			
- Demand deposits	\$ -	\$ 1,509	Consideration trust for inventory purchases and sales, etc.
- Time deposits	-	112,814	Materials purchase and performance guarantee for construction
Non-current financial assets at amortised cost			
- Demand deposits	104,112	102,569	Long-term borrowings, corporate bond guarantee and Consideration trust for inventory purchases and sales, etc.
- Time deposits	104,907	113,423	Leasehold land guarantees, performance guarantee for construction and guarantee for corporate bonds
Inventories	4,684,330	4,827,104	Long-term borrowings, short-term borrowings
Non-current assets classified as held for sale	376,262	-	Short-term borrowings
Property, plant and equipment	3,113,165	2,957,362	Long-term borrowings, short-term borrowings
Right-of-use assets	-	196,723	Long-term borrowings, short-term borrowings
Investment property	2,090,466	2,646,186	Long-term borrowings, short-term borrowings
Other non-current assets			
- Guarantee deposits paid			Deposits for leases and guarantee for construction
	<u>2,951</u>	<u>3,290</u>	
	<u>\$ 10,476,193</u>	<u>\$ 10,960,980</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Except for those mentioned in Notes 6(16) and 7(2), as of December 31, 2020, the Company's significant commitments are as follows:

A. As of December 31, 2020, the unused letters of credit amounted to \$212,327 for the purchase of raw materials and machinery, etc.

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	\$ -	\$ 97
Consigned to construction companies to construct buildings	818,366	237,084
	<u>\$ 818,366</u>	<u>\$ 237,181</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) Refer to Notes 6 (11) and (20).

(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 Company's key objectives when managing capital are to maintain the optimal credit rating and capital ratios to support the Company'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 designated as at fair value through profit or loss	\$ 2,009	\$ -
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ 14,229	\$ 18,123
Financial assets at amortised cost		
Cash and cash equivalents	\$ 267,761	\$ 781,883
Financial assets at amortised cost	412,854	330,315
Notes receivable (including related parties)	42,211	48,831
Accounts receivable (including related parties)	467,837	470,423
Other receivables (including related parties)	1,225,721	1,135,260
Guarantee deposits paid	2,951	3,290
	<u>\$ 2,419,335</u>	<u>\$ 2,770,002</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	\$ <u> -</u>	\$ <u> 1,150</u>
Financial liabilities at amortised cost		
Short-term borrowings	\$ 3,787,905	\$ 2,572,028
Short-term notes and bills payable	300,000	300,000
Notes payable (including related parties)	37,785	83,390
Accounts payable (including related parties)	156,182	142,538
Other payables (including related parties)	674,454	222,813
Long-term borrowings (including current portion)	<u>4,537,101</u>	<u>6,928,633</u>
	<u>\$ 9,493,427</u>	<u>\$ 10,250,552</u>
Lease liabilities (including current portion)	<u>\$ -</u>	<u>\$ 156,781</u>

B. Financial risk management policies

- (a) The Company'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 Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company'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 Company operates internationally and is exposed to exchange rate risk arising from the transactions 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. The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.
- iii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). 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 amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 47,294	28.48	\$ 1,346,933
EUR:NTD	1,036	35.02	36,281
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 11,582	28.48	\$ 329,855
<u>Long-term equity investments accounted for under the equity method</u>			
USD:NTD	\$ 7,576	28.48	\$ 215,761

December 31, 2019				
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$ 73,391	30.00	\$ 2,201,730	
EUR:NTD	1,114	33.62	37,453	
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$ 8,586	30.00	\$ 257,580	
<u>Long-term equity investments accounted for under the equity method</u>				
USD:NTD	\$ 8,565	30.00	\$ 256,954	

- iv. The total exchange loss, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2020 and 2019, amounted to \$82,201 and \$48,955, respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

December 31, 2020				
	Sensitivity analysis degree of variation	Effect on profit on loss	Effect on other comprehensive income	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	5%	\$ 67,347	\$ -	
EUR:NTD	5%	1,814	-	
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	5%	\$ 16,493	\$ -	

	December 31, 2019		
	Sensitivity analysis degree of variation	Effect on profit on loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	5%	\$ 110,087	\$ -
EUR:NTD	5%	1,873	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	5%	\$ 12,879	\$ -

Price risk

- A. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- B. The Company's investments in equity securities comprise shares 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, other components of equity for the years ended December 31, 2020 and 2019 would have increased/decreased by \$711 and \$906, 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 Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 2020 and 2019, the Company's borrowings at variable rate were mainly denominated in NTD.
- B. The Company'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 \$5,490 and \$6,959, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.
- ii. For banks and financial institutions, only banks and financial institutions with optimal credit ratings are accepted. According to the Company's credit policy, each local entity in the Company 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 Company adopts the internal management policy, that is, the default occurs when the contract payments are past due over 240 days.
- iv. The Company adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The Company applies the simplified approach using the provision matrix to estimate expected credit loss to assess the Company'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 Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights.

viii. The Company 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%	0.51%	1.11%~7.51%	22.24%~100%	
Total book value	\$ 10,475	\$ 218,440	\$ 136,622	\$ -	\$ 365,537
Loss allowance	10,475	2,415	2,942	-	15,832

	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%	0.10%	0.39%~5.42%	16.26%~100%	
Total book value	\$ 10,475	\$ 301,695	\$ 81,418	\$ -	\$ 393,588
Loss allowance	10,475	2,415	2,942	-	15,832

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

	2020	
	Accounts receivable	Notes receivable
January 1	\$ 15,832	\$ 807
Provision for impairment	-	-
At December 31	<u>\$ 15,832</u>	<u>\$ 807</u>
	2019	
	Accounts receivable	Notes receivable
At January 1	\$ 15,832	\$ 807
Provision for impairment	-	-
At December 31	<u>\$ 15,832</u>	<u>\$ 807</u>

(c) Liquidity risk

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

ii. The Company has the following undrawn borrowing facilities:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Floating rate:		
Expiring within one year	\$ 350,000	\$ -
Expiring beyond one year	590,000	100,000
	<u>\$ 940,000</u>	<u>\$ 100,000</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 Company'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	\$ 3,817,064	\$ -	\$ 3,817,064
Short-term notes and bills payable	300,000	-	300,000
Notes payable	37,785	-	37,785
Accounts payable	140,464	-	140,464
Accounts payable-related parties	15,718	-	15,718
Other payables	138,237	-	138,237
Other payables-related parties	536,217	-	536,217
Bonds payable	-	816,000	816,000
Long-term borrowings (including current portion)	1,649,426	3,122,965	4,772,391

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	\$ 2,580,794	\$ -	\$ 2,580,794
Short-term notes and bills payable	300,000	-	300,000
Notes payable	78,373	-	78,373
Notes payable-related parties	5,017	-	5,017
Accounts payable	94,805	-	94,805
Accounts payable-related parties	47,733	-	47,733
Other payables	117,811	-	117,811
Other payables-related parties	105,002	-	105,002
Bonds payable	-	1,012,600	1,012,600
Long-term borrowings (including current portion)	3,312,061	3,844,128	7,156,189
Finance lease liabilities (including current portion)	20,999	183,074	204,073

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 Company'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.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in unlisted stocks, investment property and Call and put options of convertible corporate bonds 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 (including related parties), accounts receivable (including related parties), other receivables (including related parties), short-term loans, short-term notes and bills payable, notes payable (including related parties), accounts payable (including related parties) and other payables (including related parties) 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	\$ 789,667	\$ -	\$ 798,694	\$ -

	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 Company, 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>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Call options and put options of convertible corporate bonds	\$ -	\$ -	\$ 2,009	\$ 2,009
Financial assets at fair value through other comprehensive income				
Equity securities	8,632	-	5,597	14,229
Investment property	-	-	2,090,466	2,090,466
	<u>\$ 8,632</u>	<u>\$ -</u>	<u>\$ 2,098,072</u>	<u>\$ 2,106,704</u>
<u>December 31, 2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ 12,526	\$ -	\$ 5,597	\$ 18,123
Investment property	-	-	2,646,186	2,646,186
	<u>\$ 12,526</u>	<u>\$ -</u>	<u>\$ 2,651,783</u>	<u>\$ 2,664,309</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Call options and put options of convertible corporate bonds	\$ -	\$ -	\$ 1,150	\$ 1,150

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

- i. The instruments the Company 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 Company 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.

D. For the years ended December 31, 2020 and 2019, there was no transfer between Level 1 and Level 2.

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

F. 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).

G. 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 Company'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.

H. 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:

<u>Item</u>	<u>Fair value at December 31, 2020</u>	<u>Valuation technique</u>	<u>Significant observable input</u>	<u>Range</u>	<u>Relationship of inputs to fair value</u>
Unlisted stocks	\$ 5,597	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	2,090,466	Income approach	Discount rate	(Note)	The higher the discount rate, the lower the fair value
Call options and put options of convertible corporate bonds	2,009	Binary tree valuation model	Volatility	29.38%	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	\$ 5,597	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	2,646,186	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).

- I. The Company 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

Not applicable.

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)	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			
0	The Company	UINN Hotel	Other receivables	Y	\$ 100,000	\$ 100,000	\$ -	2.50%	2	\$ -	Working capital	\$ -	None	-	\$ 1,884,187	\$ 3,768,374	-
0	The Company	Chuang-Yi 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	Other receivables	Y	30,320	-	-	3.00%	2	-	Working capital	-	None	-	87,918	87,918	-
1	YEM CHIO	ACHEM Technology Holdings Limited	Other receivables	Y	151,600	-	-	3.00%	2	-	Working capital	-	None	-	87,918	87,918	-
1	YEM CHIO	Wan 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	-

Table 1, Page 2

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 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		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote	
												Allowance for doubtful accounts	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.

Table 1, Page 3

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 company 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 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 company 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 AICHEM 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)

		As at December 31, 2020							
Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	Number of shares	Book value (Note 3)	Ownership (%)	Fair value	Footnote (in shares) (Note 4)	
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

Table 3, Page 2

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 NTS300 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 NTS10 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 Company	ACHEM Technology Corporation	(1)	Sales	\$ 400,386	30 days after monthly billings	2.87%
0	The Company	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 Company	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%

Table 7, Page 1

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	\$ 834,464	29,300,000	49.66%	\$ (375,255)	\$ (513,168)	\$ -	An indirect subsidiary
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

Table 8, Page 2

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.

Table 8, Page 3

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		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)		amount of investment income remitted back to Taiwan as of December 31, 2020	
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

Table 9, Page 1

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.

Table 9, Page 2

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.

6.6 Company and Its Affiliates Encounter Any Financial Difficulties in the Recent Year and as of the Date of Publication of the Annual Report, the Impact on the Company's Financial Status: None.

VII. Review of Financial Conditions, Financial Performance, and Risk Management

7.1 Analysis of Financial Status

Unit: NT\$ thousands

Year Item	2020/12/31	2019/12/31	Difference		Remark ¹
			Amount	%	
Current Assets	\$14,565,303	\$15,552,373	(987,070)	(6)	
Fixed Assets	15,250,522	17,727,824	(2,477,302)	(14)	
Total Assets	29,815,825	33,280,197	(3,464,372)	(10)	
Current Liabilities	13,313,274	17,055,489	(3,742,215)	(22)	²
Long-term Liabilities	6,525,758	6,653,459	(127,701)	(2)	
Total Liabilities	19,839,032	23,708,948	(3,869,916)	(16)	
Capital stock	5,850,478	5,718,342	132,136	2	
Capital surplus	2,592,442	2,751,507	(159,065)	(6)	
Retained Earnings	1,717,382	916,821	800,561	87	³
Other Adjustments	(176,879)	55,037	(231,916)	(421)	⁴
Total Stockholders' Equity	(562,488)	(414,770)	(147,718)	36	⁵
Capital stock	555,858	544,312	11,546	2	
Capital surplus	9,976,793	9,571,249	405,544	4	

1. Analysis of changes in financial ratios (Refer to notes):

(1) No analysis is provided if the rate of increase or decrease didn't exceed 20% or the change in amount didn't exceed \$10,000.

(2) The current liabilities decreased compared with the previous period, mainly due to the repayment of borrowings in the current period.

(3) Retained earnings for the current period increased compared with the previous period mainly because of a corporate turnaround from loss to profit for the current period.

(4) Other Adjustments decreased compared with the previous period, mainly due to a decrease in accumulated conversion adjustments.

(5) Compared to the previous period, there is an increase in treasury stocks, which is attributable to the purchase of treasury shares in 2020.

7.2 Analysis of Financial Performance

(1) Comparative analysis of financial performance

Unit: NT\$ thousands

Item \ Year			Difference		Analysis of changes in financial ratios:
	2020	2019	Amount	%	
Net Sales	\$ 13,948,716	\$ 16,177,441	(2,228,725)	(14)	Details in (2).1
Cost of Sales	(11,649,517)	(14,293,020)	2,643,503	(18)	
Gross Profit	2,299,199	1,884,421	414,778	22	Details in (2).2
Operating Expenses	(1,586,899)	(1,658,466)	71,567	(4)	
Operating Income	712,300	225,955	486,345	215	Details in (2).3
Non-operating income and expenses	230,819	(667,130)	879,949	(135)	
Income Before Tax	943,119	(441,175)	1,384,294	(314)	Details in (2).4
Tax Expense	(164,214)	(123,201)	(41,013)	33	
Net income	778,905	(564,376)	1,343,281	(238)	

(2) Analysis of changes in financial ratios: (No analysis is provided if the rate of increase or decrease didn't exceed 20% or the change in amount didn't exceed \$10,000.)

1. Focusing on major products and suspending production in loss-making units in 2020 led to an increase in operating gross profit.
2. The increase in operating profit was mainly attributable to the increase in the Packaging Materials Division's operating profit of in 2020.
3. The increase in non-operating income and expenses was mainly due to the disposal of investment assets in 2020.
4. The increase in income tax expenses was mainly due to the increase in income tax from current income.

7.3 Analysis of Cash Flow

7.3.1 Analysis of cash flow changes in the last two years:

Item	Year	2020/12/31	2019/12/31	Variance (%)
Cash Flow Ratio (%)		12.97	7.64	(70.00)
Cash Flow Adequacy Ratio (%)		102.80	55.27	86.00
Cash Reinvestment Ratio (%)		6.82	5.30	29.00
Analysis of change in financial ratio: Changes in the ratios related to cash flow were mainly due to a NT\$423,932,000 increase to the net cash inflow of NT\$1,727,287,000 from consolidated operating activities in 2020 compared to the net cash inflow of NT\$1,303,355,000 from consolidated operating activities in 2019.				

7.3.2 Cash Flow Analysis for the Coming Year

Unit: NT\$ thousands

Estimated Cash and Cash Equivalents, Beginning Year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (Inflow) (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Investment Plans
\$1,648,794	\$1,489,307	(\$ 1,450,399)	\$1,687,702	\$ -	\$ -
<p>1. Analysis of expected changes in cash flow</p> <p>(1) Operating activities: The company's sales revenue in 2021 is expected to maintain a steady growth. In addition, successive deliveries of remaining houses from the construction project will be carried out, and operating activities will lead to net cash inflow.</p> <p>(2) Investing activities: The continuous addition of PVC production lines in Vietnam would result in net cash outflow.</p> <p>(3) Financing activities: In 2021, the Group is expected to continue improving its financial structure and repay bank borrowings, resulting in net cash outflows from financing activities.</p> <p>2. Remedial measures and flow analysis of estimated cash shortage: None</p>					

7.4 Major Capital Expenditure Items

7.4.1 Major Capital Expenditure Items and Source of Capital

Unit: NT\$ thousands

Project	Actual or Planned Source of Capital	Actual or Planned Date of Completion	Total Capital	Actual or Expected Capital Expenditure				
				2021 (Expected)	2020 (Actual)	2019 (Actual)	2018 (Actual)	2017 (Actual)
Haian production line	Capital increase and loans	2017	1,241,633	-	-	-	-	266,340
Vietnam production line	Capital increase and loans	2021	300,000	198,359	101,641	-	-	-

7.4.2 Expected Benefits

1. Expand the market share of tape products.
2. The group's revenue continues to grow, and long-term equity investment contributes to profit.

7.5 Investment Policy Last Year, Main Causes of Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

The company's 2020 investment interest was NT\$895,491,000

Reinvestment policy	Reasons for Gain or Loss	Action Plan	Investment Plan for the Next 12 Months
Various investments at home and abroad	<p>(1) The subtractive business philosophy of focusing on core industries as well as main products and suspension of production in loss-making units has greatly increased business profitability.</p> <p>(2) The film production line at Ningbo YEMCHIO in mainland China is not efficient. In order to improve the group's overall competitiveness, the film production equipment, all plants at Ningbo, as well as land and spare parts in stock were sold to benefit from the non-industry disposal.</p>	<p>(1) Continue to reduce the foreign debt (in US dollars) of the company's mainland subsidiaries to minimize exchange rate risk.</p> <p>(2) Subsidiary Achem Asiachemical has temporarily suspended production to reduce losses, and the possibility of selling it cannot not be ruled out.</p> <p>(3) Idle assets across the group's operations continue to be utilized. Continuous reduction of leverage and pruning are carried out to improve financial structure and operational performance.</p>	<p>(A) Continue to invest in the research and development of product technology as well as upgrade and automation of plant equipment</p> <p>(B) Increase personnel training and improve employee productivity</p> <p>(C) Commit to investing in new businesses, based on circular economy, etc.</p> <p>(D) Add a PVC tape production line in Vietnam with higher gross profit</p> <p>(E) Expand the Group's investment in specialty chemical business with high gross profit margin</p>

7.6 Risk Management & Analysis

7.6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

The company's operations are mainly based on the production and sales of tape-related products, with export sales accounting for approximately 71% of the total. The RMB and Taiwan dollars appreciated strongly in 2020. In order to avoid major changes in its exchange gains and losses, the company will continue to monitor changes in foreign exchange and promptly implement risk-averse foreign exchange operations to reduce the adverse impact of changes in exchange rates on operations.

In recent years, due to its stable operations within the industry, the company continues to manage cash inflows from operations to repay bank borrowings, thereby reducing bank borrowings. The current market interest rate is showing a downward trend due to the central bank's rate cut, which also resulted in lower interest and loan balance for the company. In addition, the company's product prices would be adjusted depending on factors such as raw material costs, commodity prices, etc.; hence, inflation has little effect.

7.6.2 Policies, Main Causes of Gain or Loss and Future Response Measures with respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

In order to improve financial and business management, the company has formulated internal management measures such as "Procedures for Acquisition or Disposal of Assets", "Procedures for Loaning Funds to Others", "Procedures for Endorsement Guarantees", etc. in accordance with relevant laws and regulations. The "Procedures for Commodity Derivatives Transactions" are formulated to ensure that all commodity derivatives transactions are for the purpose of hedging.

7.6.3 Future Research & Development Projects and Corresponding Budget

This year's plan includes the research and development of glue formulations, automotive-related harness tapes, and BOPP films in the application of electronic materials, as well as investing in new business development. The estimated R&D expenditure is NT\$140 million.

7.6.4 Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales

To execute overall plans in accordance with its corporate governance code of practice, the company will comply with laws and regulations and uphold the principle of "strong company operations that are institutionalized and transparent" as a response measure.

7.6.5 Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales

The company focuses on the technological developments and evolution of the plastics industry through evaluation and research & development. To date, technological changes haven't had any significant impact on the company's financial business.

7.6.6 The Impact of Changes in Corporate Image on Corporate Risk Management and Company Response Measures

Not applicable

7.6.7 Expected Benefits from Risks Associated with Merger and Acquisition Plans

Not applicable

7.6.8 Expected Benefits from Risks Relating to and Response to Factory Expansion Plans

The capacity of the expanded factory can supply the needs of key customers to create profits and build brand awareness.

7.6.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

Not applicable

7.6.10 Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with shareholdings over 10%

None

7.6.11 Effects of, Risks Relating to and Response to Changes in Management Rights

Not applicable

7.6.12 Litigation or Non-litigation Matters

The company and its directors, supervisors, general managers, shadow directors, major shareholders with more than 10% shareholding, and affiliated companies that have been determined to be or are involved with major litigation, non-litigation or administrative disputes should be listed. If the result may have a significant impact on the equity of shareholders or the price of securities, the facts in dispute, the amount of the subject matter, the start date of the litigation, the main parties involved in the litigation, and the handling conditions as of the printing date of the annual report shall be disclosed.

1. After the construction of "Wongchio Premium" was completed and sold by YEMCHIO Co., Ltd. (hereinafter referred to as YEMCHIO

Company), Yumin Huang, a resident of Wongchio Premium, and 18 others filed a lawsuit on July 5, 2019, demanding YemChio to pay them NT\$37,204,000 for breach of contract. They also claimed that the color of the building's exterior wall did not match the color shown in the pre-sale advertisement and natural granite wasn't used in the building design as specified in the equipment contract and building materials table; instead, aluminum cladding was used which violated the terms and conditions of the pre-sale contract. The entire case was reviewed by the New Taipei District Court (ZonSuZi No. 413, 2019).

[Situation handling]: After the plaintiff amended its complaint, the claim for liquidated damages against Yemchio was withdrawn and revised, requiring Yemchio to make the necessary modifications to the "Wongchio Premium" property according to the advertisement and exterior design specified in the building materials manual found in Appendix 8 of the contract.

2. YEMCHIO sued Jingyuan Lin, a buyer of "Wongchio MORE" for paying the NT\$500,000 trading price of a house. Later on, YEMCHIO partially withdrew (NT\$92,404) and initially asked Jingyuan Lin to pay NT\$407,596 or the house's trading price (hereinafter referred to as "the previous case"). After the court ruled in favor of YEMCHIO (court case number: 2017 New Taipei Sanchong District Summary Court ChongJianZi No. 1076, 2018 Jianshangzi No. 256), Jingyuan Lin delayed payment in violation of the court's decision. YEMCHIO then petitioned the court for compulsory execution, which was completed on March 30, 2020. Jingyuan Lin paid the trading price, referee fees and execution fees totaling NT\$496,429 to YEMCHIO. In addition, on April 23, 2020, YEMCHIO withdrew a portion of the previous case and demanded Jingyuan Lin to pay the remaining NT\$92,404. The New Taipei Court reviewed the entire case (2020 Zhongxiaozi No. 1631 Civil Case and 2020 Xiaoshangzi No. 192 Civil Case) and ruled in favor of YEMCHIO. The defendant was asked to pay YEMCHIO the remaining trading price of NT\$92,404. After YEMCHIO petitioned the Civil Enforcement Department of the New Taipei District Court for enforcement, the defendant Jingyuan Lin paid all court fees on January 12, 2021, totaling NT\$102,773 (sales and purchases, judgment fees, and enforcement costs) and the case was closed.

3. Philippine company Wrap-N-Roll (hereinafter referred to as WNR) purchased BOPP film grade B products from YEMCHIO. After YEMCHIO delivered all products as agreed, WNR failed to pay the full amount because it claimed that part of the goods provided by YEMCHIO did not conform to the specifications stipulated in the terms agreed upon by both parties. Originally, WNR resold all products to a third party and since YEMCHIO failed to comply with the terms of the agreement, WNR was made liable for liquidated damages. On May 9, 2019, WNR sued YEMCHIO, demanding payment of Php1,213,444.01 and USD12,164.18

(approximately NT\$824,405) as compensation. The court of first instance ruled in favor of YEMCHIO (Shilin District Court 2019 International Trade No. 4), finding no reason to justify payment of Php1,213,444.01 and USD121,64.18 (totaling NT\$820,405) to WNR as compensation. As WNR did not appeal, the court of second instance deemed the case closed.

4. A resigned employee of Achem Chemical Co., Ltd's (a subsidiary of the Company) subsidiary -ACHEM INDUSTRY AMERICA INC., Lin Ouyang sued ACHEM INDUSTRY AMERICA INC., demanding differential pay, overtime pay, compensation for unused lunch breaks and rest periods as well moral damages caused by a hostile working environment, etc. (Case No. BC468795). In August 2014, the California District Court ruled not in favor of the plaintiff Ouyang Lin; however, Ouyang Lin requested for a retrial based on discovery of new evidence. In February 2015, the original decision was upheld by the California District Court. Lin Ouyang has filed an appeal and sued ACHEM INDUSTRY AMERICA INC. for breach of contract, fraud, discrimination, malicious termination of labor contract, etc. (Case No. BC556293).

[Situation handling]:

(1) The court of first instance (Case No. BC468795) ruled in favor of AIA. Lin Ouyang filed an appeal but the court of second instance ruled not in favor of the plaintiff. Lin Ouyang then appealed to the Supreme Court.

(2) The court of first instance (Case No. BC556293) ruled in favor of AIA. Lin Ouyang filed an appeal and the court of second instance ruled not in his favor. The plaintiff did not file an appeal again; moreover, the appeal period had lapsed in 2020.

7.6.13 Other Major Risks

Information Security Risk Management Framework

1. Information Security Risk Management Framework : The Information Department under the Administration Division is responsible for coordinating information security and related matters. The Audit Department draws up relevant internal control procedures for management and regular internal audits.

2. Specific management plan:

In order to ensure the company's information security, the Information Department applied for intrusion prevention services offered by Chunghwa Telecom on the Hinet network to block network-type viruses and intrusion attacks, establishing a firewall to further block viruses and intrusion attacks on the company's internal network. Also, a Windows Update is automatically sent by the Windows Update Services Server to the clients' server in order to prevent viruses and hackers from attacking Windows system vulnerabilities. In addition, the Information Department installed Trend Micro enterprise-level anti-virus software in order to strengthen server and client protection. The Ministry of Information is also evaluating whether to take out information security insurance to reduce operating losses in the event of a major information security incident.

Information Security Management Policy

1. Purpose

As information systems and Internet applications become more and more developed, this information security management policy has been specially implemented to ensure compliance.

2. Definition

To ensure that all information systems are free from interference, damage, intrusion or any improper behavior of users, the IT Department has established an appropriate system planning, procedural norms and administrative management procedures to prevent internal and external threats, and maintain information system security.

3. Goal

To prevent information systems from being improperly used or deliberately damaged

by internal and external personnel, or in case of emergency as a result of improper use, deliberate sabotage, etc., the company can respond quickly and resume normal operations in the shortest possible time, thereby minimizing economic damage and operational interruption caused by such emergency.

4. Scope

Applicable to all company information systems and their users - Information users include regular employees, hired personnel, construction and maintenance vendors, and other authorized personnel.

5. Organization

The Information Department under the Administrative Division is responsible for coordinating information security and related matters, and auditing office draws up relevant internal control procedures for management and regular internal audits.

6. Procedures

(1) Staff information security awareness and training

In order to reduce the impact of internal and human factors on information security, the Information Department needs to regularly conduct information security education, training and promotion to improve knowledge and awareness of information security.

(2) Information system security management

2.1 The computer host, servers and other equipment should be set up in a dedicated computer room and managed by the Information Department to prevent unauthorized entry. The computer room should be locked when no one is present.

2.2 Personal computers and various peripheral equipment should be properly configured according to the nature of business, site and other factors. An uninterruptible power system should be connected to ensure stable power supply to prevent damage to the equipment and disruption in company operations.

2.3 The maintenance and operation status of the main equipment should be recorded, and equipment failures should be eliminated as soon as possible or the equipment manufacturer should be contacted for emergency maintenance.

2.4 The temperature of the computer room must be maintained between 20~25°C, and the humidity should be maintained between 40~60%RH. If the temperature and humidity are different from the standard value, the Information Department personnel and supervisor on duty should be informed through the alarm system and temperature & humidity monitoring APP. If the situation cannot be addressed, the relevant department must extend assistance, so as to prevent damage to the equipment and disruption in company operations.

2.5 With the development of new information systems, anything related to the ERP system must undergo installation testing, functional testing, interface testing, performance testing, document testing, etc., before it can be launched to ensure that the system can operate accurately and stably.

2.6 All departments must use legally authorized software and comply with relevant laws and regulations. Any software not legally authorized and irrelevant to the business shall not be installed or used. In addition to relevant legal liabilities, any offender shall also be held liable for related damages to the equipment of each unit.

2.7 Data backup and recovery operations should be performed on a regular basis, so that operations can quickly return to normal in case of emergency. The backup media should be stored in a safe and remote environment to ensure that the information is complete and available.

2.8 When outsourcing business information, it is necessary to carefully assess potential security risks in advance and sign an appropriate information security agreement with the manufacturer, instruct relevant security management responsibilities, and indicate contract clauses.

(3) Cyber security management

3.1 The outlets connected to the external network should use firewalls and other security facilities to control data transmission and access between the external and internal networks.

3.2 Install the enterprise version of anti-virus software, build intrusion detection and other anti-hacking software to protect the company's information system from viruses and malware or hacker intrusion. In addition, the latest virus code and operating system vulnerability patches for the company's information equipment should be downloaded and updated anytime.

3.3 If the network is found to have been invaded or suspected of being invaded, the Information Department should be notified for immediate action so that legal measures can be taken if necessary.

(4) System access control

4.1. When there is a new user, work adjustments, and resignations (suspensions), the Information Department should be notified in writing so as to add user information and adjust or delete usage rights to ensure system security.

4.2. All information systems must be password-protected and the user password should comply with security standards and changed regularly.

4.3. The computer should be locked when personnel is temporarily away. The information system must be completely logged out when the computer equipment is not in use.

4.4 System service vendors who perform system maintenance via remote login should strengthen security control measures and send personnel to monitor handling at any time.

4.5. Based on the information environment control and application system inspection items provided by professional organizations, the Information Department regularly conducts independent inspections to ensure the safety of information processing-related operations.

(5) Information security management system development and maintenance

5.1 System development and installation, maintenance, update, online execution and version change should be subject to security control. Legal and qualified vendors should be entrusted to deal with such operations to avoid improper software, backdoors, and computer viruses that endanger system security.

5.2 For the system builder and maintenance personnel of the manufacturer, the system and data range that they can access should be regulated and restricted, and the issuance of long-term system identification codes and passwords is strictly prohibited. Based on actual operations, it is necessary to issue short-term or temporary system identification and passwords for manufacturers' use. A written application must be made in advance and authorization will be cancelled immediately after use.

5.3 Entrusting manufacturers to build and maintain important information systems should only be carried out under the supervision and in the presence of an information room personnel of the company.

5.4 To modify the program and system permissions, completing an application form is required, which will be processed by the information room staff or consultants. After the user fills in the test report and confirms that it is correct, the information manager will release it and go online.

(6) Planning and management of business operational sustainability

6.1 If an information security incident causes the information system to malfunction or affects functional efficiency, the unit supervisor and information department personnel should be notified promptly so actions can be taken.

6.2 After receiving notification, the user should immediately stop using the affected information system or equipment and maintain its current status. After receiving a report, the information department personnel should record all relevant information and carry out related disposal procedures.

6.3 The Information Department regularly evaluates the possibility of loss caused by information security risks, and takes out an appropriate insurance if necessary, to reduce the amount of loss.

Information security risk assessment and specific measures:

On June 17, 2013, the company established the computer network account usage guidelines for users to follow when handling the company's internal computers, login accounts as well as the Internet, so as to maintain the company's overall electronic information security.

In addition, on January 30, 2018, the Group's Internet Intrusion Response Management Measures were renewed. These measures were formulated, announced and executed in order to prevent information network saboteurs from illegally invading the group's network systems, stealing or destroying or tampering with the data of the network servers.

All employees were required to implement the two management measures mentioned above to reduce and avoid information security risks. The construction of the group network was separated from the external website and internal group system through a firewall. In addition, a public wireless network environment was built, separated from the internal operating environment and cannot be interconnected to ensure safe and stable use of the internal system. The mail service has a built-in Microsoft mail system and has been installed with a spam check system to avoid threats such as spam and phishing emails.

EIP, BPM, and ISO systems can provide services through Internet connections. Therefore, the abovementioned systems regularly perform vulnerability detection and scanning to reduce the risk of external malicious intrusion attacks.

All types of systems are constructed with virtual servers, which are in line with the system's high reliability plan.

7.7 Other important matters: None

VIII. Special Disclosure

8.1 Summary of Affiliated Companies

8.1.1 Overview of Affiliated Companies

Yem Chio Co., Ltd.

2020 Consolidated Business Report of related Companies

(1) Organizational Chart of Affiliated Enterprises

					The company						
	Xin Chio Global Co., Ltd., ¹		Yem Chio (BVI) Co., Ltd. 100%	Chuangyi Investment Co., Ltd. 100%		Achem Technology Co., Ltd. 100%	UINNtravel Co., Ltd. 100%	Wongchio Co., Ltd. 100%			
Bao master (Shanghai) Co., Ltd. 100%	Achem Technology (Wuhan) Co., Ltd. 100%	Achem (Tianjin) Adhesive Products Co., Ltd. 100%		BVI Achem Technology Holdings Co., Ltd. 100%		Chuangfu Investment Co., Ltd. 100%	Achem Opto-Electronic Co., Ltd. 78.48%	Achem Technology International Co., Ltd. 100%			
							BVI Achem Opto-Electronic Holdings Co., Ltd. 100%	Fuzhou Fuda Plastic Co., Ltd. 100%			
				Achem Technology (India) Private limited company, 100%		Achem Technology (Malaysia) Co., Ltd. 90%	Achem Technology (Vietnam) Ltd. 100%	Cayman Achem Technology (China) Co., Ltd. 100%	Cayman Achem Technology (Americas) Co., Ltd. 100%	Asia Plastics (BVI) Co., Ltd. ³	
							Landmart Global Limited 100%				
			Wan Chio (BVI) Co., Ltd. ²	Achem Technology (Huizhou) adhesive Product Co., Ltd. 100%	Achem Technology (Chengdu) Co., Ltd. 100%	Yizhou (Dongguan) adhesive Product Co., Ltd. 100%	Achem Technology (Shanghai) Co., Ltd. 100%	Inder (Foshan) adhesive Product Co., Ltd. 62.3%	Achem Adhesive Products (Jiangsu) Co., Ltd. 100%	Achem Technology US.	Yemchio (Ningbo) adhesive Product Co., Ltd. 100%
			Achem Petrochemical (Jiangsu) Co., Ltd. ⁴								

Note:

1. The company and Achem Technology Co., Ltd. hold 38.59% and 22.32% of shares in XinChio Global, respectively.
2. YEM CHIO (BVI) and Achem Technology Holdings Co., Ltd. hold 49.66% and 31.53% of WAN CHIO (BVI) shares, respectively.
3. YEM CHIO (BVI) and Achem Technology Holdings Co., Ltd. hold 45% and 55% of ASIA PLASTICS (BVI) shares, respectively.
4. WAN CHIO (BVI), Achem Adhesive Products (Jiangsu) and Ningbo YEM CHIO hold 50.06%, 23.78% and 26.16% shares in Achem Petrochemical (Jiangsu) Co., Ltd., respectively.

2. Presumption of control and affiliated companies according to Article 369-3 of the Company Act: None

3. Subsidiary companies that are directly or indirectly controlled by the company in terms of personnel, finance or business operations in accordance with Article 369-2 of the Company Act: Achem Chemical Co., Ltd. and Xinchio Global Co., Ltd.

(2) Basic information of each affiliated company

Name	Date of establishment	Address	Paid-in capital (Note)	Main business or production projects
YEM CHIO (BVI) CO., LTD.	2001/3/29	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	\$1,341,921	Production and sales of resins and various tapes, and general investment
WAN CHIO (BVI) CO., LTD.	2011/7/6	Sea Meadow House, Blackburne Highway,(P.O.Box 116) Road Town,Tortola,British Virgin Islands.	1,680,320	Production and marketing of raw materials and general investment
Achem Petrochemical (Jiangsu) Co., Ltd.	2012/6/28	Economic Technology Development Area, Nantong City, Jiangsu Province	2,278,400	Production and sales of various rubber materials
UINNtravel Co.,Ltd (formerly Youguan Boutique Leisure Hotel Co., Ltd.)	2008/7/10	7F.-1, No. 397, Xingshan Rd., Neihu Dist., Taipei City	25,740	Hotel-related business operations
Wongchio Construction Co., Ltd.(formerly: Yuzhou Construction Co., Ltd.)	1983/3/6	7F.-1, No. 397, Xingshan Rd., Neihu Dist., Taipei City	345,077	Civil engineering construction contract and water conservancy projects
Chuangyi Investment Co., Ltd.	2015/3/3	7F, No. 397, Xingshan Rd., Neihu Dist., Taipei City	469,000	Professional investment company

Name	Date of establishment	Address	Paid-in capital (Note)	Main business or production projects
Xin Chio Global Co., Ltd. (formerly TERMTEK Computer Co., Ltd)	1983/12/3	5F, No. 397, Xingshan Rd., Neihu Dist., Taipei City	\$667,035	Manufacture of packaging materials, cloud-based computer hardware and software and peripheral equipment, import and export business, design, research and development, and distribution of related products mentioned above
Master Bao (Shanghai) Material Technology Co., Ltd. (formerly Master Bao (Shanghai) Trading Co., Ltd.)	2011/5/20	No. 1688, Fuhai Road, Jiading Industry District, Shanghai City	173,728	Wholesale, import and export of various packaging materials, computer software & hardware and related equipment
Achem (Tianjin) Adhesive Products Co., Ltd. (formerly Asia Chemicals (Tianjin) Adhesive Products Co., Ltd.)	2002/2/6	Industrial Zone, Shuangqiaohe Town, Jinnan District, Tianjin City	24,208	Production and sales of various adhesive products
Achem Technology (Wuhan) Co., Ltd.	2003/11/6	Special No.1, Sandianji Town, Dongxihu District, Wuhan	29,050	Production and sales of various adhesive products
Achem Technology Co., Ltd. (formerly Achem Opto-Electronic Corporation)	1960/9/13	6F, No. 397, Xingshan Rd., Neihu Dist., Taipei City	3,999,048	Production and sales of resins, various tapes and general investment
BVI Achem Technology International Co., Ltd.	1993/4/28	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	331,351	Professional investment company

Name	Date of establishment	Address	Paid-in capital (Note)	Main business or production projects
Fuzhou Fuda Plastic Co., Ltd.	1993/3/24	Shadun Village, Shangjie Town, Minhou County, Fujian Province	\$37,024	Production and sales of various adhesive products
BVI Achem Technology Holdings Co., Ltd.	1996/7/26	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	2,788,880	Professional investment company
Cayman Achem Opto-Electronic Technology (Americas) Co., Ltd.	1999/10/14	P. O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands.	388,553	Professional investment company
Achem Industry America	1993/8/1	13226 Alondra Blvd. Cerritos, CA 90703 USA	14,240	Production and sales of various adhesive products
Achem Technology (Malaysia) Co., Ltd.	1994/11/30	44,46&48 Jalan Jasa Merdeka 1, Taman D.T.Chik Karim, Batu Berendam, 75350 Melaka, Malaysia	2,781	Import, export and distribution business
Cayman Achem Technology (China) Co., Ltd.	2000/2/24	P. O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands.	1,857,154	Professional investment company

Name	Date of establishment	Address	Paid-in capital (Note)	Main business or production projects
Achem Technology (Chengdu) Co., Ltd. (formerly Asia Chemicals Technology Co., Ltd.)	2000/5/12	No. 139, Shenxianshu South Road, Chengdu High-tech Zone	\$4,272	Production and sales of various adhesive products
Achem Technology (Huizhou) adhesive Product	2000/5/12	No. 198, Chaoguang Road, Huzhen Town, Boluo County, Huizhou City, Guangdong Province	28,480	Production and sales of various adhesive products
Yizhou (Dongguan) adhesive Product Co., Ltd. formerly Achem Technology (Dongguan) adhesive Product)	2001/1/19	No. 157, Xinmin Road, Jinxia Village, Chang'an Town, Dongguan City	213,942	Production and sales of various adhesive products
Inder (Foshan) adhesive Product Co., Ltd	1992/12/24	Wei Dajiang Industrial Zone, Wufeng 4th Road, Foshan City, Guangdong Province	402,294	Production and sales of various adhesive products
Achem Adhesive Products (Jiangsu) Co., Ltd	2013/11/6	No. 1, Wanzhou Road, Libao Town, Hai'an County, Jiangsu Province	768,960	Production and sales of various adhesive products
Chuangfu Investment Co., Ltd.	1997/2/24	7F-2, No. 397, Xingshan Rd., Neihu Dist., Taipei City	8,261	Professional investment company

Name	Date of establishment	Address	Paid-in capital (Note)	Main business or production projects
Achem Opto-Electronic Co., Ltd. (formerly Achem Photoelectronic Co., Ltd.)	2000/12/27	7F-2, No. 397, Xingshan Rd., Neihu Dist., Taipei City	\$245,750	Electronic component manufacturing, etc.
BVI Achem Opto-Electronic Holdings Co., Ltd.	2003/10/09	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	60,286	Professional investment company
Achem Technology (Vietnam) Ltd. (formerly Asia Chemicals Technology (Vietnam) Ltd.)	2011/2/18	No.01 VSIP II-A Street 15 Vietnam-Singapore Industrial Park II-A, Tan Uyen District, Binh Duong Province	286,444	Production and sales of various adhesive products
Achem Technology (India) Private Limited company	2011/11/17	Office No -604, B – Wing , The Great Eastern Summit ,Sector -15, off Palm Beach Road , CBD Belapur, Navi Mumbai Pincode - 400614, Maharashtra , India	-	Sales of various adhesive products
ASIA PLASTICS (BVI) CO., LTD.	2001/3/29	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	736,208	Production and sales of resins and various tapes, and general investment
Yemchio (Ningbo) adhesive Product Co., Ltd	2001/6/19	No. 201 Huangshan West Road, Beilun District, Ningbo	319,830	Production and sales of resin and various tapes
LANDMART GLOBAL LIMITED	2017/6/21	Level 1, Centre Bank of Samoa Building, Beach Road, Apia, SAMOA	797,440	Production and sales of various adhesive products and general investment
Achem Technology (Shanghai)	2000/6/15	No. 1688, Fuhai Road, Jiading	\$458,528	Production of adhesives and

Ltd. (formerly Achem (Shanghai) Adhesive Products Co., Ltd.		Industry District, Shanghai City		resin-based composite materials, sales of company-produced products
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Note: Conversion is based on the spot exchange rate on December 31, 2020. The spot exchange rates on December 31, 2020 were as follows:

1 USD = 28.4800 NTD

1 RMB = 4.3770 NTD

1 MYR = 7.0881 NTD

1 VND = 0.0012 NTD

(3) Information on the same shareholders who are presumed to have control and affiliation: Not applicable

(4) Industries covered by the business in terms of enterprise overall relationship

The businesses operated by the company and its affiliated companies include manufacturing, trading, construction and investment.

(5) Information on Directors, Supervisors and General Managers of Affiliated Companies

Unit: \$NTD Thousand; Shares: %

Name of Enterprise	Title	Name or representative	Shareholding	
			Shares	%
YEM CHIO (BVI) CO., LTD.	Director	YEM CHIO Co., Ltd. Representative : Zhixian Li	47,117,523	100.00%
WAN CHIO (BVI) CO., LTD.	Director	YEM CHIO (BVI) CO., LTD. Representative : Zhixian Li	29,300,000	49.66%
	Director	YEM CHIO (BVI) CO., LTD. Representative : Qizheng Li		
	Director	YEM CHIO (BVI) CO., LTD. Representative : Yousheng Lin		
	Director	YEM CHIO (BVI) CO., LTD. Representative : Yifeng Huang		
	Director	Achem Technology Holdings. Ltd. Representative : Zhixian Li	18,600,000	31.53%
Achem Petrochemical (Jiangsu) Co., Ltd.	Director	Yifeng Huang	—	100.00%
		Qiang Xie		
		Yousheng Lin		
	Supervisor	Jianyu Lin		
General Manager	Yifeng Huang			
UINNtravel Co., Ltd. (Formerly: Youguan Boutique Leisure Hotel Co., Ltd.)	Director	YEM CHIO Co., Ltd. Representative : Zhenglin He	—	100.00%

Name of Enterprise	Title	Name or representative	Shareholding	
			Shares	%
Wongchio Construction Co., Ltd. (Formerly: Yuzhou Construction Co., Ltd.) Chuangyi Investment Co., Ltd.	Director	YEM CHIO Co., Ltd. Representative : Shuwei Li	34,507,664	100.00%
	Director	YEM CHIO Co., Ltd. Representative : Zhenglin He		
	Director	YEM CHIO Co., Ltd. Representative : Qiang Xie		
	Supervisor	YEM CHIO Co., Ltd. Representative : Jianyu Lin		
Chuangyi Investment Co., Ltd	Director	YEM CHIO Co., Ltd. Representative : Shuwei Li	46,900,000	100.00%
	Director	YEM CHIO Co., Ltd. Representative : Jianyu Lin		
	Director	YEM CHIO Co., Ltd. Representative : Shufen Fang		
	Supervisor	YEM CHIO Co., Ltd. Representative : Yanzhong Zheng		
Xin Chio Global Co., Ltd.	Director	YEM CHIO Co., Ltd. Representative : Wenrong Jiang	25,740,120	38.59%
	Director	YEM CHIO Co., Ltd. Representative : Shuyuan Lin		
	Independent Director	Shunfa Chen	—	—
	Independent Director	Ruibin You	—	—
	Independent Director	Ruide Hong	—	—

Name of Enterprise	Title	Name or representative	Shareholding	
			Shares	%
Master Bao (Shanghai) Material Technology Co., Ltd.	Director	XIN CHIO GLOBAL CO., LTD. Representative : Wenrong Jiang	—	100.00%
		XIN CHIO GLOBAL CO., LTD. Representative : Qizheng Li		
		XIN CHIO GLOBAL CO., LTD. Representative : Shuwei Li		
	Supervisor	XIN CHIO GLOBAL CO., LTD. Representative : Jianyu Lin		
General Manager	Wenrong Jiang	—	—	
Achem (Tianjin)Adhesive Products Co., Ltd. (Formerly: Asia Chemicals (Tianjin) Adhesive Products Co., Ltd.)	Director	XIN CHIO GLOBAL CO., LTD. Representative : Wenrong Jiang	—	100.00%
	Director	XIN CHIO GLOBAL CO., LTD. Representative : Qizheng Li		
	Director	XIN CHIO GLOBAL CO., LTD. Representative : Shuwei Li		
	Supervisor	XIN CHIO GLOBAL CO., LTD. Representative : Jianyu Lin		
	General Manager	Shuwei Li	—	—
Achem Technology (Wuhan) Co., Ltd.	Director	XIN CHIO GLOBAL CO., LTD. Representative : Wenrong Jiang	—	100.00%
	Director	XIN CHIO GLOBAL CO., LTD. Representative : Qizheng Li		
	Director	XIN CHIO GLOBAL CO., LTD. Representative : Shuwei Li		

Name of Enterprise	Title	Name or representative	Shareholding	
			Shares	%
	Supervisor	XIN CHIO GLOBAL CO., LTD. Representative : Jianyu Lin		
	General Manager	Shuwei Li	—	—
Achem Technology Co., Ltd. (Formerly: Asia Chemicals Co., Ltd.)	Director	YEM CHIO Co., Ltd. Representative : Yousheng Lin	399,904,848	100%
		YEM CHIO Co., Ltd. Representative : Qizheng Li		
		YEM CHIO Co., Ltd. Representative : Qiang Xie		
	Supervisor	YEM CHIO Co., Ltd. Representative : Jianyu Lin		
BVI Achem Technology International Co., Ltd.	Director	Achem Technology Co., Ltd. Representative : Qizheng Li	23,269	100.00%
	Director	Achem Technology Co., Ltd. Representative : Jianyu Lin		
	Director	Achem Technology Co., Ltd. Representative : Yousheng Lin		
Fuzhou Fuda Plastic Co., Ltd.	Director	Achem Technology International Co., Ltd. Representative : Jianyu Lin	—	100.00%
	Director	Achem Technology International Co., Ltd. Representative : Longxing Chen		
	Director	Achem Technology International Co., Ltd. Representative : Shuhua Rao		

Name of Enterprise	Title	Name or representative	Shareholding	
			Shares	%
	Supervisor	Achem Technology International Co., Ltd. Representative : Yanzhong Zheng		
	General Manager	Jianyu Lin	—	—
Achem Technology (Malaysia) Co., Ltd.	Director	Cayman Achem Technology Co., Ltd. Representative : Yousheng Lin	353,152	90.00%
	Director	Cayman Achem Technology Co., Ltd. Representative : Qizheng Li		
	Director	Wensheng Chen	39,239	10.00%
	Director	Wenping Chen	1	—
	General Manager	Wensheng Chen	39,239	10.00%
BVI Achem Technology Holdings Co., Ltd.	Director	Achem Technology Co., Ltd. Representative : Zhixian Li	97,924	100.00%
	Director	Achem Technology Co., Ltd. Representative : Qizheng Li		
	Director	Achem Technology Co., Ltd. Representative : Jianyu Lin		
Cayman Achem Technology (Americas) Co., Ltd.	Director	BVI Achem Technology Holdings Co., Ltd. Representative : Yousheng Lin	13,643,000	100.00%
	Director	BVI Achem Technology Holdings Co., Ltd. Representative : Qizheng Li		

Name of Enterprise	Title	Name or representative	Shareholding	
			Shares	%
	Director	BVI Achem Technology Holdings Co., Ltd. Representative : Jianyu Lin		
Achem Industry America	Director	ACHEM Technology Americas, Inc. Representative : Qizheng Li	50,000	100.00%
	Director	ACHEM Technology Americas, Inc. Representative : Yujuan Wang		
	Director	ACHEM Technology Americas, Inc. Representative : Yousheng Lin		
Cayman Achem Technology (China) Co., Ltd.	Director	BVI Achem Technology Holdings Co., Ltd. Representative : Qizheng Li	81,209,075	100.00%
	Director	BVI Achem Technology Holdings Co., Ltd. Representative : Yousheng Lin		
	Director	BVI Achem Technology Holdings Co., Ltd. Representative : Jianyu Lin		
Achem Technology (Chengdu) Co., Ltd. (Formerly : Asia Chemicals Technology (Chengdu) Co., Ltd.)	Director	Cayman Achem Technology (China) Co., Ltd. Representative : Longxing Chen	—	100.00%
	Director	Cayman Achem Technology (China) Co., Ltd. Representative : Chengfu Su		

Name of Enterprise	Title	Name or representative	Shareholding	
			Shares	%
	Director	Cayman Achem Technology (China) Co., Ltd. Representative : Shuhua Rao		
	Supervisor	Cayman Achem Technology (China) Co., Ltd. Representative : Jianyu Lin		
	General Manager	Shuhua Rao		
Achem Technology (Huizou) adhesive Product Co., Ltd.	Director	Cayman Achem Technology (China) Co., Ltd. Representative : Jirong Zhao	—	100.00%
	Director	Cayman Achem Technology (China) Co., Ltd. Representative : Mingfeng Chen		
	Director	Cayman Achem Technology (China) Co., Ltd. Representative : Jianhua Zhou		
	General Manager	Rongnan Su		
Achem Adhesive Products (Jiangsu) Co., Ltd	Director	Cayman Achem Technology (China) Co., Ltd. Representative : Longxing Chen	—	100.00%
	Director	Cayman Achem Technology (China) Co., Ltd. Representative : Qiang Xie		

Name of Enterprise	Title	Name or representative	Shareholding	
			Shares	%
	Director	Cayman Achem Technology (China) Co., Ltd. Representative : Yousheng Lin		
	Supervisor	Cayman Achem Technology (China) Co., Ltd. Representative : Jianyu Lin		
	General Manager	Longxing Chen		
Achem Technology (Shanghai) Ltd. (Formerly: Achem (Shanghai) Adhesive Products Co., Ltd.	Director	Cayman Achem Technology (China) Co., Ltd. Representative : Qizheng Li	—	100.00%
	Director	Cayman Achem Technology (China) Co., Ltd. Representative : Longxing Chen		
	Director	Cayman Achem Technology (China) Co., Ltd. Representative : Shuwei Li		
	Supervisor	Cayman Achem Technology (China) Co., Ltd. Representative : Jianyu Lin		
	General Manager	Longxing Chen	—	—
Yizhou (Dongguan) adhesive Product Co., Ltd. (Formerly: Achem Technology	Director	Cayman Achem Technology (China) Co., Ltd. Representative : Longxing Chen	—	100.00%

Name of Enterprise	Title	Name or representative	Shareholding	
			Shares	%
(Dongguan) adhesive Product)	Director	Cayman Achem Technology (China) Co., Ltd. Representative : Qizheng Li		
	Director	Cayman Achem Technology (China) Co., Ltd. Representative : Chengfu Su		
	General Manager	Longxing Chen	—	—
Inder (Foshan) adhesive Product Co., Ltd	Director	Cayman Achem Technology (China) Co., Ltd. Representative : Qizheng Li	—	62.30%
	Director	Cayman Achem Technology (China) Co., Ltd. Representative : Jianyu Lin		
	Director	Cayman Achem Technology (China) Co., Ltd. Representative : Longxing Chen		
	Director	Cayman Achem Technology (China) Co., Ltd. Representative : Yongjie Zhang		
	Director	Cayman Achem Technology (China) Co., Ltd. Representative : Boyang Chao		

Name of Enterprise	Title	Name or representative	Shareholding	
			Shares	%
Inder (Foshan) adhesive Product Co., Ltd	Director	Foshan Plastics Group Co., Ltd. Representative : Guanghui Jin	—	37.70%
	Director	Foshan Plastics Group Co., Ltd.Representative : Yuzhen Huang		
	Director	Foshan Plastics Group Co., Ltd.Representative : Dunlong Jian		
	General Manager	Guanghui Jin	—	—
Chuangfu Investment Co., Ltd.	Director	Achem Technology Co., Ltd. Representative : Jianyu Lin	23,778,117	100%
	Director	Achem Technology Co., Ltd. Representative : Shufen Fang		
	Director	Achem Technology Co., Ltd. Representative : Yanzhong Zheng		
	Supervisor	Achem Technology Co., Ltd. Representative : Xueru Liu		
Achem Opto-Electronic Corporation (Formerly: Achem Photo-Electronic Co., Ltd.)	Director	Achem Technology Co., Ltd. Representative : Jianyu Lin	19,286,951	78.48%
	Director	Achem Technology Co., Ltd. Representative : Qizheng Li		
	Director	Achem Technology Co., Ltd. Representative : Shufen Fang		
	Supervisor	Qiang Xie		

Name of Enterprise	Title	Name or representative	Shareholding	
			Shares	%
BVI Achem Opto-Electronic Holdings Co., Ltd.	Director	Achem Opto-Electronic Corporation. Representative : Jianyu Lin	4,234	100.00%
	Director	Achem Opto-Electronic Corporation Representative : Shufen Fang		
	Director	Achem Opto-Electronic Corporation Representative : Qizheng Li		
Achem Technology (Vietnam) Ltd. (Formerly: Achem Opto-Electronic Corporation (Vietnam) Ltd.)	Director	BVI Achem Technology Holdings Co., Ltd. Representative : Qizheng Li	—	100.00%
	Director	BVI Achem Technology Holdings Co., Ltd. Representative : Yousheng Lin		
	Supervisor	BVI Achem Technology Holdings Co., Ltd. Representative : Yanzhong Zheng		
Achem Technology (India) Private Limited company	Director	BVI Achem Technology Holdings Co., Ltd. Representative : Yousheng Lin	—	100.00%
	Director	BVI Achem Technology Holdings Co., Ltd. Representative : Shufen Fang		
	Director	BVI Achem Technology Holdings Co., Ltd. Representative : Sunil K. Srivastava		

Name of Enterprise	Title	Name or representative	Shareholding	
			Shares	%
ASIA PLASTICS (BVI) CO., LTD.	Director	BVI Achem Technology Holdings Co., Ltd. Representative: Yousheng Lin	14,217,500	55.00%
Yemchio (Ningbo) adhesive Product Co., Ltd (Formerly: Ningbo YEM CHIO Co., Ltd.)	Director	ASIA PLASTICS (BVI) CO., LTD. Representative : Jiaxuan Du	—	100.00%
		SIA PLASTICS (BVI) CO., LTD. Representative : Niyong Sun		
		ASIA PLASTICS (BVI) CO., LTD. Representative : Qizheng Li		
		ASIA PLASTICS (BVI) CO., LTD. Representative : Yousheng Lin		
	ASIA PLASTICS (BVI) CO., LTD. Representative : Shuwei Li			
	Supervisor	ASIA PLASTICS (BVI) CO., LTD. Representative : Jianyu Lin		
	General Manager	Niyong Sun	—	—
LANDMART GOLBAL LIMITED	Director	Cayman Achem Technology (China) Co., Ltd. Representative : Zhixian Li	28,000,000	100.00%

(6) Overview of affiliated companies' operations

Financial status and operating results of each affiliated company:

Name	Capital	Total assets	Total liabilities	Net worth	Operating income	Operating profit	Current profit and loss(After tax)	Earnings per share (\$NT) (After tax)
YEM CHIO (BVI) CO., LTD.	\$1,341,921	\$87,992	\$78	\$87,914	\$—	\$(1,906)	\$126,124	\$2.68
WAN CHIO (BVI) CO., LTD.	1,680,320	(621,601)	134,048	(755,649)	—	(69)	(513,168)	(8.7)
Achem Petrochemical (Jiangsu) Co., Ltd.	2,278,400	2,940,937	4,190,129	(1,249,192)	24,516	(194,290)	(1,016,910)	—
UINNtravel Co.,Ltd (Formerly: Youguan Boutique Leisure Hotel Co., Ltd.)	25,740	323,713	350,594	(26,881)	87,583	(27,594)	(35,657)	—
Wongchio Construction Co., Ltd. (Formerly: Yuzhou Construction Co., Ltd.)	345,077	1,084,598	747,450	337,148	190,661	(10,652)	(9,203)	(0.27)
Chuangyi Investment Co., Ltd.	469,000	1,347,291	795,667	551,625	121,698	120,936	109,694	2.34
Xin Chio Global Co., Ltd. (Formerly: TCK Technology Co., Ltd)	667,035	1,723,829	817,707	906,122	1,419,109	129,624	121,385	2.12

Name	Capital	Total assets	Total liabilities	Net worth	Operating income	Operating profit	Current profit and loss(After tax)	Earnings per share (\$NT)(After tax)
Master Bao (Shanghai) Material Technology Co., Ltd.	\$173,728	\$131,099	\$9,177	\$121,922	\$138,121	\$2,081	\$2,847	\$—
Achem (Tianjin)Adhesive Products Co., Ltd. (Formerly: Asia Chemicals (Tianjin) Adhesive Products Co., Ltd.)	24,208	373	5,936	(5,563)	—	(2)	(123)	—
Achem Technology (Wuhan) Co., Ltd.	29,050	6,930	2,135	4,795	3,936	358	360	—
Achem Technology Co., Ltd.	3,999,048	10,433,490	4,477,992	5,955,498	4,681,132	274,892	703,897	1.76
BVI Achem Technology International Co., Ltd.	331,351	1,034,336	—	1,034,336	—	(102)	292,020	12,549.73
Fuzhou Fuda Plastic Co., Ltd.	37,024	78,223	19,331	58,892	—	(386)	56,938	—
Achem Technology (Malaysia) Co., Ltd.	2,781	52,125	29,191	22,934	81,449	2,522	1,984	5.05
BVI Achem Technology Holdings Co., Ltd.	2,788,880	5,538,995	1,879,998	3,658,997	0	(431)	305,016	3,114.82
Cayman Achem Technology (Americas) Co., Ltd.	388,553	986,962	—	986,962	—	(202)	48,784	3.58
Achem Industry America	14,240	1,277,137	400,404	876,733	1,177,695	53,231	48,986	979.71
Cayman Achem Technology (China) Co., Ltd.	1,857,154	3,128,688	—	3,128,688	—	(7,155)	(58,998)	(0.95)

Name	Capital	Total assets	Total liabilities	Net worth	Operating income	Operating profit	Current profit and loss (After tax)	Earnings per share (\$NT) (After tax)
Achem Technology (Chengdu) Co., Ltd. (Formerly : Asia Chemicals (Chengdu)Technology Co., Ltd.)	\$4,272	\$37,657	\$25,390	\$12,267	\$46,569	\$(3,332)	\$(3,332)	—
Achem Technology (Huizhou) adhesive Product Co., Ltd.	28,480	26,064	2,991	23,073	—	—	—	—
Yizhou (Dongguan) adhesive Product Co., Ltd. (Formerly: Achem Technology (Dongguan) adhesive Product)	213,942	1,120,814	346,081	774,733	1,125,611	56,494	3,401	—
Inder (Foshan) adhesive Product Co., Ltd	402,294	895,956	79,167	816,789	1,142,021	71,270	67,395	—
Achem Adhesive Products (Jiangsu) Co., Ltd	768,960	1,998,401	1,687,223	311,178	1,467,763	84,015	(121,129)	—
Chuangfu Investment Co., Ltd.	8,261	89,422	75	89,347	651	386	956	1.16
Achem Opto-Electronic Corporation (Formerly: Achem Photoelectronic Co., Ltd.)	245,750	322,607	5,916	316,691	—	(258)	42,647	1.74
BVI Achem Opto-Electronic Holdings Co., Ltd.	60,286	270,891	3	270,888	—	(128)	47,300	11,171.40
Achem Technology (Vietnam) Ltd.(Formerly: Asia Chemicals Technology (Vietnam) Ltd.)	286,444	242,919	56,645	186,274	76,889	(6,118)	(6,451)	—

Name	Capital	Total assets	Total liabilities	Net worth	Operating income	Operating profit	Current profit and loss (After tax)	Earnings per share (\$NT) (After tax)
Achem Technology (India) Private Limited company	—	—	—	—	—	—	—	—
ASIA PLASTICS (BVI) CO.,LTD.	736,208	91,719	21,887	69,832	—	(161)	922,051	35.67
Yemchio (Ningbo) adhesive Product Co., Ltd	319,830	77,106	558,145	(481,039)	678,645	(22,473)	(255,189)	—
LANDMART GLOBAL LIMITED	797,440	1,224,983	—	1,224,983	—	(38)	42,906	1.53
Achem Technology (Shanghai) Ltd. (Formerly: Achem (Shanghai) Adhesive Products Co., Ltd.	458,528	1,356,013	131,981	1,224,032	—	(6,922)	42,943	—

Note: The capital, total assets, total liabilities and net value were converted at the spot exchange rate of foreign currencies on December 31, 2020.

1 USD = 28.4800 NTD

1 RMB = 4.3770 NTD

1 MYR = 7.0881 NTD

1 VND = 0.0012 NTD

Operating income, operating profit, and current profit and loss are converted based on the average exchange rate of each foreign currency in 2020. The average exchange rates for 2020 were as follows:

1 USD = 29.5489 NTD

1 RMB = 4.2804 NTD

1 MYR = 7.0375 NTD

1 VND = 0.0013 NTD

8.2 Private Placement of Securities in Most Recent Years: None

8.3 Shares in the Company Held or Disposed by Subsidiaries in =Most Recent Years:

2021.03.31

Name of Subsidiary	Stock Capital Collected	Fund Source	Shareholding Ratio of the Company	Date of Acquisition or Disposition	Shares and Amount Acquired	Shares and Amount Disposed of	Investment Gain (Loss)	Shareholdings and Amount in Most Recent Year	Mortgage	Endorsement Amount Made for the Subsidiary	Amount Loaned to the Subsidiary
YEM CHIO (BVI) CO., LTD.	US\$47,118 thousands	Private capital	100	2020	—	—	—	15,879,656 \$154,985	—	302,471	0
				2021/1/1~4/26	—	—	—				
Achem Technology Co., Ltd.	NT\$3,999,048 thousands	Private capital	100	2020	—	—	—	—	—	—	—
				2021/1/1~4/26	—	—	—				
Chuangfu Investment Co., Ltd.	NT\$8,261 thousands	Private capital	100	2020	—	—	—	990,637 \$9,669	—	—	—
				2021/1/1~4/26	—	—	—				
BVI Achem Technology Holdings Co., Ltd.	US\$97,924 thousands	Private capital	100	2020	—	—	—	1,127,226 \$11,002	—	—	—
				2021/1/1~4/26	—	—	—				

8.4 Other necessary supplementary explanations: None

8.5 In the most recent year and as of the date of publication of the annual report, matters that had a significant impact on shareholders' rights and interests or securities prices as stipulated in Article 36, Paragraph 2, Subparagraph 2, of the Securities and Exchange Act are as follows:

- (1) The company's subsidiaries YEM CHIO (BVI) CO., LTD. and ACHEM TECHNOLOGY HOLDINGS LIMITED originally signed an equity transfer framework agreement with Kiu Lou Co., Ltd. On November 19, 2019, Kiu Lou Co., Ltd. contributed RMB \$349,812,000 to transfer all shares of ASIA PLASTICS (BVI) CO., LTD and indirectly accepted the transfer of all Ningbo YEM CHIO and Ningbo Wandao shares. Due to changes in circumstances, the two parties agreed to terminate the case. On June 29, 2020, both parties signed a framework agreement to terminate the equity transfer, and agreed to sign another agreement using other transaction methods.
- (2) The previous case was replaced by ASIA PLASTICS (BVI) CO., LTD, a subsidiary of the company, which signed an equity transfer framework agreement with Shanghai Dexin Enterprise Management Co., Ltd. on June 29, 2020, separating Ningbo YEM CHIO Adhesive Products Co., Ltd. (Ningbo and YEMCHIO) into two enterprise and retaining the name Ningbo YEMCHIO (while the other one was Wandao New Materials Co., Ltd. /Wandao New Materials). After the company was split up, all the film production lines, land, plant and equipment in Ningbo YEMCHIO were transferred to Wandao New Materials. Shanghai Dexin Enterprise Management Co., Ltd. acquired all the shares of Ningbo Wandao for RMB \$349,812,000. The two parties agreed that Ningbo YEM CHIO could ask for rent for five years according to the original business area after the transfer procedures were completed. The equity transfer agreement was signed on June 30, 2020, and the change in registration was completed in the third quarter of 2020. As a result, NT\$889,597,000 and NT\$237,191,000 were recognized in terms of sale and leaseback transfer rights. Benefits were also recognized depending on the income and losses in the consolidated income statement.

1. Headquarter

Address : 7F, No. 397, Xingshan Rd., Neihu Dist., Taipei City

Tel : (02) 8170-6199

Fax : (02) 8792-1311

2. Subsidiary companies

UINN Travel Co., Ltd.

Address : 7F-1, No. 397, Xingshan Rd., Neihu Dist., Taipei City

(Zhongzheng)Address: No. 38, Section 3, Chongqing South Road, Zhongzheng District, Taipei City

(Zhongzheng)Tel: : (02)2333-1277

Fax: (02)2333-1686

(Shilin)Address : No. 318, Section 4, Chengde Road, Shilin District, Taipei City

(Shilin)Tel: : (02)2888-3966

Fax: (02)2888-1758

WongChio Development Co., Ltd.

Address : 7F, No. 397, Xingshan Rd., Neihu Dist., Taipei City

Tel: : (02)8170-6199

Fax:(02)8792-1565

Achem Technology Co., Ltd.

Address : 6F, No. 397, Xingshan Rd., Neihu Dist., Taipei City

Tel: : (02)8170-6199

Fax:(02)8792-2561

XIN CHIO GLOBAL CO., Ltd.

Address : 5F, No. 397, Xingshan Rd., Neihu Dist., Taipei City

Tel: : (02)8170-6199

Fax:(02)8792-1311

Chuangyi Investment, Co., Ltd.

Address : 7F, No. 397, Xingshan Rd., Neihu Dist., Taipei City

Tel: : (02)8170-6199

Fax:(02)8792-1311

3. Factories

Zhangbin Adhesive Tape Factory: No. 12, Gongye Dongsan Road, Lugang Town, Changhua County

Tel: : (04) 781-0246

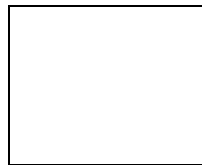
Fax:(04)781-0247

Zhangbin Film Factory: No. 16, Gongye West Sixth Road, Lugang Town, Changhua County

Tel: : (04) 781-1356

Fax:(04)781-0706

YEM CHIO Co., Ltd.



Person in Charge: Zhixian Li

