

Li Peng Enterprise Corporation
Limited and Subsidiaries

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

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§DIRECTORY§

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REPRESENTATION LETTER

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

Sincerely yours,

By

LI PENG ENTERPRISE CORPORATION LIMITED

Kuo, Shao-Yi
Chairman

29 March, 2021

Independent Auditor's Report

To Li Peng Enterprise Corporation Limited

Opinion

We have audited the accompanying consolidated financial statements of Li Peng Enterprise Corporation Limited and its subsidiaries (the “Company”), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's consolidated financial statements for the year ended December 31, 2020 are stated as follows:

The Actual Occurrence of Sales Revenue

The Company comprises of nylon department, weaving department, and trading department. The sales revenue of the nylon department is the highest among all. Nylon products are mainly traded as commodity and the sales condition varies from client to client. The overall sales revenue of nylon department has shown a decrease in the past year, however, the sales generated from some of the clients have increased. Thus, the auditor will report the transaction condition as non-added letters of credit, and list the sales revenue of nylon products as an item of the key audit matters. Refer to Note 4 to the consolidated financial statements regarding revenue recognition principle.

Our audit procedures related to the evaluation of the above-mentioned key audit matter, include the understanding and sampling of selected internal control design with effectively execution to have identified the transaction of sales revenue.

Other Matter

The Company had repared the parent company only financial statements of 2019 and 2020 as for reference, provided with auditor's report by the Company's accountants unmodified opinion on the matter.

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 IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statement, 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 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 Company and subsidiaries to cease operations.
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 Company 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 significant in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated

in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Wu,Ke-Chang and Chiu,Ming-Yu.

Wu, Ke-Chang

Deloitte & Touche
Taipei, Taiwan
Republic of China

Financial Supervisory Commission ROC vetted
Document no. 1000028068

Chiu, Ming-Yu

Deloitte & Touche
Taipei, Taiwan
Republic of China

Financial Supervisory Commission ROC vetted
Document no. 0930160267

March 31, 2021

Li Peng Enterprise Co Ltd and Subsidiaries
Consolidated Balance Sheets
Dec 31, 2019, 2020

Unit : Thousands of NTD

Code	Assets	Dec 31, 2020		Dec 31, 2019	
		Amount	%	Amount	%
	Current Assets				
1100	Cash and cash equivalents (Note 6)	\$ 1,359,763	8	\$ 2,833,122	16
1110	Financial assets at fair value through profit or loss - current (Note 7)	491,974	3	301,097	2
1150	Notes receivable, net (Note 8)	33,170	-	88,747	1
1160	Notes receivable from related parties, net (Note 28)	52,264	-	13,641	-
1170	Accounts receivable, net (Note 8)	1,782,834	10	1,775,432	10
1180	Accounts receivable from related parties, net (Note 28)	161,759	1	51,954	-
1210	Loan to related parties (Note 28)	552,800	3	164,000	1
130X	Inventory (Note 9)	2,080,015	12	2,553,973	14
1410	Prepayments	56,927	-	65,564	-
1476	Other financial assets - current (Note 6)	174,551	1	60,634	-
1479	Other current assets	5,868	-	7,803	-
11XX	Total current assets	<u>6,751,925</u>	<u>38</u>	<u>7,915,967</u>	<u>44</u>
	Non-current assets				
1510	Financial assets at fair value through profit or loss—non-current (Note 7)	11,825	-	13,447	-
1517	Financial assets at fair value through other comprehensive income—non-current (Note 10)	2,358,662	13	1,824,018	10
1550	Investment adjustments for Using Equity Method (Note 12)	2,613,301	15	1,782,110	10
1600	Property, plant, equipment (Note 13)	5,550,279	31	6,041,544	34
1755	Right of use asset (Note 3 and 14)	934	-	1,191	-
1780	Other intangible assets (Note 15)	8,055	-	9,697	-
1840	Deferred tax assets (Note 22)	365,958	2	244,046	2
1915	Prepayment for equipment	169,784	1	60,157	-
1990	Other non-current assets	14,084	-	21,324	-
15XX	Total non-current assets	<u>11,092,882</u>	<u>62</u>	<u>9,997,534</u>	<u>56</u>
1XXX	Total Assets	<u>\$ 17,844,807</u>	<u>100</u>	<u>\$ 17,913,501</u>	<u>100</u>
	Liability and Equity				
	Current liability				
2100	Short-term loan (Note 16)	\$ 2,044,000	11	\$ 4,050,000	23
2110	Short-term corporate bonds payable (Note 16)	1,120,000	6	620,000	4
2120	Financial liabilities at fair value through profit or loss (Note 7)	-	-	27,094	-
2150	Notes payable	54,765	-	59,179	-
2160	Notes payable—related parties (Note 28)	8,705	-	17,985	-
2170	Accounts payable	961,089	5	426,406	2
2180	Accounts payable—related parties (Note 28)	97,135	1	64,776	-
2219	Other payable (Note 28)	472,257	3	500,661	3
2220	Loan from related parties (Note 28)	85,000	1	120,000	1
2230	Income tax payable in current period (Note 22)	2,803	-	1,830	-
2250	Liability preparation—current	20,372	-	21,653	-
2280	Lease liability—current (Note 3 and 14)	107	-	232	-
2320	Long-term loan due in a year (Note 17)	155,000	1	350,000	2
2399	Other current liability	135,187	1	140,515	1
21XX	Total current liabilities	<u>5,156,420</u>	<u>29</u>	<u>6,400,331</u>	<u>36</u>
	Non-current liability				
2540	Long-term loan (Note 17)	1,875,000	11	1,100,000	6
2570	Deferred income tax liability (Note 22)	146,650	1	147,499	1
2580	Lease liability—non-current (Note 3 and 14)	541	-	962	-
2640	Accrued pension liability, net—non-current (Note 18)	235,805	1	262,699	1
2670	Other non-current liability	1,176	-	1,475	-
25XX	Total non-current liabilities	<u>2,259,172</u>	<u>13</u>	<u>1,512,635</u>	<u>8</u>
2XXX	Total liability	<u>7,415,592</u>	<u>42</u>	<u>7,912,966</u>	<u>44</u>
	Equity Attributable to Shareholders of the Parent (Note 19)				
3110	Common stock	<u>9,144,872</u>	<u>51</u>	<u>9,144,872</u>	<u>51</u>
3200	Capital reserve	<u>134,620</u>	<u>1</u>	<u>134,044</u>	<u>1</u>
	Retained earning				
3310	Legal reserve	525,527	3	525,527	3
3320	Special reserve	602,637	4	602,637	3
3350	Accrued loss	(662,075)	(4)	(248,943)	(1)
3300	Total retained earnings	<u>466,089</u>	<u>3</u>	<u>879,221</u>	<u>5</u>
3400	Other equity	<u>168,713</u>	<u>1</u>	<u>(456,101)</u>	<u>(3)</u>
3500	Treasury stock	(432,403)	(3)	(432,403)	(2)
31XX	Total Equity to Shareholders of the Parent	9,481,891	53	9,269,633	52
36XX	Non-controlling interests (Note 19)	<u>947,324</u>	<u>5</u>	<u>730,902</u>	<u>4</u>
3XXX	Total equity	<u>10,429,215</u>	<u>58</u>	<u>10,000,535</u>	<u>56</u>
	Total of Liability and Equity	<u>\$ 17,844,807</u>	<u>100</u>	<u>\$ 17,913,501</u>	<u>100</u>

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

Chairman: Kuo, Shao-Yi Manager : Kuo, Shao-Yi Head of Accounting : Ko, Pei-Chun

Li Peng Enterprise Co Ltd and Subsidiaries
Consolidated Statements of Comprehensive Income

Jan 1 to Dec 31, 2019, 2020 Unit : Thousands of NTD
Except loss per share

Code		2020		2019	
		Amount	%	Amount	%
4000	Operating revenue (Note 20, 28)	\$ 13,559,461	100	\$ 14,579,347	100
5000	Operating cost (Note 9, 28)	<u>13,324,652</u>	<u>98</u>	<u>14,201,182</u>	<u>97</u>
5900	Operating margin	234,809	2	378,165	3
5910	Unrealized profit on sales to associates	(313)	-	(72)	-
5920	Realized profit on sales to associates	<u>72</u>	<u>-</u>	<u>-</u>	<u>-</u>
5950	Realized operating margin	<u>234,568</u>	<u>2</u>	<u>378,093</u>	<u>3</u>
	Operating expense (Note 28)				
6100	Sales expense	287,097	2	379,520	3
6200	Management expense	195,625	2	192,048	1
6300	R&D expense	112,090	1	116,310	1
6450	Expected credit (gain) loss on reversal of impairment loss	(<u>3,508</u>)	<u>-</u>	<u>68</u>	<u>-</u>
6000	Total operating expenses	<u>591,304</u>	<u>5</u>	<u>687,946</u>	<u>5</u>
6900	Operating net loss	(<u>356,736</u>)	(<u>3</u>)	(<u>309,853</u>)	(<u>2</u>)
	Non-operating income and expenses				
7100	Interest income (Note 21, 28)	45,307	-	65,248	-
7010	Other income (Note 21, 28)	124,861	1	125,177	1
7020	Other profit and loss (Note 21, 28)	(306,966)	(2)	(105,917)	(1)
7050	Finance cost (Note 21)	(56,497)	-	(63,737)	-
7060	Share of profits of associates	<u>17,172</u>	<u>-</u>	(<u>23,665</u>)	<u>-</u>
7000	Total non-operating income and loss	(<u>176,123</u>)	(<u>1</u>)	(<u>2,894</u>)	<u>-</u>

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Code		2020		2019	
		Amount	%	Amount	%
7900	Net loss before tax	(\$ 532,859)	(4)	(\$ 312,747)	(2)
7950	Income tax profit (Note 4, 22)	<u>118,526</u>	<u>1</u>	<u>68,696</u>	<u>-</u>
8200	Net loss of the year	(<u>414,333</u>)	(<u>3</u>)	(<u>244,051</u>)	(<u>2</u>)
	Other comprehensive income (net)				
8310	Uncategorized items profit and loss :				
8311	Measure on defined benefit plans	8,963	-	(21,024)	-
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	703,868	5	(55,878)	(1)
8320	Share of other comprehensive gain of associates and joint ventures	125,153	1	(45,164)	-
8360	Items that may be reclassified subsequently to profit or loss :				
8361	Exchange differences resulting from translation on foreign operations	(7,112)	-	(10,958)	-
8370	Shares of other comprehensive gain of associates	<u>-</u>	<u>-</u>	<u>3,985</u>	<u>-</u>
8300	Total other comprehensive income of the year	<u>830,872</u>	<u>6</u>	(<u>129,039</u>)	(<u>1</u>)
8500	Total comprehensive income of the year	<u>\$ 416,539</u>	<u>3</u>	(<u>\$ 373,090</u>)	(<u>3</u>)
	Net loss attributable to :				
8610	Shareholder of the parent	(\$ 412,009)	(3)	(\$ 249,366)	(2)
8620	Non-controlling interests	(<u>2,324</u>)	<u>-</u>	<u>5,315</u>	<u>-</u>
8600		(<u>\$ 414,333</u>)	(<u>3</u>)	(<u>\$ 244,051</u>)	(<u>2</u>)
	Comprehensive income attributable to :				
8710	Shareholders of the parent	\$ 211,682	2	(\$ 362,246)	(3)
8720	Non-controlling interests	<u>204,857</u>	<u>1</u>	(<u>10,844</u>)	<u>-</u>
8700		<u>\$ 416,539</u>	<u>3</u>	(<u>\$ 373,090</u>)	(<u>3</u>)
	Basic loss per share (Note 23)				
9710	Basic	(<u>\$ 0.48</u>)		(<u>\$ 0.29</u>)	

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

Chairman: Kuo, Shao-Yi

Manager : Kuo, Shao-Yi

Head of Accounting : Ko, Pei-Chun

Li Peng Enterprise Co Ltd and Subsidiaries
Consolidated Statements of Changes in Equity
Jan 1 to Dec 31, 2019, 2020

Unit : Thousands of NTD

		Equity Attributable to Shareholders of the Parent													
								Others							
								Unrealized gain/loss on financial assets at							
								Fair value through comprehensive income							

Li Peng Enterprise Co Ltd and Subsidiaries
Consolidated Statements of Cash Flows
Jan 1 to Dec 31, 2019, 2020

Unit : Thousands of NTD

Code		2020	2019
	Cash Flows From Operating Activities		
A10000	Profit (loss) before income tax	(\$ 532,859)	(\$ 312,747)
A20010	Provided by (used in) operating activities:		
A20100	Depreciation	617,864	614,156
A20200	Amortization	6,472	9,011
A20300	Expected credit (gain) loss on reversal of impairment loss	(3,508)	68
A29900	Amortized prepayment	71,701	94,388
A20400	Financial assets and liability at fair value through (profit) or loss	(29,449)	9,694
A20900	Finance costs	56,497	63,737
A21200	Interest income	(45,307)	(65,248)
A21300	Dividend income	(1,738)	(78,083)
A22300	Share of income to associates using equity method	(17,172)	23,665
A22500	Loss (gain) on disposal or retirement of property, plant, equipment	(668)	1,307
A23100	Gain on disposal of investment, net	(341)	(791)
A23200	Gain on disposal of investments accounted for using equity method, net	(51)	-
A23800	Reversal of impairment loss on inventory	(71,402)	(370,509)
A23900	Unrealized profit on sales to associates	241	72
A24100	Net (gain) loss on foreign exchange	(11,910)	68,531
	Changes in operating assets and liabilities		
A31130	Notes receivable	17,354	274,278
A31115	Collect financial assets at fair value through profit or loss	(172,192)	121,495
A31150	Accounts receivable	(67,397)	(125,311)
A31200	Inventory	545,361	1,303,561
A31230	Prepayments	(67,940)	(59,873)
A31240	Other current assets	1,945	(3,492)
A31250	Other financial assets	(113,027)	19,079
A32130	Notes payable	(13,694)	(223,888)
A32150	Accounts payable	571,015	(1,045,483)
A32180	Other accounts payable	(15,161)	56,530
A32200	Liability preparation	(1,347)	3,730
A32240	Accrued pension liabilities, net	(17,931)	(27,253)
A32230	Other current liability	(37,244)	23,948
A33000	Cash generated from operations	668,112	374,572
A33100	Interest income	47,131	65,025
A33200	Dividend income	1,738	78,083
A33200	Dividend income from associates	41,872	29,523

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Code		2020	2019
A33300	Interest payable	(\$ 57,308)	(\$ 63,950)
A33500	Income tax payable	(<u>6,449</u>)	(<u>13,811</u>)
AAAA	Cash inflow from operating activities	<u>695,096</u>	<u>469,442</u>
Cash Flows from Investing Activities			
B00010	Acquisition of financial assets at fair value through other comprehensive income	(49,361)	(36,609)
B00020	Disposal of financial assets at fair value through other comprehensive income	218,584	-
B01800	Acquisition of associates	(758,415)	(15,200)
B01900	Disposal of associates	15,083	-
B02200	Cash inflow from acquisition of subsidiary, net	392	-
B05900	Decrease (increase) in loan to related parties receivable	(404,500)	32,000
B02700	Acquisition of property, plant, equipment	(245,335)	(368,768)
B02800	Disposal of property, plant, equipment	1,052	1,290
B03800	(Increase) decrease in refundable deposits	(1)	677
B04500	Acquisition of intangible asset	(<u>3,193</u>)	(<u>5,921</u>)
BBBB	Cash outflow from investment activity	(<u>1,225,694</u>)	(<u>392,531</u>)
Cash Flows From Financing Activities			
C00100	Increase (decrease) in short-term loan	(2,006,000)	1,592,000
C00500	Proceeds from short-term bills payable	500,000	516,000
C01600	Lend long-term loan	875,000	-
C01700	Repay long-term loan	(295,000)	(1,284,700)
C04020	Lease principal repayment	(463)	(57)
C03000	Increase (decrease) in refundable deposits	(298)	688
C03700	Increase (decrease) in loan to related parties receivable	(35,000)	7,000
C04500	Dividend payment to shareholders	-	(166,162)
C05800	Changes to non-controlling interests	<u>12,000</u>	<u>-</u>
CCCC	Cash inflows (outflows) from financing activities	(<u>949,761</u>)	<u>664,769</u>
DDDD	Effect of exchange rate on cash or cash equivalents	<u>7,000</u>	(<u>38,314</u>)
EEEE	Net Increase (Decrease) in Cash and Cash Equivalents	(1,473,359)	703,366
E00100	Balance of cash and cash equivalents, beginning of the year	<u>2,833,122</u>	<u>2,129,756</u>
E00200	Balance of cash and cash equivalents, end of the year	<u>\$ 1,359,763</u>	<u>\$ 2,833,122</u>

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

Chairman: Kuo, Shao-Yi Manager : Kuo, Shao-Yi Head of Accounting : Ko, Pei-Chun

Li Peng Enterprise Corporation Limited and Subsidiaries

Consolidated Financial Statement Note

Jan 1 to Dec 31, 2019, 2020

(Otherwise stated, amounts indicated are in thousands of New Taiwanese Dollars)

1. Consolidated Company History

Li Peng Enterprise Corporation Limited (the “Company”), which was established in August 1975, produced various types of printed papers, decal papers, paper products, and printing boards. In 1985, dyeing plant was built; in 1988, weaving plant was then added to produce synthetic, natural woven fabric, cotton, and printed textile. In 1999, additional nylon plants were built, which were to produce synthetic fibers and nylon filament yarns that would be made into products for trading. The Company’s factories are located in Yangmei district in Taoyuan city, and another in Fanyuan township in Changhua county.

The Company was listed and traded on the Taiwan Stock Exchange in January 1992.

The Company’s major shareholder is Lealea Enterprise Co. Ltd., with 15.89% of the company’s shares as of December 31, 2019 and 2020.

In Talent Investments Limited (In Talent) was set up by the Company in Samoa, which mainly operates reinvestment business.

Libolon (Shanghai) International Trading Co., Ltd., (Libolon Shanghai Co.) was set up by In Talent in Shanghai, Mainland China, which operates the wholesale business of synthetic cloths and fabric.

Li Mao Investment Co. Ltd. (Li Mao Co.), Hung Hsing Investment Co. Ltd. (Hung Hsing Co.), and Li Shing Investment Co. Ltd. (Li Shing Co.) operate the reinvestment businesses on behalf of the various production businesses, securities investment company, and bank.

Libolon Energy Co. Ltd.’s (Libolon Energy Co.) main business includes renewable energy, self-generated power equipment and cogeneration business.

Eton Petrochemical Co. Ltd.’s (Eton Petrochemical Co.) main business is wholesaling of chemical ingredients.

Eton Petrochemical International Co. Ltd. (Eton International Co.) was set up by Eton Co. in Samoa as a reinvestment. Its main business is wholesaling of chemical ingredients.

The Company's functional currency and the currency stated in the consolidated financial statements are both New Taiwanese Dollar.

2. The Authorization of Financial Statements

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 29, 2021.

3. Application of New and Revised International Financial Reporting Standards

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

IFRS 16 amendment to "Provisions on Covid-19 Pandemic Related Rental Concession "

Consolidated company chose a practical expediency to negotiate with the renter about the rental concession based on the amendment related to Covid-19 pandemic. Matters related to accounting policy can be referred to Note 4. Before applying the amendment to the matter, consolidated company shall make judgment based on whether the rental negotiation is also appropriate with the rules of lease amendment. Consolidated company started applying the amendment since January 1, 2020. As the abovementioned rental negotiation had its effects only in 2020, it did not affect retain earnings on January 1, 2020 retrospectively.

- (b) IFRS endorsed by the Financial Supervisory Commission (FSC) in 2021

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 4 "IFRS 9 Extension of Temporary Exemption"	Effective on date of announcement
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 "Interest Rate Benchmark Reform – Phase 2"	Effective during the period of annual reporting after January 1 2021

- (c) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
"Annual Improvements 2018-2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB (Note 1)</u>
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1” Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policy”	January 1, 2023 (Note 6)
Amendments to IAS 8” Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16” Property, Plant, and Equipment – Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

Note 1 : Otherwise stated, the above New, Revised, Amended Standards and Interpretations shall be effective since the start date of annual reporting.

Note 2 : Amendments to IFRS 9 is applicable to the of exchange of financial liabilities or modification of terms during annual reporting starting from January 1, 2022; amendments to IAS41 “Agriculture” are applicable to the evaluation at fair value during annual reporting starting from January 1, 2022; amendments to IFRS1 “First time to adapt IFRS1” is applicable to the period of annual reporting starting from January 1, 2022 retrospectively.

Note 3 : As long as the acquisition date of company consolidation starts after January 1, 2022 during annual reporting, it is applicable to the amendment.

Note 4 : Starting from January 1, 2021, as the operation meets the expectation of the management, the required location, plant condition, property and equipment shall apply to the amendment.

Note 5 : After January 1, 2022, all contracts shall be applicable to the amendment if they have not fulfilled the obligations.

Note 6 : Any postponement during annual reporting after January 1, 2023 shall be applicable to the amendment.

Note 7 : All changes to accounting estimation and modification on the accounting policies happen during annual reporting after January 1, 2023 shall be applicable to the amendment.

As of the date the accompanying consolidated financial statements were authorized for issue, the consolidated company continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the consolidated company completes the evaluation.

4. Major Accounting Policies Descriptions

(a) Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC with the effective dates.

(b) Basis of Preparation

The accompanying consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values, and the net confirmed benefit liabilities recognized by the current value of the confirmed benefit obligations minus the fair value of the planned assets. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

The evaluation of fair value based on the observability and importance of relevant input value is classified into gradings from 1st to 3rd grade:

1. 1st grade input value : the quotation of equivalent value of the assets or liabilities in the active market on evaluation date (unadjusted).
2. 2nd grade input value: the observable input value (besides the quotation of 1st grade) on assets and liabilities direct (value) or indirect (derived value).
3. 3rd grade input value : the unobservable input value on assets or liabilities.

(c) Classification of Current and Noncurrent Assets and Liabilities

Current Assets include :

1. Assets held for trading purposes;
2. Expected to be converted to cash, sold or consumed within 12 months from the end of the reporting period ; and
3. Cash and cash equivalent (not including the restricted users for exchange or settle liabilities after over 12 months from the balance sheet date.)

Current Liabilities include :

1. Liabilities held for trading purposes;
2. Liabilities expected to be settled within 12 months from the balance sheet date (including liabilities from long-term refinancing or readjusting payment agreement even if it's after the balance sheet date until the approved release date of financial report; and
3. The deadline to settle liabilities cannot be deferred unconditionally to later than 12 months after the balance sheet date. The terms of the liability may depend on the counterparty's choice, the issuance of equity instruments to cause its liquidation does not affect the classification.

Items that aren't current assets or liabilities as mentioned above, would be classified as non-current assets or liabilities.

(d) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the consolidated company and entities controlled by the consolidated company (its subsidiaries). The income and expenses of subsidiaries acquired or disposed of are

included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal. When necessary, adjustments are made to the financial statements of subsidiaries to ensure their accounting policies are aligning with those used by the parent. All intra-group transactions, balances, income, and expenses are eliminated in full on consolidation. Total comprehensive income of subsidiaries is attributed to the shareholders of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the consolidated company's ownership interests in subsidiaries that do not result in the consolidated company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the consolidated company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholders of the parent.

The details on items, ratio of shares owned, and operations of the subsidiaries can be referred to Note ELEVEN and Table SEVEN.

(e) Business Combination

Business combination is through acquisition methods. Expenses related to acquisitions are listed as expenses when expenses incurred from rendering of services as it happened.

Goodwill is the total amount of the fair value of the transfer, the amount of non-controlling interests of the acquiree, and the fair value of the acquiree's previously held equity at the acquisition date, the net measure of identifiable assets acquired, and liabilities assumed beyond the date of acquisition.

The acquiree has the current ownership of equity and is entitled to pro rata non-controlling interests in the acquiree's net assets at the time of liquidation, which is measured by fair value. Other non-controlling interests are measured at fair value.

A business combination concluded in stages is based on the fair value on the acquisition date to re-measure the equity of the acquiree that the merging company has previously held. If any profit or loss arises as a result, it is recognized as a profit or loss. The amount recognized in other comprehensive profits and losses before the acquisition date due to the previously held equity of the acquiree is recognized on the same basis as if the amalgamating consolidated company directly disposes of its previously held equity.

(f) Foreign Currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date, such exchange differences are recognized in profit or loss in the period in which they arise.

Amount receivable or payable with relation to the consolidated company's foreign operations' currency, the liquidation of the item is currently neither planned nor possible in the foreseeable future (so it constitutes a part of the net investment in the foreign operations), the exchange difference is originally recognized as other comprehensive gains and losses, and when disposing net investment, reclassify from equity to profit and loss.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in foreign currencies use exchange rates prevailing on trading day, not retranslated.

As preparing the consolidated financial statements, assets and liabilities of the Company's foreign operations are translated into NTD using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to the consolidated company's non-controlling interests as appropriate).

(g) Inventories

Inventories include raw materials, materials, finished goods, and processed goods. Inventories are stated at the lower of cost or net realizable value. Inventories are recorded at standard cost and adjusted to approximate weighted-average cost at the end of the reporting period. Net realizable value represents the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventory cost is calculated by the weighted average method.

(h) Investment in Associates

Investment accounted for using equity method are investments in associates, which the consolidated company has significant influence over, they are not subsidiaries.

The consolidated company invested in associates using equity method.

Under the equity method, an investment in an associate is initially recognized in the consolidated statements of financial position at cost and adjusted thereafter to recognize the consolidated company's share of profit or loss and other comprehensive income of the associates as well as the distribution received. The

consolidated company also recognizes its share in the changes in the equities of associates.

Any excess of the cost of acquisition over the consolidated company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment. The entire carrying amount of the investment (including goodwill) cannot be amortized. Any excess of the consolidated company's share of the net fair value of the identifiable assets, liabilities, and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the consolidated company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the consolidated company's proportionate interest in the net assets of the associate. The consolidated company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the consolidated company's ownership interest is reduced due to the additional subscription to the shares of associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate shall be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

When the associated company issues new shares, if the consolidated company fails to subscribe according to the shareholding ratio, which causes the shareholding ratio to change, and consequently increases or decreases the net equity value of the investment, the amount of increase or decrease shall be adjusted to the capital reserve - use the equity method to recognize the changes in the net equity of associates and the investment using the equity method. If the shareholding ratio is not subscribed nor obtained, which results in a decrease in the ownership and interest of the associated company, the amount recognized in the other comprehensive profit and loss related to the associated company shall be reclassified according to the reduced portion, and the basis of accounting treatment is related to the associated company, if the relevant assets or liabilities are directly disposed of, the basis must be the same; if the adjustment in the preceding paragraph should be debited to the capital surplus, and the balance of the capital reserve generated by the investment using the equity method is insufficient, the difference is debited to the retained earnings.

When the consolidated company's share of losses in the associated company equals or exceeds its equity in the associated company (including the carrying amount of the investment in the associated company under the equity method and other long-term interests that are essentially part of the consolidated company's net investment in the associated company), that is, stop recognizing further losses. The consolidated company only recognizes additional losses and liabilities within the scope of incurred statutory obligations, deduced obligations, or payments on behalf of associates.

When assessing an impairment, the consolidated company regards the overall book value of the investment (including goodwill) as a single asset, compares the recoverable amount with the carrying amount, and conducts an impairment testing.

The recognized impairment loss is not allocated to the component of the investment book value. Any assets, including goodwill, any reversal of the impairment loss shall be recognized within the scope of the subsequent increase in the recoverable amount of the investment.

The consolidated company ceases to use the equity method on the day when its investment ceases to be an associated company, and its retained equity in the original associated company is measured at fair value, recorded in the current profit and loss. In addition, for all amounts recognized in other comprehensive profit and loss related to the associated company, the basis of accounting treatment is the same as the basis that the associated company must abide by when and if it directly disposes the assets or liabilities. If an investment in an associated company becomes an investment in a joint venture, or an investment in a joint venture becomes an investment in an associated company, the consolidated company will continue to use the equity method without re-evaluating the retained equity.

The profit and loss arising from the upstream, downstream, and side-current transactions between the consolidated company and the associated company are recognized in the consolidated financial report only to the extent that the consolidated company has no relation to the equity of the associated company.

(i) Property, Plant and Equipment

Property, plant and equipment are listed as expenses, measured at cost less accumulated depreciation and accumulated impairment.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include any incremental costs that are directly attributable to the construction or acquisition of the item of property, plant and equipment. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other identical categories of property, plant and equipment, commences when the assets are available for their intended use.

Land is not depreciated, other property, plant and equipment's residual values over their useful lives, and depreciation are computed using the straight-line method, estimate the depreciated value individually based on every significant part. The consolidated company shall estimate and review their useful lives, residual values, and depreciation method at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(j) Intangible Assets

Other separately acquired intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized using the straight-line method over the estimated useful lives, finite useful lives, residual values, and amortization method should be reviewed at the end of each reporting period by the consolidated company, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with uncertainty useful lives are presented as cost less accumulated impairment losses.

As intangible assets are being removed, the difference between the net disposal value and the asset's book value is recognized in the current profit and loss.

(k) Impairment of Property, Plant and Equipment, Right-of-use Assets, and Intangible Assets (besides goodwill)

The consolidated company reviews the carrying amounts of its property, plant and equipment, right-of-use assets, and intangible assets (besides goodwill) to determine whether there is any indication that those assets have suffered an impairment loss on each balance sheet date. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the consolidated company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Shared assets are allocated to individual cash-generating units for which a reasonable and consistent allocation basis can be identified.

For intangible assets that don't have definite useful life and are not yet available for use, impairment testing shall be carried out at least annually and when there are signs of impairment.

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

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is adjusted to the revised recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in the previous year (minus amortization or depreciation). A reversal of an impairment loss is recognized immediately in profit or loss.

(l) Financial Instruments

Financial assets and financial liabilities are recognized on the consolidated balance sheet when the consolidated company becomes a party to the contract terms of the instrument.

In the initial recognition of financial assets and financial liabilities, if financial assets or financial liabilities are not measured at fair value through profit and loss, they are measured at fair value plus trading costs directly attributable to the acquisition or issuance of financial assets or financial liabilities. Trading costs directly attributable to the acquisition or issuance of financial assets or financial liabilities measured at fair value through profit and loss are immediately recognized as profit and loss.

1. Financial Asset

Conventional transactions of financial assets are recognized and delisted by accounting on the trading day.

(1) Types of Measurement

Types of financial assets held by the consolidated company are financial assets measured at fair value through profit and loss, financial assets measured at amortized cost, and equity instrument investment measured at fair value through other comprehensive gains and losses.

A. Financial Assets Measured at Fair Value Through Profit and Loss

Financial assets measured at fair value through profit and loss include mandatory fair value through profit and loss and financial assets designated as fair value through profit and loss. Mandatory financial assets measured at fair value through profit or loss include equity instrument investments that the amalgamating company has not specified to be measured at fair value through other comprehensive profit and loss, and debt instrument investments that are not classified as measured at amortized cost or measured at fair value through other comprehensive profit and loss.

Financial assets are designated at the time of initial recognition as measured at fair value through profit and loss, if the designation can eliminate or significantly reduce measurement or recognition inconsistencies.

Financial assets measured at fair value through profit and loss are the dividends and interests generated by fair value measurement, that are recognized in other income and interest income respectively, and the benefits or losses generated by the re-measurement are recognized in other income and loss. Please refer to Note TWENTY-SEVEN for the method of determining fair value.

B. Financial Assets at Amortized Cost

If the financial assets invested by the consolidated company meet the following two conditions at the same time, they are classified as financial assets measured at amortized cost:

- a. Held under a certain business model, the purpose of this model is to hold financial assets to collect contractual cash flows; and
- b. The terms of the contract generate cash flows on a specific date, and these cash flows are all interests on the payment of the principal and the amount of principal in circulation.

Financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable, notes receivable and other receivables measured at amortized cost) after initial recognition, are measured by the total book amount determined by the effective interest method minus the amortized cost of any impairment loss, and any foreign currency exchange gains and losses are recognized as in profit and loss.

Except for the following two cases, interest income is calculated by multiplying the effective interest rate by the total book value of financial assets :

- a. For purchased or created credit-impaired financial assets, interest income is calculated by multiplying the effective interest rate after credit adjustment by the amortized cost of the financial assets.
- b. For financial assets that are not purchased or originated from credit impairment, but subsequently become credit impairment, calculate the interest income by multiplying the effective interest rate by the amortized cost of the financial asset from the next reporting period after the credit impairment.

Credit impaired financial assets refer to the issuer or debtor who has experienced major financial difficulties, breach of contract, the debtor is likely to apply for bankruptcy or other financial reorganization, or the active market for financial assets disappears due to financial difficulties.

Cash equivalents include time deposits that are highly liquidated and can be converted into fixed cash at any time within 3 months from the date of acquisition, and the risk of changes in value is very low, which is used to meet short-term cash commitments.

C. Investment in Equity Instruments Measured at Fair Value Through Other Comprehensive Income

During initial recognition, the consolidated company can make an irrevocable choice to invest in equity instruments that are not held for trading and not recognized by the purchaser of a business merger, and designated to be measured at fair value through other comprehensive income.

Equity instrument investments measured at fair value through other comprehensive income are measured at fair value, and subsequent changes in fair value are reported in other comprehensive income and accumulated in other equity. At the time of investment disposal, the accumulated profits and losses are directly transferred to retained earnings and are not reclassified as profits and losses.

Dividends derived from equity instrument investments measured at fair value through other comprehensive income are recognized in the profit and loss when the rights of payment collection of the consolidated company were established unless the dividends clearly represent partial investment cost recovery.

(2) Impairment Loss of Financial Assets and Contractual Assets

The consolidated company assesses the financial assets (including accounts receivable) measured at amortized cost based on expected credit losses on each balance sheet date, debt instrument investments measured at fair value through other comprehensive income, operating lease receivables, and impairment loss of contractual assets.

Accounts receivable, operating lease receivables, and contractual assets are all recognized as loss allowance based on expected credit losses during the duration. For other financial assets, first assess whether there is a significant higher credit risk since the initial recognition. If there is no significant higher risk, the loss allowance is recognized based on the 12-month expected credit loss; if the risk has increased significantly, the loss allowance is recognized based on the duration of the expected credit loss.

Expected credit loss is the weighted average credit loss based on the risk of breach of contract. The 12-month expected credit loss refers to the expected credit loss caused by the possible breach of contract event of the financial instrument within 12 months after the reporting date, and the lifetime expected credit loss represents the expected credit loss caused by all possible breach of contract events during the expected lifetime of the financial instrument.

The consolidated company is for the purpose of internal credit risk management, and without considering the collateral held, when it is determined that there is internal or external information showing that the debtor is unable to pay off the debt, it represents that the financial asset has breached the contract. The impairment loss of all financial assets is reduced by the allowance account to reduce its carrying amount, but the loss allowance of debt instrument investment measured at fair value through other comprehensive income is recognized in other comprehensive income and does not reduce its carrying amount.

(3) Delisting of Financial Assets

The consolidated company only delists financial assets when the contractual rights from the cash flow of financial assets have lapsed, or the financial assets have been transferred and almost all the risks and rewards of the ownership of the assets have been transferred to other companies.

When a financial asset measured at amortized cost is delisted, the difference between its book value and the consideration received is recognized in profit or loss. When the debt instrument investment measured at fair value through other comprehensive income is delisted, the difference between the carrying amount and the consideration received plus the sum of any accumulated profits or losses that have been recognized in other comprehensive income is recognized in profit and loss. When equity instrument investments measured at fair value through other comprehensive income are delisted, the accumulated profits and losses are directly transferred to retained earnings and are not reclassified as profits and losses.

2. Financial Liabilities

(1) Subsequent Measurement

Except for the cases below, all financial liabilities are measured at amortized cost using the effective interest method:

Financial Liabilities Measured at Fair Value Through Profit and Loss

Financial liabilities measured at fair value through profit and loss include held for trading and designated as fair value through profit and loss.

Interest derived from financial liabilities held for trading and designated as fair value through profit and loss are recognized as finance cost, other profits or losses arise from remeasurement are recognized in other profits and losses. Please refer to Note TWNETY-SEVEN for the method of determining the fair value.

(2) Delisting of Financial Liabilities

When delisting financial liabilities, the difference between its carrying amount and the paid amount (including any transferred non-cash assets or liabilities assumed) is recognized as profit or loss.

3. Derivative Financial Instruments

Derivatives signed by the consolidated company include forward foreign exchange contracts, interest rate exchanges and currency exchanges, which are used to manage the consolidated company's interest rate and exchange rate risks.

Derivative instruments are initially recognized at fair value when the derivative instrument contract is signed, and subsequently re-measured at fair value on the balance sheet date. The profits or losses resulting from subsequent measurement are directly included in the profit and loss, but they are designated as derivatives of effective hedging instruments. The point at which tools are recognized in profit or loss will depend on the nature of the hedging relationship. When the fair value of the derivative is positive, it is classified as a financial asset; when the fair value is negative, it is classified as a financial liability.

If derivative instruments are embedded in the asset master contract within the scope of IFRS 9 "Financial Instruments", the overall contract determines the classification of financial assets. If a derivative is embedded in an asset master contract that is not within the scope of IFRS 9 (such as embedded in a financial liability master contract), and if the embedded derivative meets the definition of a derivative, its risk and characteristics are not closely related to the risk and characteristics of the master contract, when the combined contract is not measured at fair value through profit or loss, the derivative is regarded as a separate derivative.

(m) Preparation of Liabilities

The amount recognized as a liability reserve is based on the risk and uncertainty of the obligation and is the best estimation of the expenditure required to settle the obligation on the balance sheet date. The liability provision is measured by the discounted value of the estimated cash flow of the obligated settlement.

(n) Income Recognition

After the consolidated company identifies performance obligations in the customer's contract, it allocates the trading price to each performance obligation, and recognizes revenue when each performance obligation is met.

Commodity Sales Revenue

Commodity sales revenue is generated from customers who have the right to determine prices and use the commodities and are responsible for resale, customers bear the consequences of commodity obsolescence. The consolidated company recognizes revenue and accounts receivable at this point.

When the material is removed for processing, the control of the ownership of the processed commodity has not been transferred, so the income is not recognized when the material is removed.

(o) Lease

The consolidated company assesses whether the contract belongs to (or contains) a lease on the date of signing contract.

1. The consolidated company as Lessor

When the lease clause transfers almost all the risks and returns attached to the ownership of the asset to the lessee, it is classified as a financial lease. All other leases are classified as operating leases.

Under operating leases, lease payments after deduction of lease incentives are recognized as income on a straight-line basis during the relevant lease period. The original direct cost incurred in obtaining an operating lease is added to the book value of the underlying asset and recognized as an expense during the lease period on a straight-line basis.

When the lease includes both land and building elements, the consolidated company assesses whether almost all the risks and returns attached to the ownership of each element have been transferred to the lessee to assess whether each element is classified as a financial lease or an operating lease. Lease payments are apportioned to land and buildings based on the relative proportion of the fair value of the land and building lease rights on the date of signing contract. If the lease payment can be reliably allocated to these two elements, each element is treated according to the applicable lease classification. If the lease payment cannot be allocated to these two elements reliably, the overall lease is classified as a finance lease, but if both of these elements clearly meet the operating lease standards, the overall lease is classified as an operating lease.

2. The consolidated company as Lessee

Except for lease payments for low-value underlying asset leases and short-term leases that are subject to the applicable recognition exemption, the lease payments are recognized as expenses on a straight-line basis during the lease period, and other leases are recognized as the right-of-use asset and lease liability on the lease start date.

The right-of-use asset is originally measured at cost (including the original measured amount of the lease liability, the lease payment paid before the lease start date minus the lease incentives received, the original direct cost and the estimated cost of restoring the underlying asset), and the subsequent cost minus accumulated depreciation and measure the amount after the accumulated

impairment loss, as well as adjust the remeasurement amount of the lease liability.

The right-of-use assets are separately expressed on the consolidated balance sheet.

The right-of-use asset is depreciated on a straight-line basis from the lease start date to the end of the service life or the expiration of the lease period, whichever is earlier.

The lease liability is originally measured by the present value of the lease payment (including fixed payment). If the implicit interest rate of the lease can be easily determined, the lease payment is discounted using that interest rate. If the interest rate is not easily determined, use the lessee's incremental borrowing interest rate.

Subsequently, lease liability is measured on the amortized cost basis using the effective interest method, and the interest expense is amortized during the lease period.

The consolidated company and the lessor conducted rental negotiations directly related to the Covid-19 pandemic, adjusted the rent due before June 30, 2021, resulting in rent reduction. These negotiations did not significantly change other lease terms. The consolidated company chooses to adopt practical expedients to deal with the rental negotiation that meets the aforementioned conditions and does not assess whether the negotiation is a lease modification, but recognizes the reduction in lease payments in the profit and loss when the concession event or situation occurs, and relatively reduces the lease liability.

(p) **Borrowing Cost**

The borrowing cost directly attributable to the acquisition, construction or production of a qualified asset is a part of the cost of the asset until almost all necessary activities for the asset to reach its intended use or sale status have been accomplished.

Specific borrowings, such as investment income earned by temporary investment before the capital expenditure that meets the requirements, are deducted from the borrowing cost that meets the capitalization conditions.

Except for the above, all other borrowing costs are recognized as profit or loss in the current period.

(q) Government Subsidies

Government subsidies are recognized only when it is reasonably certain that the combined company will comply with the conditions attached to the government subsidies and will receive such subsidies.

The government subsidies related to income are recognized in the profit and loss on a systematic basis during the period when the related costs that they intend to compensate are recognized as expenses in the merging company.

If the government subsidy is used to compensate for the expenses or losses that have occurred or is for the purpose of providing immediate financial support to the consolidated company and has no future related costs, it shall be recognized in the profit and loss during the period when it can be received.

(r) Employee Benefits

1. Short-term Employee Benefits

Short-term employee benefit-related liabilities are measured by the expected non-discounted amount of cash paid in exchange for employee services.

2. Retirement Benefits

The determination of the retirement fund for the retirement plan is to recognize the amount of the retirement fund that should be provided as an expense during the employee's service period.

The definite benefit cost (including service cost, net interest and remeasurement) of the definite benefit retirement plan is calculated using the estimated unit benefit method. Service costs, including current service costs and net interest on net defined benefit liabilities (assets) were recognized as employee benefit expenses when incurred. Re-measurement (including actuarial gains and losses and remuneration of planned assets after interest deduction) are recognized when incurred. It is included in other comprehensive profit and loss and included in retained earnings and is not reclassified to profit or loss in subsequent periods.

The net definite benefit liability (asset) is the shortfall (remaining) of the definite benefit retirement plan. The net determined welfare assets shall not exceed the present value of the refund of the withdrawal from the plan or the reduction of the future withdrawal.

The retirement funds of Libolon (Shanghai Co.), Li Mao Co., Hung Hsing Co., Li Shing Co., Eton Petrochemical Co. and Libolon Energy Co. adopt a fixed allocation and retirement method.

(s) Treasury Stock

When Li Peng Enterprise buys back the issued shares as treasury shares, it debits the cost of treasury shares as a deduction of shareholders' equity.

The transfer of treasury stocks to employees shall be handled in accordance with International Financial Reporting Standards Bulletin No. 2 "Share Basic Benefits".

When canceling treasury stocks, credit "treasury stocks" and debit "capital reserve-stock premium" and "share capital" in proportion to the equity. If the book value of treasury stocks is higher than the total of face value and stock premium, the difference will be offset against the capital reserve generated by treasury stocks of the same type. If there is insufficient, the remaining surplus will be debited; otherwise, the difference will be credited to treasury stocks of the same type with capital reserve generated by the transaction.

The book value of treasury stocks is calculated using the weighted average method.

(t) Income Tax

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

1. Current Income Tax

The consolidated company determines the current income (loss) in accordance with the laws and regulations established by each income tax reporting jurisdiction and calculates the payable (recoverable) income tax based on it.

The income tax on unappropriated earnings calculated in accordance with the provisions of the Income Tax Law of the Republic of China is subject to additional income tax, which is recognized in the annual shareholders' meeting.

The adjustment of income tax payable in previous years shall be included in current income tax.

2. Deferred Income Tax

Deferred income tax is calculated based on the temporary difference between the book value of assets and liabilities and the tax basis for calculating taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are likely to have taxable income for deduction of temporary differences, loss deductions or purchase of machinery and equipment and research the income tax deductions for development and other expenditures are recognized.

Taxable temporary differences related to investment in subsidiaries and related companies are recognized as deferred income tax liabilities. However, if the consolidated company can control the timing of the reversion of the temporary differences, and the temporary differences are likely to not be in the foreseeable future. Except those who will return. The deductible temporary differences related to this type of investment will be recognized as deferred income tax only if it is likely to have sufficient taxable income to realize the temporary differences, and within the scope expected to return in the foreseeable future assets.

The carrying amount of deferred income tax assets is reviewed on each balance sheet date, and the carrying amount is reduced for those that no longer have sufficient taxable income to recover all or part of their assets. For those that have not been recognized as deferred income tax assets, they are also reviewed on each balance sheet date, and if they are likely to generate taxable income in the future for recovering all or part of their assets, the book amount will be increased.

Deferred income tax assets and liabilities are measured by the current tax rate for the expected debt settlement or asset realization. The tax rate is based on the tax rate and tax law that had been legislated or substantively legislated on the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequences arising from the way the consolidated company expects to recover or settle the carrying amount of its assets and liabilities on the balance sheet date.

3. Current and Deferred Income Tax

Current and deferred income taxes are recognized in profit or loss, but current and deferred income taxes related to items recognized in other comprehensive profit or loss or directly included in equity are recognized in other comprehensive profit or loss or directly included in equity.

5. Critical Accounting Judgments and Key Sources of Estimation and Uncertainty

When the consolidated company adopts accounting policies, management must make relevant judgments, estimates and assumptions based on experience and other relevant factors for the difficulty of obtaining relevant information from other sources. Actual results may differ from estimations.

The management will continue to review the estimations and basic assumptions. If the revision of the estimation only affects the current period, it shall be recognized in the current period of the revision. If the revision of accounting estimations affects both the current period and the future period, it shall be recognized in the current and the future periods of the revision.

6. Cash and Cash Equivalents

	Dec 31, 2020	Dec 31, 2019
Cash and deposit in banks	\$ 1,482	\$ 1,132
Bank cheques and current saving	800,539	288,080
Cash equivalent		
Short-term bills	170,880	1,094,270
Bank foreign currency time deposits with maturity in 3 months	386,862	1,449,640
	<u>\$ 1,359,763</u>	<u>\$ 2,833,122</u>

As of December 31, 2020, there were bank foreign currency time deposits of NT\$113,920 thousand with a maturity period of more than 3 months, which were accounted for under other financial current assets.

As of December 31, 2019 and 2020, the following time deposits are pledged, and other financial assets are listed under the liquidity account-under the current items (Please refer to Note TWENTY-NINE) .

	Dec 31, 2020	Dec 31, 2019	Purpose
Time deposits	\$ 2,000	\$ 2,000	Deposit for natural gas

7. Financial Instruments Measured at Fair Value Through Profit and Loss

	Dec 31, 2020	Dec 31, 2019
<u>Financial assets mandatorily measured at FVTPL - current</u>		
Non-derivative financial assets		
— domestic listed(OTC) stocks	\$ 101,160	\$ 58,104
— fund beneficiary certificate	119,125	-
— financial products	173,591	238,867
Hybrid financial instruments		
— Structured deposits	98,098	4,126
	<u>\$ 491,974</u>	<u>\$ 301,097</u>

<u>Financial assets mandatorily measured at FVTPL - non-current</u>		
Non-derivative financial assets		
— domestic unlisted (not OTC) common stocks	\$ 11,395	\$ 13,017
— foreign unlisted (not OTC) common stocks	430	430
	<u>\$ 11,825</u>	<u>\$ 13,447</u>

<u>Financial liabilities mandatorily measured at FVTPL - current</u>		
Derivative instrument (no hedging specified)		
— Foreign exchange contract	\$ -	\$ 27,094

The unexpired foreign exchange contracts that did not adopt hedging accounting on the balance sheet date are as follows:

Dec 31, 2019

Currency	Duration	Contract Sum (thousands)	Rate
USD to NTD	01.14.2020-01.21.2020	USD 148,000 / NTD 4,470,340	30.18 ~ 30.25

In 2020 and 2019, the net profits and losses of financial products from the current financial assets (liabilities) measured by the fair value of the profits and losses were measured at a net profit of NT\$ 29,449 thousand and a net loss of NT\$ 9,694 thousand, respectively.

8. Notes and Accounts Receivable

	<u>Dec 31, 2020</u>	<u>Dec 31, 2019</u>
<u>Notes receivable</u>		
Measured by cost after amortization		
Total book value	\$ 33,470	\$ 89,447
less : allowance for impairment loss	(<u>300</u>)	(<u>700</u>)
	<u>\$ 33,170</u>	<u>\$ 88,747</u>
	<u>Dec 31, 2020</u>	<u>Dec 31, 2019</u>
<u>Accounts receivable</u>		
Measured by cost after amortization		
Total book value	\$ 1,790,100	\$ 1,785,805
Less : allowance for impairment loss	(<u>7,266</u>)	(<u>10,373</u>)
	<u>\$ 1,782,834</u>	<u>\$ 1,775,432</u>

Accounts Receivable

In principle, the credit period of the consolidated company to customers is from 30 days to 180 days on the monthly settlement, and the accounts receivable are not interest-bearing. In addition to the actual credit impairment losses of individual customers, the consolidated company refers to past experience, considers the financial status of individual customers and their respective industries, competitive advantages and prospects, and categorizes individual customers into different risk assessment groups and according to the respective group, the loss rate is recognized as an allowance for impairment loss.

To reduce the credit risk, the management of the consolidated company assigns a dedicated team to be responsible for the determination of credit limits, credit approval and other monitoring procedures to ensure that appropriate actions have been taken in the recovery of overdue receivables. In addition, the consolidated company will review the recoverable amounts of receivables one by one on the balance sheet date to ensure that the unrecoverable receivables have been properly deducted accordingly. Thus, the management of Li Peng Enterprise believes that the credit risk of the consolidated company has been significantly reduced.

The consolidated company measures the accounts and notes receivable (not including related parties), the allowance for impairment loss is as follows (the consolidated company does the assessment on the basis of accounting date) :

Dec 31, 2020

	<u>0~60days</u>	<u>61~90days</u>	<u>91~120days</u>	<u>Over 121days</u>	<u>Total</u>
Expected credit loss rate	0.5%~1%	0.5%~1%	0.5%~1%	0.5%~1%	
Total book value	\$ 1,387,672	\$ 229,848	\$ 177,779	\$ 28,271	\$ 1,823,570
Allowance for impairment loss (lifetime expected credit loss)	(<u>5,796</u>)	(<u>933</u>)	(<u>722</u>)	(<u>115</u>)	(<u>7,566</u>)
Cost after amortization	<u>\$ 1,381,876</u>	<u>\$ 228,915</u>	<u>\$ 177,057</u>	<u>\$ 28,156</u>	<u>\$ 1,816,004</u>

Dec 31, 2019

	<u>0~60days</u>	<u>61~90days</u>	<u>91~120days</u>	<u>Over 121days</u>	<u>Total</u>
Expected credit loss rate	0.5%~1%	0.5%~1%	0.5%~1%	0.5%~1%	
Total book value	\$ 1,250,265	\$ 338,446	\$ 244,418	\$ 42,123	\$ 1,875,252
Allowance for impairment loss (lifetime expected credit loss)	(<u>7,443</u>)	(<u>1,966</u>)	(<u>1,420</u>)	(<u>244</u>)	(<u>11,073</u>)
Cost after amortization	<u>\$ 1,242,822</u>	<u>\$ 336,480</u>	<u>\$ 242,998</u>	<u>\$ 41,879</u>	<u>\$ 1,864,179</u>

Information on the changes of allowance loss of accounts and notes receivable is as follow:

	<u>2020</u>	<u>2019</u>
Opening balance	\$ 11,073	\$ 11,048
Add : The current period (reversal) is listed as impairment loss	(3,508)	68
Foreign currency exchange difference	<u>1</u>	(<u>43</u>)
Closing balance	<u>\$ 7,566</u>	<u>\$ 11,073</u>

9. Inventories

	<u>Dec 31, 2020</u>	<u>Dec 31, 2019</u>
Raw materials	\$ 424,235	\$ 555,888
Materials	73,826	71,770
Raw materials in transit	232,865	297,463
Processed goods	576,479	783,120
Finished goods	461,901	813,309
Product inventory	4,327	2,832
Inventory in transit	<u>306,382</u>	<u>29,591</u>
	<u>\$ 2,080,015</u>	<u>\$ 2,553,973</u>

The inventory-related cost of goods sold in 2020 and 2019 were NT\$13,324,652 thousand and NT\$14,201,182 thousand, respectively.

Operating costs for 2020 and 2019 included \$NT71,402 thousand and NT\$370,509 thousand, respectively, from the rising inventory prices.

The profit from the rebound in the net realizable value of inventories in 2020 and 2019 was mainly due to the rebound in the prices of raw materials and finished products and

the removal of inventories that were originally listed as depreciation losses.

Due to the impact of the new Covid-19 pandemic, the relevant expenditures during the shutdown period of some production lines have been fully included as current costs.

10. Financial assets measured at fair value through other comprehensive profits and losses

	Dec 31, 2020	Dec 31, 2019
Equity instrument investment measured at fair value through other comprehensive profits and losses - non-current		
Domestic listed stocks	<u>\$ 2,358,662</u>	<u>\$ 1,824,018</u>

The consolidated company invests in the aforementioned equity instruments for mid/long-term hold, and therefore chooses to designate these investments as measured at fair value through other comprehensive profits and losses.

On December 31, 2020 and 2019, there were investments of NT\$431,732 thousand and NT\$313,006 thousand in equity instruments measured at fair value through other comprehensive profits and losses, which were provided as collateral for the issuance of short-term notes, but as of December 31, 2020 and 2019, the quota has not been used, please refer to Note TWNETY-NINE.

11. Subsidiaries

The preparation of this consolidated financial report is as follows :

Investor	Subsidiaries	Business Type	% of Share hold	
			2020 Dec 31	2019 Dec 31
LiPeng Enterprise	In Talent	Reinvestments	100%	100%
"	Li Mao Co.	Reinvestments in productions, bonds, and banking	53.38%	53.38%
"	Hung Hsing Co.	"	53.02%	53.02%
"	Li Shing Co.	"	53%	53%
"	Libolon Energy Co.	Renewable energy self-use power generation equipment and cogeneration industry	70%	-
"	Eton Petrochemical Co.	Chemical raw material wholesale	75%	-
In Talent	Libolon (Shanghai)	Wholesale of rayon fabrics, fabrics, and sales of tangible goods	100%	100%
Eton Petrochemical Co.	Eton International Co.	Chemical raw material wholesale	100%	-

12. Investments Using Equity Method
Invested Associates

	<u>Dec 31, 2020</u>	<u>Dec 31, 2019</u>
Significant Associate		
PT. INDONESIA LIBOLON		
FIBER SYSTEM	\$ 752,312	\$ -
Insignificant Associate	<u>1,860,989</u>	<u>1,782,110</u>
	<u>\$ 2,613,301</u>	<u>\$ 1,782,110</u>

Significant Associates

	<u>% of equity and voting rights held</u>	
	<u>Dec 31, 2020</u>	<u>Dec 31, 2019</u>
PT. INDONESIA LIBOLON		
FIBER SYSTEM	30%	-

For information on the businesses, main location of operation and country of registration of the above-mentioned associates, please refer to the attached Table "Name, Location, and Related Information of Investees" in attached Table SEVEN.

The associates' first-tier fair value information in the public market is as follows :

<u>C o m p a n y n a m e</u>	<u>Dec 31, 2020</u>	<u>Dec 31, 2019</u>
Rich Development Co., Ltd.	<u>\$ 536,737</u>	<u>\$ 539,293</u>

The consolidated company adopts equity measurement for all the above-listed associates.

The following summary of financial information is prepared on the basis of the IFRSs financial reports of each associate, and has reflected the adjustments made when the equity method is adopted.

PT. INDONESIA LIBOLON FIBER SYSTEM

	<u>Dec 31, 2020</u>
Current assets	\$ 524,765
Non- current assets	2,261,270
Current liabilities	(1,046,810)
Non- current liabilities	(78,049)
Equity	<u>\$ 1,661,176</u>
Ratio of the share held by the consolidated company	30%
The consolidated company's rights	\$ 498,353
Goodwill	<u>253,959</u>
Invested book value	<u>\$ 752,312</u>
	<u>May 1 to</u>
	<u>Dec 31, 2020</u>
Operating income	<u>\$ 431,622</u>

	May 1 to Dec 31, 2020
Current net profit	\$ 35,566
Other comprehensive income	(10,401)
Total comprehensive income	<u>\$ 25,165</u>

Since the company has obtained the fair value of the identifiable net assets of PT. INDONESIA LIBOLON FIBER SYSTEM, which has yet to be completed in the purchase price allocation report, the goodwill dated December 31, 2020 is the tentative balance.

Summarized Information on Each Insignificant Associates :

	2020	2019
Consolidated company's share		
Continuing business unit's net profit (loss) for the year	\$ 14,039	(\$ 23,665)
Other comprehensive income	<u>159,494</u>	(<u>41,214</u>)
Total comprehensive income	<u>\$ 173,533</u>	(<u>\$ 64,879</u>)

The consolidated company's investment using the equity method and its share of profit and loss and other comprehensive profit and loss, the financial statements of Rich Development Co. Ltd., Fu Li Express Co. Ltd. and PT. INDONESIA LIBOLON FIBER SYSTEM are not verified by the consolidated company's accountants for visa verification, but by other accountants.

13. Property, Plant and Equipment

	Dec 31, 2020	Dec 31, 2019
Owned land	\$ 1,746,786	\$ 1,746,786
Land improvement	8,691	10,489
Building	1,629,047	1,713,190
Machinery equipment	1,776,975	2,159,265
Transportation	25,136	33,780
Office equipment	4,942	2,278
Other equipment	340,236	372,410
Rental assets	-	234
Unfinished construction	<u>18,466</u>	<u>3,112</u>
	<u>\$ 5,550,279</u>	<u>\$ 6,041,544</u>

	Owned Land	Land Improvement	Building	Machinery Equipment	Transportation	Office Equipment	Other Equipment	Lease Assets	Unfinished Construction	Total
<u>Cost</u>										
Jan 1, 2019 balance	\$ 1,698,288	\$ 377	\$ 3,119,753	\$10,084,996	\$ 101,285	\$ 45,233	\$ 2,335,236	\$ 14,686	\$ 2,822	\$17,402,676
Additions	12,265	-	3,058	36,598	5,520	-	12,891	-	294,247	364,579
Disposals	-	-	(7,165)	(41,581)	(1,393)	(989)	(15,137)	-	(293,957)	(66,265)
Account transfer	36,233	10,789	502	212,175	3,200	-	31,058	-	-	-
Net exchange difference	-	-	(2,446)	-	(147)	(3)	-	-	(2,596)	-
Dec 31, 2019 balance	<u>\$ 1,746,786</u>	<u>\$ 11,166</u>	<u>\$ 3,113,702</u>	<u>\$10,292,188</u>	<u>\$ 108,465</u>	<u>\$ 44,241</u>	<u>\$ 2,364,048</u>	<u>\$ 14,686</u>	<u>\$ 3,112</u>	<u>\$17,698,394</u>
Jan 1, 2020 balance	\$ 1,746,786	\$ 11,166	\$ 3,113,702	\$10,292,188	\$ 108,465	\$ 44,241	\$ 2,364,048	\$ 14,686	\$ 3,112	\$17,698,394
Additions	-	-	2,903	8,566	2,279	137	11,648	-	100,747	126,280
Disposals	-	-	(403)	(35,851)	(125)	(5,543)	(7,518)	-	(85,393)	(49,440)
Account transfer	-	-	12,246	35,558	-	4,468	33,121	-	-	-
Net exchange difference	-	-	1,055	-	63	4	-	-	1,122	-
Dec 31, 2020 balance	<u>\$ 1,746,786</u>	<u>\$ 11,166</u>	<u>\$ 3,129,503</u>	<u>\$10,300,461</u>	<u>\$ 110,682</u>	<u>\$ 43,307</u>	<u>\$ 2,401,299</u>	<u>\$ 14,686</u>	<u>\$ 18,466</u>	<u>\$17,776,356</u>

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Accumulated depreciation and impairment

	Owned Land	Land Improvement	Building	Machinery Equipment	Transportation	Office Equipment	Other Equipment	Lease Assets	Unfinished Construction	Total
Jan 1, 2019 balance	\$ -	(\$ 377)	(\$ 1,304,703)	(\$ 7,750,928)	(\$ 65,013)	(\$ 41,007)	(\$ 1,931,451)	(\$ 14,197)	\$ -	(\$ 11,107,676)
Disposals	-	-	4,671	41,478	1,393	989	15,137	-	-	63,668
Account transfer	-	-	551	-	-	-	(551)	-	-	-
Amortization	-	(300)	(102,178)	(423,473)	(11,169)	(1,948)	(74,773)	(255)	-	(614,096)
Net exchange difference	-	-	1,147	-	104	3	-	-	-	1,254
Dec 31, 2019 balance	\$ -	(\$ 677)	(\$ 1,400,512)	(\$ 8,132,923)	(\$ 74,685)	(\$ 41,963)	(\$ 1,991,638)	(\$ 14,452)	\$ -	(\$ 11,656,850)
Jan 1, 2020 balance	\$ -	(\$ 677)	(\$ 1,400,512)	(\$ 8,132,923)	(\$ 74,685)	(\$ 41,963)	(\$ 1,991,638)	(\$ 14,452)	\$ -	(\$ 11,656,850)
Disposals	-	-	403	35,515	77	5,543	7,518	-	-	49,056
Account transfer	-	-	467	-	-	-	-	-	-	-
Amortization	-	(1,798)	(99,321)	(426,545)	(10,887)	(1,944)	(76,943)	(234)	-	(617,672)
Net exchange difference	-	-	559	-	(51)	(1)	-	-	-	(611)
Dec 31, 2020 balance	\$ -	(\$ 2,475)	(\$ 1,500,456)	(\$ 8,523,486)	(\$ 85,546)	(\$ 38,365)	(\$ 2,061,063)	(\$ 14,686)	\$ -	(\$ 12,226,077)

- (a) The property, plant and equipment of the consolidated company are depreciated on a straight-line basis based on the following durability years :

Land improvement	5 years
House and building	
Repair and maintenance works	2 to 10 years
New ancillary building	10 to 20 years
Electrical engineering	20 to 30 years
Main building engineering	30 to 45 years
Transportation	
Lift repair and maintenance works	2 to 5 years
Stacker and pallet truck	5 to 6 years
Machinery equipment	
Electrical engineering	2 to 8 years
Machinery engineering	9 to 15 years
Misc. equipment	
Repair and maintenance works	2 to 5 years
Other equipment	5 to 10 years

- (b) The amount of property, plant and equipment that the consolidated company sets pledge as loan guarantee, the details are as follows (please refer to Note SIXTEEN, SEVENTEEN, and TWENTY-NINE) :

	Dec 31, 2020	Dec 31, 2019
Land and building	\$ 3,059,802	\$ 3,143,753
Machinery and other equipment	919,107	1,154,348
	<u>\$ 3,978,909</u>	<u>\$ 4,298,101</u>

14. Lease Agreement

- (a) Right of use assets

	Dec 31, 2020	Dec 31, 2019
Right of use assets carrying amount		
Land	<u>\$ 934</u>	<u>\$ 1,191</u>

	2020	2019
Additions to right of use assets	<u>\$ 227</u>	<u>\$ 1,251</u>
Depreciation of right of use assets		
Land	<u>\$ 192</u>	<u>\$ 60</u>

(b) Lease Liabilities

	Dec 31, 2020	Dec 31, 2019
Lease liabilities carrying amount		
Current	<u>\$ 107</u>	<u>\$ 232</u>
Non-current	<u>\$ 541</u>	<u>\$ 962</u>

Lease liabilities' discount rate range as follows :

	Dec 31, 2020	Dec 31, 2019
Land	1.51461%	1.51461%

(c) Other information on lease

	2020	2019
Short-term lease expenses	<u>\$ 34,350</u>	<u>\$ 34,733</u>
Total of cash outflow from leasing	<u>\$ 34,881</u>	<u>\$ 34,791</u>

15. Other Intangible Assets

	Software costs	Other intangible assets	Total
<u>Cost</u>			
Jan 1, 2019 balance	\$ 21,178	\$ 11,118	\$ 32,296
Purchased this period	5,628	293	5,921
Reduction this period	(2,107)	(293)	(2,400)
Net exchange difference	(15)	-	(15)
Dec 31, 2019 balance	<u>\$ 24,684</u>	<u>\$ 11,118</u>	<u>\$ 35,802</u>
<u>Accumulated amortization and impairment</u>			
Jan 1, 2019 balance	(\$ 11,863)	(\$ 7,644)	(\$ 19,507)
Amortized this period	(6,697)	(2,314)	(9,011)
Reduction this period	2,107	293	2,400
Net exchange difference	13	-	13
Dec 31, 2019 balance	<u>(\$ 16,440)</u>	<u>(\$ 9,665)</u>	<u>(\$ 26,105)</u>
Dec 31, 2019 net	<u>\$ 8,244</u>	<u>\$ 1,453</u>	<u>\$ 9,697</u>

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<u>Cost</u>	<u>Software costs</u>	<u>Other intangible assets</u>	<u>Total</u>
Jan 1, 2020 balance	\$ 24,684	\$ 11,118	\$ 35,802
Purchased this period	3,193	-	3,193
Reduction this period	(9,024)	(5,902)	(14,926)
Account transfer	1,637	-	1,637
Net exchange difference	7	-	7
Dec 31, 2020 balance	<u>\$ 20,497</u>	<u>\$ 5,216</u>	<u>\$ 25,713</u>
<u>Accumulated amortization and impairment</u>			
Jan 1, 2020 balance	(\$ 16,440)	(\$ 9,665)	(\$ 26,105)
Amortized this period	(5,274)	(1,198)	(6,472)
Reduction this period	9,024	5,902	14,926
Net exchange difference	(7)	-	(7)
Dec 31, 2020 balance	<u>(\$ 12,697)</u>	<u>(\$ 4,961)</u>	<u>(\$ 17,658)</u>
Dec 31, 2020 net	<u>\$ 7,800</u>	<u>\$ 255</u>	<u>\$ 8,055</u>

Amortization costs are accrued on a straight-line basis based on the following durability years :

Software costs	3 years
Other intangible assets	3 years

16. Borrowing

(a) Short-term loan

	<u>Dec 31, 2020</u>	<u>Dec 31, 2019</u>
<u>Unsecured loans</u>		
Credit loan	\$ 1,924,000	\$ 3,550,000
<u>Secured loans</u>		
Bank loan	<u>120,000</u>	<u>500,000</u>
	<u>\$ 2,044,000</u>	<u>\$ 4,050,000</u>

1. The interest rates of bank revolving loans were 0.5214%~0.91% and 0.90%~1.04556% as of December 31, 2020 and 2019, respectively.
2. The secured loan was secured by property, plant, equipment as of December 31, 2020 and 2019 (please refer to Note THIRTEEN and TWENTY- NINE).

(b) Shot-term Note Receivable— Commercial Promissory Receivable

	<u>Dec 31, 2020</u>	
<u>Guarantee Agency</u>	<u>Interests</u>	<u>Amount</u>
<u>Unsecured</u>		
Ta Ching Bills, China Bills, Taiwan Bills, Mega Bills, International Bills, Grand Bill, and Bangkok Bank	0.31%~0.67%	<u>\$ 1,120,000</u>

		Dec 31, 2019		
Guarantee Agency		Interests	Amount	
<u>Unsecured</u>				
Ta Ching Bills, China Bills, Taiwan Bills, Mega Bills, and Taiwan Cooperative Bills		0.58%~0.89%	\$ 620,000	
17.	<u>Long-Term Loan</u>			
		Interests	Dec 31, 2020	Dec 31, 2019
Long-term bank loan :				
Bank of Taiwan				
Land mortgage loan on Chang Hwa nylon plant 03.07. 2014~02.14.2022, 07.07.2014~02.14.2022, 03.02.2015~02.14.2022, 06.18.2015~02.14.2022 and 09.30.2015~02.14.2022. Interests to be paid monthly, the total loan amount is NT\$ 1 billion, loan repayment cycle is 6 months starting from 08.14.2016, the principal NT\$55,000 thousand is to be repaid in the first 9 months, the remaining principal is to be settled by maturity. (Note)		1.1364%~ 1.4429%	\$ 560,000	\$ 615,000
Bank of Taiwan				
Land mortgage loan on Chang Hwa nylon plant 06.29.2016~02.14.2022 and 11.28.2016~02.14.2022 and 02.13.2017~02.14.2022. Interests to be paid monthly, the total loan amount is NT\$987 million, loan repayment cycle is 6 months starting from 08.14.2017, the principal NT\$70,000 thousand is to be repaid in each of the first 7 cycles, the remaining principal is to be settled by maturity. (Note)		1.2104%~ 1.4958%	\$ 395,000	\$ 535,000
Chang Hwa Bank				
Interests paid monthly to Bank for Taipei branch's building mortgage loan 12.29.2017 ~ 12.29.2022 and 03.29.2018~12.29.2022, total loan amount is NT\$400 million, principal is divided into 16 repayments and shall be repaid every 3 months, cycle starts from 03.29.2019 till maturity.		1.4000%~ 1.7000%	200,000	300,000
Chang Hwa Bank				
Interests paid monthly to Bank for Taipei branch's building mortgage loan 12.30.2020 ~ 12.30.2023, total loan amount is NT\$375 million with principal repayment by maturity.		1.18978%	375,000	-

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	<u>Interests</u>	<u>Dec 31, 2020</u>	<u>Dec 31, 2019</u>
KGI Bank			
Interests paid monthly to Bank for Taipei branch's long-term credit loan 12.29.2020~10.29.2022, total loan amount is NT\$500 million with principal repayment by maturity.	1.18656%	<u>500,000</u>	<u>-</u>
		2,030,000	1,450,000
Less : Partially transferred to current liabilities due within one year		(<u>155,000</u>)	(<u>350,000</u>)
		<u>\$ 1,875,000</u>	<u>\$ 1,100,000</u>

Note : The maturity date of the original loan was February 14, 2021, which was extended to February 14, 2022 in July and September 2020, respectively.

The long-term loans on December 31, 2020 and 2019 were collateral for property, plant and equipment, please refer to Note THIRTEEN and TWENTY-NINE.

18. Retirement Benefit Plans

(a) Defined contribution plans

The pension system of the "Labor Pension Act" applicable to Li Peng Enterprise and its local subsidiaries is a government-managed retirement plan. The retirement pension is allocated to the labor insurance bureau based on 6% of the employee's monthly salary.

Subsidiaries in mainland China, in accordance with China government laws and regulations, provide pension insurance funds based on a certain percentage of the total salary of employees with payments made to relevant government departments, as well as into the individual's savings account of each employee.

(b) Defined benefit plans

Li Peng Enterprise has defined benefit plans under the R.O.C. Labor Standards Law that provide benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement.

The consolidated company contributes an amount equal to 2% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan. Before the end of each year, the consolidated company assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the consolidated company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by the government's designated authorities; as such, the consolidated company does not have any right to intervene in the investments of the Funds. Amounts recognized in respect of these defined benefit plans were as follows :

	<u>Dec 31, 2020</u>	<u>Dec 31, 2019</u>
Present value of defined benefit obligation	\$ 352,539	\$ 366,112
Fair value of plan assets	(<u>116,734</u>)	(<u>103,413</u>)
Net defined benefit liability	<u>\$ 235,805</u>	<u>\$ 262,699</u>

Changes to net defined benefit liability (asset) are as follows :

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
Jan 1, 2019 balance	<u>\$ 350,795</u>	<u>(\$ 81,867)</u>	<u>\$ 268,928</u>
Service cost			
Current service cost	3,668	-	3,668
Net interest expense (income)	<u>3,946</u>	<u>(1,051)</u>	<u>2,895</u>
Remeasurement on the net defined benefit	<u>7,614</u>	<u>(1,051)</u>	<u>6,563</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest expense)	-	(2,767)	(2,767)
Actuarial loss (gain) — changes in demographic assumptions	177	-	177
Actuarial loss (gain) — changes in financial assumptions	16,471	-	16,471
Actuarial loss (gain) — from experience adjustment	<u>7,143</u>	<u>-</u>	<u>7,143</u>
Recognized in other comprehensive income	<u>23,791</u>	<u>(2,767)</u>	<u>21,024</u>
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
Paid by employer	\$ -	(\$ 32,221)	(\$ 32,221)
Benefit costs	(16,088)	14,493	(1,595)
Dec 31, 2019	<u>\$ 366,112</u>	<u>(\$ 103,413)</u>	<u>\$ 262,699</u>
Jan 1, 2020 balance	<u>\$ 366,112</u>	<u>(\$ 103,413)</u>	<u>\$ 262,699</u>
Service cost			
Current service cost	3,095	-	3,095
Interest expense (income)	<u>2,746</u>	<u>(863)</u>	<u>1,883</u>
Recognized in profit and loss	<u>5,841</u>	<u>(863)</u>	<u>4,978</u>
Remeasurement			
Return on plan assets (excluding amounts including in net interest expense)	-	(3,102)	(3,102)

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	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
Actuarial loss (gain)			
— changes in financial assumptions	10,183	-	10,183
Actuarial loss (gain)			
— from experience adjustment	(16,044)	-	(16,044)
Recognized in other comprehensive income	(5,861)	(3,102)	(8,963)
Paid by employer	-	(22,909)	(22,909)
Benefit cost	(13,553)	13,553	-
Dec 31, 2020	<u>\$ 352,539</u>	<u>(\$ 116,734)</u>	<u>\$ 235,805</u>

Movements in the fair value of the plan assets were as follows :

	2020	2019
Categorized by functions		
Operating cost	\$ 4,055	\$ 5,316
Management expense	638	887
R&D expense	285	360
	<u>\$ 4,978</u>	<u>\$ 6,563</u>

Through the defined benefits plans under the R.O.C. Labor Standards Law, the consolidated company is exposed to the following risks :

1. Investment risk: The pension funds are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the government's designated authorities or under the mandated management. However, under the R.O.C. Labor Standards Law, the rate of return on assets shall not be less than the average interest rate on a two-year time deposit published by the local banks and the government is responsible for any shortfall in the event that the rate of return is less than the required rate of return.
2. Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, the debt investment returns of the planned assets will also increase accordingly. This will be partially offset by an increase in the return on the debt investments of the plan assets.
3. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The plan assets of the consolidated company and the present value of the defined benefit obligation are actuarial calculations performed by qualified actuaries. The key assumptions on the measurement date are as follows :

	Dec 31, 2020	Dec 31, 2019
Discount rate	0.50%	0.75%
Future salary increase rate	2.25%	2.25%

If the major actuarial assumptions are subject to reasonably possible changes, and all other assumptions remain unchanged, the amount that will increase (decrease) the present value of the defined benefit obligation is as follows :

	Dec 31, 2020	Dec 31, 2019
Discount rate		
Increase 0.25%	(\$ 10,183)	(\$ 11,096)
Decrease 0.25%	\$ 10,607	\$ 11,579
Expected salary increase rate		
Increase 0.25%	\$ 10,250	\$ 11,216
Decrease 0.25%	(\$ 9,895)	(\$ 10,808)

Since actuarial assumptions may be related, it is unlikely that only a single assumption will change, so the above sensitivity analysis may not reflect the actual changes in the present value of the defined benefit obligation.

	Dec 31, 2020	Dec 31, 2019
Expected withdrawn within 1 year	\$ 16,920	\$ 23,317
Defined benefit obligation average maturity	11.6 years	12.2 years

19. Equity

(a) Shares

Common share

	Dec 31, 2020	Dec 31, 2019
Authorized shares (in thousands)	1,200,000	1,200,000
Authorized capital	\$ 12,000,000	\$ 12,000,000
Issued and paid shares (in thousands)	914,487	914,487
Issued capital	\$ 9,144,872	\$ 9,144,872

A holder of issued common shares with par value of NT\$10 per share is entitled to vote and receive dividends.

(b) Capital reserve

	Dec 31, 2020	Dec 31, 2019
Using equity method to recognize the capital reserve of associates	\$ 60,067	\$ 59,926
Recognition of changes in ownership and equity of subsidiaries (Note 25)	435	-
Treasury stock trading	<u>74,118</u>	<u>74,118</u>
	<u>\$ 134,620</u>	<u>\$ 134,044</u>

The excess from the issuance of stocks in excess of the par value in the capital reserve (including the issuance of ordinary shares in excess of the par value, the share premium of the issuance of shares due to mergers, treasury stock transactions, and the difference in the book value of the acquisition or disposal of the equity price of a subsidiary company, etc.) and receiving gifts with proportional income can be used to make up for losses, and can also be used to pay cash dividends or to capitalize when the consolidated company isn't operating at a loss. However, the capital to be capitalized is limited to a fixed percentage of the paid-in capital each year.

The capital reserve generated by the investment using the equity method and all changes in the equity of the subsidiaries can only be used to make up for losses.

(c) Retained earnings and dividend policy

1. According to the surplus distribution policy of the consolidated company, if there is a surplus in the financial account at year end, the earnings shall first make up for the accumulated losses, and then to allocate 10% of the earnings according to the law as the statutory surplus reserve, but the statutory surplus reserve has reached the actual income of the total amount of capital, which may be exempted from continuing to be listed; the special surplus reserve may be transferred or converted into a special surplus reserve according to laws or regulations or by the authority. If there is a balance remained, add the accumulated undistributed surplus at the beginning of the period as the distributable surplus by allocating 0% to 100% of the distributable surplus. The board of directors will draft a surplus distribution proposal and submit it to the shareholders meeting for approval. In addition, the cash dividend must not be less than 5% of the total dividend, but if the cash dividend per share is less than NT\$0.1, it may be changed to offer stock dividends. Due to the volatile industrial business environment and the development of diversification, the board of directors may decide to change to offer stock dividends based on the capital budget and funds available. Please refer to Note TWENTY-ONE (SEVEN) Employee Compensation and Board of Directors' Compensation for the compensation policy stipulated in the policy articles of the consolidated company.
2. The appropriations of the 2019's loss compensation and 2018's annual earnings cases have been approved by the consolidated company's Board of Directors in its meetings held on June 18, 2020 and June 12, 2019, respectively.

	Retained earnings distribution plan		Dividend per share (NTD)	
	2019	2018	2019	2018
Legal capital reserve	\$ -	\$ 16,195	\$ -	\$ -
Special capital reserve	-	326,429	-	-
Cash dividends	-	182,898	-	0.2

The information about the consolidated company's distribution of surplus to shareholders is available at the Market Observation Post System website.

The consolidated company has filed and reverted in accordance with the requirements of FSC with certified documents No. 1010012865, No. 1010047490 and "Questions and Answers Concerning the Application of Special Surplus Reserves after the adoption of International Financial Reporting Standards (IFRSs)". If there is a subsequent reversal of the deduction balance of other shareholders' equity, the reversal part of the surplus may be distributed.

The legal capital reserve shall be allocated until the balance reaches the total paid-up share capital of the consolidated company. The legal capital reserve can be used to make up for losses. When the consolidated company is not operating under losses, the part of the legal capital reserve exceeding 25% of the total paid-up share capital can be allocated in cash in addition to the capital.

(d) Non-controlling interests

	2020	2019
Balance, beginning of the year	\$ 730,902	\$ 741,751
Impact of retrospective application of IFRS 16	-	(5)
Share attributable to uncontrollable equity		
Net profit (loss) in this period	(2,324)	5,315
Unrealized gains and losses of financial assets measured at fair value through other comprehensive income	207,181	(16,159)

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	2020	2019
The non-controlling interests changes of the subsidiary's cash capital increase not recognized according to the shareholding ratio	(\$ 435)	\$ -
Non-controlling interests increased by increased cash capital of subsidiaries	9,000	-
Obtain increased non-controlling interests from subsidiaries	3,000	-
Balance, end of year	<u>\$ 947,324</u>	<u>\$ 730,902</u>

(e) Treasury stock

1. The changes in shares held by the consolidated company and its subsidiaries in 2019 and 2020 are as follows :

2020				
Reason for withdrawal	Shares, beginning of year	Increase	Decrease	Shares, end of year
Parent company's shares held by subsidiary	82,948,106	-	-	82,948,106
Shares transferred to employees	<u>8,000,000</u>	<u>-</u>	<u>-</u>	<u>8,000,000</u>
	<u>90,948,106</u>	<u>-</u>	<u>-</u>	<u>90,948,106</u>
2019				
Reason for withdrawal	Shares, beginning of year	Increase	Decrease	Shares, end of year
Parent company's shares held by subsidiary	82,948,106	-	-	82,948,106
Shares transferred to employees	<u>8,000,000</u>	<u>-</u>	<u>-</u>	<u>8,000,000</u>
	<u>90,948,106</u>	<u>-</u>	<u>-</u>	<u>90,948,106</u>

2. The purpose of holding Li Peng Enterprise's shares by subsidiaries is to protect shareholders' rights and interests, relevant information is as follows :

Subsidiary	Shares held	Amount transferred to treasury stock
<u>Dec 31, 2020</u>		
Li Mao Investment Co.	34,177,995	\$ 148,007
HungHsing Investment Co.	24,618,087	105,886
Li Shing Investment Co.	24,152,024	<u>103,845</u>
		<u>\$ 357,738</u>
<u>Dec 31, 2019</u>		
Li Mao Investment Co.	34,177,995	\$ 148,007
HungHsing Investment Co.	24,618,087	105,886
Li Shing Investment Co.	24,152,024	<u>103,845</u>
		<u>\$ 357,738</u>

3. On December 31, 2020, the consolidated company listed the amount of treasury stocks of NT\$432,403 thousand, including the amount of NT\$74,665 thousand that the consolidated company bought back treasury shares of and the amount of NT\$357,738 thousand transferred to the treasury stocks of the consolidated company held by its subsidiaries. The listed amounts have been adjusted according to the consolidated company's shareholding ratio in subsidiaries. The market price of the consolidated company's shares as of December 31, 2020 was NT\$9.02 per share.
4. The consolidated company holds treasury stocks, thus, it shall not be pledged in accordance with the Securities and Exchange Law, nor shall it enjoy the rights of dividend distribution and voting rights. In addition, subsidiaries holding the consolidated company's shares shall be treated as treasury stocks, except for not participating in cash reserve increment. Except for not having voting rights, the other rights remain the same as general shareholders.

20. Income

	2020	2019
Commodity sales revenue	\$ 13,097,359	\$ 13,991,016
Processing revenue	458,368	585,184
Other	<u>3,734</u>	<u>3,147</u>
	<u>\$ 13,559,461</u>	<u>\$ 14,579,347</u>

21. Continuing operation unit net profit

(a) Interest income

	2020	2019
Interest income		
Bank deposits	\$ 39,443	\$ 63,731
Interests from related parties	<u>5,864</u>	<u>1,517</u>
	<u>\$ 45,307</u>	<u>\$ 65,248</u>

(b) Other income

	2020	2019
Lease income		
Lease income of operations	\$ 15,943	\$ 18,145
Dividend income	1,738	78,083
Other (Note 31)	<u>107,180</u>	<u>28,949</u>
	<u>\$ 124,861</u>	<u>\$ 125,177</u>

(c) Other gains and losses

	2020	2019
Gain (loss) on disposal of property, plant and equipment	\$ 668	(\$ 1,307)
Net exchange difference	(334,892)	(93,792)
Disposal of investment interests using the equity method	51	-
Gain (loss) on financial assets and net liability at FVTPL	29,449	(9,694)
Gain on disposal of investments	341	791
Other losses	(<u>2,583</u>)	(<u>1,915</u>)
	(<u>\$ 306,966</u>)	(<u>\$ 105,917</u>)

(d) Financial cost

	2020	2019
Interests of lease liability	\$ 10	\$ 5
Interest of bank loan	52,788	61,548
Interest of loan from related parties	663	995
Financial expenses	<u>3,036</u>	<u>1,189</u>
	<u>\$ 56,497</u>	<u>\$ 63,737</u>

Information about interest capitalization is as follows :

	2020	2019
Interest capitalization amount	\$ 1,415	\$ 907
Interest capitalization rate	1.19898%-1.51968%	1.51401%-1.51874%

(e) Depreciation and amortization

	2020	2019
Property, plant and equipment	\$ 617,672	\$ 614,096
Right of use assets	192	60
Intangible assets	6,472	9,011
Down payment	<u>71,701</u>	<u>94,388</u>
Total	<u>\$ 696,037</u>	<u>\$ 717,555</u>
Categorized depreciation expenses by function		
Operating cost	\$ 603,430	\$ 599,399
Operating expenses	<u>14,434</u>	<u>14,757</u>
	<u>\$ 617,864</u>	<u>\$ 614,156</u>

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	2020	2019
Categorized amortization expenses by function		
Operating cost	\$ 75,687	\$ 102,160
Operating expenses	<u>2,486</u>	<u>1,239</u>
	<u>\$ 78,173</u>	<u>\$ 103,399</u>

(f) Expenses for employee benefits

	2020			2019		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Short-term employee benefits	\$ 595,846	\$ 140,249	\$ 736,095	\$ 656,660	\$ 137,141	\$ 793,801
Retirement benefits						
Defined contribution plan	17,675	5,085	22,760	18,612	5,124	23,736
Defined benefit plan (Note 18)	<u>4,055</u>	<u>923</u>	<u>4,978</u>	<u>5,316</u>	<u>1,247</u>	<u>6,563</u>
	21,730	6,008	27,738	23,928	6,371	30,299
Compensation to directors	-	3,484	3,484	-	3,060	3,060
Other employee benefit	<u>57,744</u>	<u>9,154</u>	<u>66,898</u>	<u>64,498</u>	<u>9,880</u>	<u>74,378</u>
Total expenses of employee benefit	<u>\$ 675,320</u>	<u>\$ 158,895</u>	<u>\$ 834,215</u>	<u>\$ 745,086</u>	<u>\$ 156,452</u>	<u>\$ 901,538</u>

(g) Employees' and Boards' remunerations

According to the provisions of the consolidated company's policy articles, the consolidated company uses the pre-tax benefits of the current year to deduct the remuneration of employees and directors at a rate of no less than 2% and no more than 5% for employees' compensation and directors' compensation.

In 2020 and 2019, pre-tax losses occurred, so employees' compensation and directors' compensation are not estimated.

For information on employees' compensation and directors' compensation of the consolidated company's 2020 and 2019 board resolutions, please refer to the "Public Information Observatory" of the Taiwan Stock Exchange website.

22. Continuing operating business unit's income tax

(a) The main components of income tax benefits recognized in profit and loss :

	2020	2019
Current income tax expense		
Recognized in the current year	\$ 2,344	\$ 643
Income tax on unappropriated earnings	1,069	1,875
Adjustments on prior years	<u>822</u>	<u>1,507</u>
	<u>4,235</u>	<u>4,025</u>
Deferred income tax		
Recognized in the current year	(122,442)	(72,721)
Adjustment on prior year	<u>(319)</u>	<u>-</u>
	<u>(122,761)</u>	<u>(72,721)</u>
Income tax benefits recognized in profit and loss	<u>(\$ 118,526)</u>	<u>(\$ 68,696)</u>

The adjustment of accounting income and current income tax benefits is as follows :

	2020	2019
Income tax benefits at the statutory tax rate for net loss before tax	(\$ 101,630)	(\$ 58,206)
Tax effect of adjusting items		
Investment (profit) loss recognized by the equity method	(5,534)	3,813
Financial asset evaluation benefits	(594)	(1,265)
Gain on disposal of investment	(2,383)	(157)
Tax-exempt dividend income	(348)	(18,964)
Realized investment losses	8,685	13,815
Tax-exempt stock exchange income and fees with interest adjustment	73	78
Realized investment losses	-	(8,558)
Tax-exempt subsidy income	(16,434)	-
Unrecognized loss in prior year to be deducted in the current year	(852)	-
Other	(1,081)	(2,634)
Adjustment on income tax expenses in prior year	503	1,507
Income tax on unappropriated earnings	<u>1,069</u>	<u>1,875</u>
Income tax benefits recognized in profit and loss	(\$ <u>118,526</u>)	(\$ <u>68,696</u>)
(b) Current income tax liabilities	Dec 31, 2020	Dec 31, 2019
Current income tax liabilities		
Income tax payable	\$ 3,379	\$ 2,518
Less : tax paid in current year	(<u>576</u>)	(<u>688</u>)
	<u>\$ 2,803</u>	<u>\$ 1,830</u>
(c) Deferred income tax assets and liabilities	Dec 31, 2020	Dec 31, 2019
Deferred income tax assets		
Temporary difference		
Allowance for loss of inventory depreciation	\$ 28,536	\$ 42,753
Unallocated inventory cost for manufacturing	10,289	8,583
Unrealized exchange loss	16,482	18,172

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	Dec 31, 2020	Dec 31, 2019
Unrealized loss of financial liabilities measured at FVTPL	\$ -	\$ 5,419
Pension tax difference	8,626	11,893
Defined actuarial profit and loss of retirement plan	17,892	17,892
Sales discount preparation	4,074	4,331
Loss deduction	275,736	130,776
Bonus for no-leave	3,689	3,686
Unrealized gross loss	93	-
Other	<u>541</u>	<u>541</u>
	<u>\$ 365,958</u>	<u>\$ 244,046</u>
<u>Deferred income tax liability</u>		
Unrealized gross loss	\$ -	\$ 849
Land appreciation tax preparation	<u>146,650</u>	<u>146,650</u>
	<u>\$ 146,650</u>	<u>\$ 147,499</u>

- (d) The deducted amount of unlisted losses of deferred income tax assets not recognized in the consolidated balance sheet.

	Dec 31, 2020	Dec 31, 2019
Loss deduction		
Due in 2029	\$ -	\$ 852
Due in 2030	<u>3,105</u>	<u>-</u>
	<u>\$ 3,105</u>	<u>\$ 852</u>

- (e) Unlisted loss deduction information

As of Dec 31, 2020, the loss deduction information is as follows :

Balance yet deducted	Year due
\$ 655,469	2029
<u>727,905</u>	2030
<u>\$ 1,383,374</u>	

- (f) Li Peng Enterprise, Li Mao Investment Co, Li Shing Co. and Hung Hsing Co.'s income tax declarations for commercial businesses, as well as the income tax declaration for businesses, from the past until (including) year 2018, have been approved by the inspection authority.

23. Loss per share

The consolidated company's loss per share in 2020 and 2019 is as calculated as follows:

	Amount (numerator)				Loss per share (NTD)		
	Before tax (Non-deducted uncontrollable interests)	After tax (Non-deducted uncontrollable interests)	Net profit (loss) (Belong to parent company's shareholder)	Share (denominator) (thousand share)	Before tax (non-deducted uncontrollable interests)	After tax (non-deducted uncontrollable interests)	Net profit (loss) (belong to parent company's shareholder)
<u>2020</u>							
Basic loss per share							
The net loss attributable to ordinary shareholders for the period	(\$ 532,859)	(\$ 414,333)	(\$ 412,009)	862,390	(\$ 0.62)	(\$ 0.48)	(\$ 0.48)
<u>2019</u>							
Basic loss per share							
The net loss attributable to ordinary shareholders for the period	(\$ 312,747)	(\$ 244,051)	(\$ 249,366)	862,390	(\$ 0.36)	(\$ 0.28)	(\$ 0.29)

If the consolidated company chooses to pay employee compensation in stocks or cash, when calculating the diluted earnings per share, it is assumed that employee compensation will be paid in the form of stocks, and the weighted average number of shares outstanding as the diluted potential common stock is calculated as diluted earnings per share. When calculating the diluted earnings per share before deciding on the number of shares to be paid to employee compensation in the following year, the dilution of these potential ordinary shares will also be accounted.

24. Business consolidation

(a) Acquisition of subsidiary

	Main operating activity	Acquisition date	With voting rights ownership interest/ Acquisition ratio (%)	Transfer consideration
Libolon Energy Co. Ltd.	Renewable energy powered equipment and cogeneration industry	Jul 1, 2020	55%	\$ 550

(b) Assets acquired and liabilities assumed on the acquisition date

	Libolon Energy Co. Ltd.
Current assets	
Cash and cash equivalent	\$ 942
Other current assets	1
Current liabilities	435
Other accounts payable	(60)
	<u>\$ 883</u>

(c) Obtaining the net cash inflow from the subsidiary

	Jan 1 to Jun 30, 2020
Cash payment consideration	\$ 550
Less : acquired cash and cash equivalent balance	(942)
	(\$ 392)

(d) The impact of business consolidation on business results

Since the acquisition date, the operating results from the acquired company are as follows :

	Jul 1 to Dec 31, 2020
Operating income	
Libolon Energy	\$ -
Loss after tax	
Libolon Energy	(\$ 2,988)

25. Equity transactions with non-controlling interests

In September 2020, the consolidated company did not subscribe for the cash capital increase of Libolon Energy Co. Ltd. in proportion to its shareholding ratio, resulting in the shareholding ratio falling from 100% to 70%.

Since the above transaction did not change the controlling of the subsidiary by the consolidated company, which was treated as an equity transaction, and the balance of equity transaction was NT\$435 thousand which was accounted for under the capital reserve.

26. Capital risk management

The consolidated company conducts capital management to ensure that it can be withdrawn before continuing to operate, and maximizes shareholder compensation by optimizing the balance of debt and equity. The overall strategy of the consolidated company has not changed.

The consolidated company has no other restrictions on external capital regulations.

27. Financial instruments

(a) Fair value information – Financial instruments not measured at fair value

The management of the consolidated company believes that the book value of financial assets and financial liabilities that are not measured at fair value reaches their fair value or their fair value cannot be reliably measured.

(b) Fair value information — Financial instruments measured at fair value on a repeatability basis

Dec 31, 2020

	Grade 1	Grade 2	Grade 3	Total
Financial assets measured at fair value through profit and loss				
Listed (OTC) stocks	\$ 101,160	\$ -	\$ -	\$ 101,160
Fund beneficiary certificate	119,125	-	-	119,125
Not listed (OTC) common stocks	-	-	11,395	11,395
Not listed abroad (OTC) common stocks	-	-	430	430
Structured deposits	-	98,098	-	98,098
Financial products	-	173,591	-	173,591
Total	<u>\$ 220,285</u>	<u>\$ 271,689</u>	<u>\$ 11,825</u>	<u>\$ 503,799</u>

Financial assets measured at fair value through other comprehensive income				
Domestic listed stocks	<u>\$ 2,358,662</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,358,662</u>

Dec 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit and loss				
Listed (OTC) stocks	\$ 58,104	\$ -	\$ -	\$ 58,104
Not listed (OTC) common stocks	-	-	13,017	13,017
Not listed abroad (OTC) common stocks	-	-	430	430
Structured deposits	-	4,126	-	4,126
Financial products	-	238,867	-	238,867
Total	<u>\$ 58,104</u>	<u>\$ 242,993</u>	<u>\$ 13,447</u>	<u>\$ 314,544</u>

Financial assets measured at fair value through other comprehensive income				
Domestic listed stocks	<u>\$ 1,824,018</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,824,018</u>

Financial liabilities measured at fair value through profit and loss				
Exchange contract	<u>\$ -</u>	<u>\$ 27,094</u>	<u>\$ -</u>	<u>\$ 27,094</u>

No transfer of the fair value measurement between level 1 and level 2 in year 2019 and 2020.

(c) Valuation techniques and assumptions used in level 2 fair value measurement :

Type of financial instruments	Evaluation technology and input value
Derived instrument— exchange contract	Discounted cash flow method: Estimate the future cash flow based on the exchange rate calculated in the observable exchange contract at the end of the period, and discount it separately at a rate that can reflect the credit risk of each counterparty.

- (d) Valuation techniques and assumptions used in level 3 fair value measurement :
Non-publicly traded (OTC) equity investment adopts the asset method to reflect the overall value of the investment target based on the total value of individual assets and liabilities.

- (e) Types of financial instruments

	Dec 31, 2020	Dec 31, 2019
<u>Financial assets</u>		
Measured at FVTPL		
Mandatorily measured at FVTPL	\$ 503,799	\$ 314,544
Financial assets measured by amortized cost (note 1)	4,127,426	4,997,814
Financial assets measured through other comprehensive income		
Equity instrument investment	2,358,662	1,824,018
<u>Financial liabilities</u>		
Held for trading measured at FVTPL	-	27,094
Financial liabilities measured by amortized cost (note 2)	6,717,233	7,143,670

Note 1 : The balance includes cash and cash equivalents, notes and accounts receivable and other financial assets measured at amortized cost.

Note 2 : The balance includes short-term loans, short-term bills payable, bills payable, accounts payable, other payables, advance loans to related parties, and financial liabilities derived from long-term loans measured at amortized cost.

- (f) Derivative financial products

1. The realized net profit from the operation of derivative financial products in 2020 was NT\$ 32,117 thousand, which was accounted for under other interests and losses.
2. In 2019, the operation of derivative financial products incurred an unrealized net loss of NT\$27,094 thousand and a realized net profit of NT\$91,295 thousand, which are accounted for under other profits and losses.

- (g) Financial risk management objectives and policies

The main financial instruments of the consolidated company include equity and debt investments, borrowings, lease liabilities, accounts receivable and accounts payable, etc. The financial management department of the consolidated company provides services for various business units, coordinates access to domestic and international financial markets, and supervises and manages the financial risks related to the

operations of the consolidated company by analyzing internal risk reports based on the degree and breadth of risk. These risks include market risk (exchange rate risk), credit risk and liquidity risk.

The consolidated company uses derivative financial instruments to avoid the impact of exchange rate risk. The use of derivative financial instruments is regulated by the policies adopted by the board of directors of the consolidated company, which are written principles for exchange rate risk, credit risk, the use of derivative financial instruments and non-derivative financial instruments, and the investment of remaining liquid funds. Internal auditors continue to review compliance with policies and the risk limit. The consolidated company did not trade financial instruments (including derivative financial instruments) for speculative purposes.

1. Market risk

The main financial risk of the consolidated company's operating activities that the company bears is the risk of foreign currency exchange rates.

Exchange rate risk: occur in future commercial transactions, recognized assets and liabilities, and foreign exchange trading transactions to avoid exchange rate changes.

The consolidated company's risk exposure related to financial instrument market risks and its management and measurement methods have not changed.

Sensitivity analysis

The consolidated is mainly influenced by the USD exchange rate fluctuation. The following table details the sensitivity analysis of the consolidated company when the exchange rate of the New Taiwan Dollar (functional currency) to the U.S. dollar increases and decreases by 0.5%. 0.5% is the assessment of the reasonably possible range of changes in the foreign currency exchange rate of the consolidated company. Sensitivity analysis includes only monetary items in foreign currencies in circulation, and their conversion at the end of the period is adjusted with a 0.5% change in exchange rate. The positive numbers in the following table represent the amount of increase in net profit before tax when the New Taiwan Dollar depreciates 0.5% relative to the relevant currencies; when the New Taiwan Dollar appreciates 0.5% relative to the relevant currencies, its impact on the net profit before tax will be the same negative number of the amount.

	<u>Dec 31, 2020</u>	<u>Dec 31, 2019</u>
0.5% difference in the exchange rate of USD profit and loss	\$ 8,237	\$ 19,332

2. Credit risk

Credit risk refers to the risk of the consolidated company's financial losses caused by the counterparty's default of contract obligations. In order to reduce credit risk, the consolidated company has the right to request for collateral or other guarantees from major transaction partners. Accordingly, the management of the consolidated company believes that the credit risk has been significantly reduced.

3. Liquidity risk

The consolidated company manages and maintains sufficient cash and cash equivalents to support the consolidated company's operations and reduce the impact of cash flow fluctuations. The management of the consolidated company supervises the use of bank financing lines and ensures compliance with the terms of the loan contract.

Bank loans are an important source of liquidity for the consolidated company. As of December 31, 2020 and 2019, the unutilized short-term bank financing lines of the consolidated company were NT\$12,640,721 thousand and NT\$13,698,227 thousand, respectively.

(1) Liquidity and interest rate risk table of non-derivative financial liabilities

The remaining contract maturity analysis of non-derivative financial liabilities is based on the earliest possible repayment date of the consolidated company and is compiled based on the undiscounted cash flows of financial liabilities (including principal and estimated interest). Therefore, the bank loans that the consolidated company can be required to repay immediately are within the earliest period in the table below, regardless of the probability of the bank immediately executing the right; the maturity analysis of other non-derivative financial liabilities is compiled in accordance with the agreed repayment date. Analysis as below:

<u>Dec 31, 2020</u>			
<u>Non-derived financial liabilities</u>	<u>In 1 year</u>	<u>1 to 2 years</u>	<u>Over 2 years</u>
Short-term loan	\$ 2,044,000	\$ -	\$ -
Short-term bills payable	1,120,000	-	-
Notes payable (including related parties)	63,470	-	-
Accounts payable (including related parties)	1,058,224	-	-
Other payable	316,539	-	-
Loan payable to related parties	85,000	-	-
Lease liabilities (current and non-current)	115	183	366
Liability preparation	20,372	-	-
Long-term loan (including 1 year or due within the operating cycle)	155,000	1,500,000	375,000
Deposited security	1,176	-	-
	<u>\$ 4,863,896</u>	<u>\$ 1,500,183</u>	<u>\$ 375,366</u>

<u>Dec 31, 2019</u>			
Non-derived financial liabilities	In 1 year	1 to 2 years	Over 2 years
Short-term loan	\$ 4,050,000	\$ -	\$ -
Short-term bills payable	620,000	-	-
Notes payable (including related parties)	77,164	-	-
Accounts payable (including related parties)	491,182	-	-
Other payable	335,324	-	-
Loan payable to related parties	120,000	-	-
Lease liabilities (current and non-current)	246	246	738
Liability preparation	21,653	-	-
Long-term loan (including 1 year or due within the operating cycle)	350,000	1,000,000	100,000
Deposited security	1,475	-	-
	<u>\$ 6,067,044</u>	<u>\$ 1,000,246</u>	<u>\$ 100,738</u>

(2) Liquidity of derived financial liabilities

For the liquidity analysis of derivative financial instruments, for derivative instruments that are settled on a net basis, it is compiled on the basis of undiscounted contract net cash inflows and outflows; for derivative instruments that are settled on a gross basis, it is compiled on the basis of undiscounted net cash inflows and outflows. It is prepared based on the current total cash inflows and outflows.

<u>Dec 31, 2019</u>				
derivative financial liabilities	In 1 year	1 to 2 years	2 to 5 years	Over 5 years
<u>Net delivery</u>				
Exchange contract	\$ 27,094	\$ -	\$ -	\$ -

28. Trading with Related Parties

Trading between Li Peng Enterprise and its subsidiaries (related parties), and account balance, income and expenses are all eliminated at the time of consolidation, so they are not disclosed in this note. The transactions between the consolidated company and other related parties are as follows.

(a) Related parties and association

Related parties	Association with the Company
LEALEA ENTERPRISE CO. LTD.	Investors with significant influence
FU LI TRANSPORTAION CO.	Associated company
LEA JIE ENERGY CO. LTD.	Associated company
LIBOLON ENTERPRISE CO. LTD.	Associated company

(continued in next page)

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Related parties	Association with the Company
RICH DEVELOPMENT CO. LTD.	Associated company
LI LING FILM CO. LTD.	Associated company
LEALEA TECHNOLOGY CO. LTD.	Associated company
LI ZAN INVESTMENT CO. LTD.	Associated company
LI HAO INVESTMENT CO. LTD.	Associated company
LIBOLON ENERGY CO. LTD.	Associated company originally, subsidiary since July 2020
PT. INDONESIA LIBOLON FIBER SYSTEM	Other related parties originally, associated company since May 2020
LIBOLON INTERNATIONAL CORP.	Other
APEX FONG YI TECHNOLOGY CO. LTD.	Other

(b) Operating income

Accounting item	Type of associate / name	2020	2019
Sales revenue	Investors with significant influence	\$ 574,043	\$ 528,482
	Associated company	340,174	152,181
	Other	23,496	39,809
		<u>\$ 937,713</u>	<u>\$ 720,472</u>

There is no significant difference between the consolidated company's sales to associated companies and general transactions with other related parties.

(c) Procured goods

Type of associate	2020	2019
Investors with significant influence	\$ 554,397	\$ 743,148
Associated company	15,223	-
Other	29,417	120,831
	<u>\$ 599,037</u>	<u>\$ 863,979</u>

(d) Amounts receivable from related parties (excluding loans to related parties)

Accounting item	Type of associate / name	Dec 31, 2020	Dec 31, 2019
Note receivable	Investors with significant influence	\$ -	\$ -
	Associated company		
	LI LING FILM CO. LTD.	52,264	13,641
		<u>52,264</u>	<u>13,641</u>

(continued in next page)

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Accounting item	Type of associate / name	Dec 31, 2020	Dec 31, 2019
Accounts receivable	Investors with significant influence	\$ 89,732	\$ 25,811
	Associated company	70,418	13,825
	Other	<u>1,609</u>	<u>12,318</u>
		<u>161,759</u>	<u>51,954</u>
Other receivable	Investors with significant influence		
	LEALEA ENTERPRISE CO. LTD.	7,232	5,228
	Associated company	<u>1,886</u>	<u>1,466</u>
		<u>9,118</u>	<u>6,694</u>
		<u>\$ 223,141</u>	<u>\$ 72,289</u>

No guarantee is received for the accounts receivable from related parties. No allowance for losses is provided for accounts receivable from related parties in 2019 and 2020. The collection and payment deadlines for the consolidated company and related parties are not materially differentiated from those for general customers and manufacturers.

(e) Accounts payable to related parties (excluding borrowings from related parties)

Accounting item	Type of associate / name	Dec 31, 2020	Dec 31, 2019
Notes payable	Investors with significant influence		
	LEALEA ENTERPRISE CO. LTD.	\$ 6,579	\$ 15,630
	Associated company	<u>2,126</u>	<u>2,355</u>
		<u>8,705</u>	<u>17,985</u>
Accounts payable	Investors with significant influence		
	LEALEA ENTERPRISE CO. LTD.	94,729	54,513
	Associated company	2,406	3,089
	Other	<u>-</u>	<u>7,174</u>
		<u>97,135</u>	<u>64,776</u>
Payable for purchase of equipment	Investors with significant influence	315	-
	Associated company	<u>-</u>	<u>798</u>
		<u>315</u>	<u>798</u>
		<u>\$ 106,155</u>	<u>\$ 83,559</u>

The balance of the outstanding accounts payable to related parties is not guaranteed.

(f) Disposal of property, plant and equipment

Type of associate / name	Disposal price		Disposal profit (loss)	
	2020	2019	2020	2019
Associated company	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ -</u>

(g) Acquisition of property, plant and equipment

Type of associate / name	Acquisition price	
	2020	2019
Investors with significant influence	\$ 439	\$ -
Associated company	4,629	2,882
Other	-	61,326
	<u>\$ 5,068</u>	<u>\$ 64,208</u>

(h) Equity transaction
2020

Type of associate / name	Accounting item	Shares traded	Trade to	Acquisition price
Investors with Significant influence	Investment using equity method	55,000 shares	Libolon Energy Co. Ltd.	<u>\$ 550</u>

(i) Acquisition of other assets

Type of associate	Accounting item	Acquisition price	
		2020	2019
Associated company	Other intangible assets – computer software	<u>\$ 2,866</u>	<u>\$ 5,343</u>

(j) Loan to related parties

Dec 31, 2020					
	Highest balance	Balance, end of year	Interest range(%)	Interest income	Interest receivable
Investors with significant influence					
Lealea Enterprise Co. LTD.	\$ 238,000	\$ 218,000	0.82040~0.91554	\$ 1,295	\$ 161
Associated company					
PT. INDONESIA LIBOLON FIBER SYSTEM	728,818	284,800	1.43044~3.19860	4,538	356
LI LING FILM CO. LTD.	50,000	<u>50,000</u>	1.42565~1.47000	<u>31</u>	<u>25</u>
		<u>\$ 552,800</u>		<u>\$ 5,864</u>	<u>\$ 542</u>
Dec 31, 2019					
	Highest balance	Balance, end of year	Interest range(%)	Interest income	Interest receivable
Investors with significant influence					
Lealea Enterprise Co. LTD.	<u>\$ 204,000</u>	<u>\$ 164,000</u>	0.89919~0.98599	<u>\$ 1,517</u>	<u>\$ 133</u>

The consolidated company provides short-term loans to investors with significant influence, and the interest rate range is similar to the market interest rate.

(k) Loan from related parties

Dec 31, 2020					
	Highest balance	Balance, end of year	Interest range(%)	Interest income	Interest receivable
Associated company					
Li Hao Investment Co. Ltd.	\$ 75,000	\$ 55,000	0.76715~0.90479	\$ 424	\$ 36
Li Zan Investment Co. Ltd.	45,000	30,000	0.76715~0.90479	238	20
Lealea Technology Co. Ltd.	700	-	1.57810~1.59478	1	-
		<u>\$ 85,000</u>		<u>\$ 663</u>	<u>\$ 56</u>
Dec 31, 2019					
	Highest balance	Balance, end of year	Interest range(%)	Interest income	Interest receivable
Associated company					
Li Hao Investment Co. Ltd.	\$ 75,000	\$ 75,000	0.89598~0.97842	\$ 628	\$ 59
Li Zan Investment Co. Ltd.	45,000	45,000	0.89598~0.97842	367	36
		<u>\$ 120,000</u>		<u>\$ 995</u>	<u>\$ 95</u>

The borrowing interest rate of the consolidated company's loan from related parties is equivalent to the market interest rate. Loans from associates and other related parties are all credit loans.

(l) Other

Purchases — freight	2020	2019
Associated company	<u>\$ 28,261</u>	<u>\$ 38,637</u>
Operating expense — export	2020	2019
Associated company	<u>\$ 22,549</u>	<u>\$ 29,959</u>
Rental income	2020	2019
Investors with significant influence		
Lealea Enterprise Co. Ltd.	\$ 6,694	\$ 6,726
Associated company		
Lealea Technology Co. Ltd.	4,106	3,952
Associated company	1,080	1,195
Other	10	10
	<u>\$ 11,890</u>	<u>\$ 11,883</u>

The rental income collected by the consolidated company from related parties is based on the local general market rate, and the payment period is one-month promissory note.

Other income	2020	2019
Investors with significant influence		
Lealea Enterprise Co. Ltd.	\$ 18,989	\$ 20,231
Associated company	3,691	1,706
Other	56	96
	<u>\$ 22,736</u>	<u>\$ 22,033</u>
Lease expense	2020	2019
Investors with significant influence		
Lealea Enterprise Co. Ltd.	\$ 28,217	\$ 28,043
Associated company		
Rich Development Co. Ltd.	5,011	4,844
	<u>\$ 33,228</u>	<u>\$ 32,887</u>

The rent paid by the consolidated company to related parties is based on the local general market rate, and the payment period is one-month promissory note.

Tech service fees	2020	2019
Associated company		
Lealea Technology Co. Ltd.	<u>\$ 24,610</u>	<u>\$ 24,409</u>
Manufacturing expense—steam	2020	2019
Investors with significant influence		
Lealea Enterprise Co. Ltd.	<u>\$ 92,425</u>	<u>\$ 129,785</u>
Environmental maintenance expense	2020	2019
Investors with significant influence		
	<u>\$ 2,065</u>	<u>\$ 2,293</u>
Manufacturing expense—coal disposal	2020	2019
Associated company		
Lea Jie Energy Co. Ltd.	<u>\$ 914</u>	<u>\$ 914</u>
Fuel cost—coal	2020	2019
Associated company		
Lea Jie Energy Co. Ltd.	<u>\$ 104,570</u>	<u>\$ 135,106</u>

(m) Salary of senior management

The total remuneration for directors and other senior management is as follows :

	2020	2019
Short-term employee benefits	\$ 19,829	\$ 19,792
Retirement benefits	296	199
	<u>\$ 20,125</u>	<u>\$ 19,991</u>

The remuneration of directors and senior management is determined by the remuneration committee in accordance with individual performance and market trends.

(n) Other related parties' transactions

Type of associate	I t e m	Price of contracted but unfinished (untaxed) Dec 31, 2020	Prepaid equipment balance Dec 31, 2020
Associated company Lealea Technology Co. Ltd.	Software	\$ 440	\$ -

Type of associate	I t e m	Price of contracted but unfinished (untaxed) Dec 31, 2019	Prepaid equipment balance Dec 31, 2019
Associated company Lealea Technology Co. Ltd.	Software	\$ 170	\$ -

29. Pledged assets

The following assets of the consolidated company have been provided as collateral for financial institutions.

	Dec 31, 2020	Dec 31, 2019
Pledged deposit receipt (note 6)	\$ 2,000	\$ 2,000
Financial assets at FVTOCI— non-current (note 10)	431,732	313,006
Property, plant and equipment (note 13)	3,978,909	4,298,101
	<u>\$ 4,412,641</u>	<u>\$ 4,613,107</u>

30. Significant contingent liabilities and unrecognized commitments

Except as mentioned in other notes, the consolidated company has the following major commitments and contingencies on the balance sheet date :

On December 31, 2019 and 2020, the consolidated company still has issued and unused letters of credit. The details are as follows :

	Unit : foreign currency in thousands	
	Dec 31, 2020	Dec 31, 2019
USD	\$ 66,080	\$ 23,057
EUR	-	10
JPY	503,930	-
NTD	290,367	299,553

31. Other matters

The consolidated company was affected by the global pandemic of the Covid -19, as business orders dropped, resulting in a significant drop in operating income. However, as the pandemic slows down and policies are loosened, the consolidated company expects that operations will gradually return to normal. In response to the impact of the pandemic, the consolidated company has taken the following actions:

(a) Adjust operational strategies

In addition to reducing planned production during the period of the Covid-19 spread, the consolidated company has added fabric e-commerce in its operating strategy, strengthened domestic sales, foundry markets, and newly developed non-textile industry markets. It also added anti-bacterial and anti-virus functions in the clothes in response to epidemic prevention.

(b) Fund raising strategies

No major fund-raising activity has been implemented due to the impact of the Covid-19 pandemic.

(c) Government relief grants

The consolidated company has applied to the following government relief grants :

1. Subsidies on salary and operations received in NT\$82,170 thousand were recognized as other income.
2. Received a reduction of 30% on the water and electricity bills, a total of NT\$40,666 thousand from Jan 1st to Dec 31st 2020.
3. According to the "Severe Special Infectious Pneumonia Prevention Plan for Industrial Zones during the Epidemic Prevention Plan", company can apply for a 20% reduction in rent and a 50% reduction in public facility maintenance fees. The implementation period of the program is from January 15, 2020 to June 30, 2021.

The consolidated company has incorporated the economic impact caused by the epidemic into major accounting estimates based on the information available on the balance sheet date and has no significant impact.

32. Significantly influencing foreign currency financial assets and liabilities information

The following information is summarized and expressed in foreign currencies other than the functional currencies of the consolidated company. The disclosed exchange rates

refer to the exchange rates of these foreign currencies into functional currencies.
Foreign currency assets and liabilities with significant impact are as follows :

		Unit : Foreign currency / NTD in thousand Dec 31, 2020		
Company	Financial assets	Foreign currency	Exchange rate	Carrying amount
	<u>Currency items</u>			
Li Peng Enterprise	USD	\$ 97,994,497	28.48 (USD : NTD)	\$ 2,790,883
"	RMB	20,585,960	4.377 (RMB : NTD)	90,105
Intalent Investments Limited	USD	28,050,660	6.5067 (USD : RMB)	798,878
Eton Petrochemical	USD	14,579,614	28.48 (USD : NTD)	415,227
	<u>Non currency items</u>			
Li Peng Enterprise	Financial assets measured at FVTPL — non-current USD	96,149	28.48 (USD : NTD)	2,738
"	Investment using equity method RMB	68,265,018	4.377 (RMB : NTD)	298,796
	IDR	246,819,202,615	0.0020191 (IDR : NTD)	498,353
Eton Petrochemical	Investment using equity method USD	800	28.48 (USD : NTD)	23
	<u>Financial liability</u>			
	<u>Currency items</u>			
Li Peng Enterprise	USD	37,773,605	28.48 (USD : NTD)	1,075,792
"	RMB	355,788	4.377 (RMB : NTD)	1,557
Intalent Investments Limited	USD	28,143,338	6.5067 (USD : RMB)	801,517
Eton Petrochemical	USD	16,860,220	28.48 (USD : NTD)	480,179

Company	Financial assets	Dec 31, 2019		
		Foreign currency	Exchange rate	Carrying amount
	<u>Currency items</u>			
Li Peng Enterprise	USD	\$ 136,586,678	29.98 (USD : NTD)	\$ 4,094,869
"	RMB	21,798,341	4.3050 (RMB : NTD)	93,842
Intalent Investments Limited	USD	17,334,984	6.9640 (USD : RMB)	519,703
	<u>Non currency item</u>			
Li Peng Enterprise	Financial assets at FVMTPL — non-current			
	USD	96,149	29.98 (USD : NTD)	2,883
"	Investment using equity method			
	RMB	65,430,099	4.3050 (RMB : NTD)	281,677
	IDR	7,048,573,893	0.0021567 (IDR : NTD)	15,201
	<u>Financial liability</u>			
	<u>Currency items</u>			
Li Peng Enterprise	USD	7,035,836	29.98 (USD : NTD)	210,934
Intalent Investments Limited	USD	17,920,670	6.9640 (USD : RMB)	537,262
	<u>Non currency items</u>			
	Derived instrument			
Li Peng Enterprise	USD	148,000,000 (Nominal principal)	29.98 (USD : NTD)	27,094

The consolidated company's unrealized foreign currency exchange losses in 2019 and 2020 were NT\$91,065 thousand and NT\$54,257 thousand, respectively. Due to the wide variety of currencies in foreign currency transactions, it is impossible to disclose the exchange gains and losses according to the foreign currencies that have major impacts.

33. Disclosed items in notes

(a) Major transaction items and (b) reinvestment business related information :

1. Loan to others. (attached table 1)
2. Endorsement for others. (NA)
3. Holding marketable securities at the end of the period (excluding investment in subsidiaries, associates and joint venture equity). (attached table 2)

4. The cumulative amount of buying or selling the same securities reaches NT\$300 million or more than 20% of the paid-in capital. (attached table 3)
 5. Acquired real estate with an amount of NT\$300 million or more than 20% of the paid-in capital. (NA)
 6. Disposal of real estate with an amount of NT\$300 million or more than 20% of the paid-in capital. (NA)
 7. The amount of purchase and sale of goods with related parties reaches NT\$100 million or more than 20% of the paid-in capital. (attached table 4)
 8. Accounts receivables from related parties amount to NT\$100 million or more than 20% of the paid-in capital. (attached table 5)
 9. Engage in derivatives trading. (note 27)
 10. Other: business relationships and important transactions and amounts between parent and subsidiary companies and between subsidiaries. (attached table 6)
 11. Invested company's information. (attached table 7)
- (c) Information on investments in China :
1. The name of the mainland investee company, main business items, paid-in capital, investment methods, capital remittances and exits, shareholding ratio, investment gains and losses, investment book amount at the end of the period, repatriated investment gains and losses, and limits for investments to mainland China. (attached table 8)
 2. The following major transactions, prices, payment terms, and unrealized gains and losses occurred directly or indirectly with the investee company in mainland China via the third region: (attached table 9)
- (1) The amount and percentage of purchases and the ending balance and percentage of related accounts payable.
 - (2) The amount and percentage of sales and the ending balance and percentage of related accounts receivable.
 - (3) The amount of property transactions and the profits and losses generated.
 - (4) The ending balance of the bill endorsement guaranteed or collateral provided and its purpose.
 - (5) The maximum balance, ending balance, interest rate range and total interest of the current period of the financial intermediation.
 - (6) Other transactions that have a significant impact on the current profit and loss or financial status, such as the provision or receipt of labor services.
- (d) Information on major shareholders: the name, amount and proportion of shareholders with a shareholding ratio of 5% and more. (Attached table 10)

34. Segment information

The information provided to chief operating decision-makers for allocating resources and evaluating departmental performance, focusing on the types of products or services delivered or provided. The reporting departments of the consolidated company are as follows:

Nylon department-mainly for the manufacture and sale of nylon CHIP and nylon yarn.
Weaving department-mainly for the manufacture and sale of plain woven fabrics and knitted fabrics

Trade department-mainly a sales base for various textile products and bulk raw materials

Yarn dyeing and other departments-mainly for the manufacturing and sales of dyed yarn

(a) Departmental income and operational results

	2020						
	Nylon department	Weaving department	Trade department	Yarn dyeing and other departments	Total	Adjustment and write-off	Total
Operating income (including allocation income)	\$ 8,103,956	\$ 2,596,558	\$ 5,137,519	\$ 141,108	\$ 15,979,141	(\$ 2,419,680)	\$ 13,559,461
Operating cost (including transfer cost)	(8,108,841)	(2,393,221)	(5,095,532)	(148,120)	(15,745,714)	2,420,821	(13,324,893)
Operating margin (loss)	(4,885)	203,337	41,987	(7,012)	233,427	1,141	234,568
Operating expense	(281,516)	(264,014)	(34,551)	(12,417)	(592,498)	1,194	(591,304)
Operating profit (loss)	(\$ 286,401)	(\$ 60,677)	\$ 7,436	(\$ 19,429)	(\$ 359,071)	\$ 2,335	(356,736)
Non-operating income and expenses							(176,123)
Net loss before tax							(\$ 532,859)

	2019						
	Nylon department	Weaving department	Trade department	Yarn dyeing and other departments	Total	Adjustment and write-off	Total
Operating income (including allocation income)	\$ 12,586,399	\$ 3,851,641	\$ 1,421,979	\$ 146,997	\$ 18,007,016	(\$ 3,427,669)	\$ 14,579,347
Operating cost (including transfer cost)	(12,647,117)	(3,417,269)	(1,408,116)	(156,421)	(17,628,923)	3,427,669	(14,201,254)
Operating margin (loss)	(60,718)	434,372	13,863	(9,424)	378,093	-	378,093
Operating expense	(360,664)	(290,082)	(25,843)	(11,357)	(687,946)	-	(687,946)
Operating profit (loss)	(\$ 421,382)	\$ 144,290	(\$ 11,980)	(\$ 20,781)	(\$ 309,853)	\$ -	(309,853)
Non-operating income and expenses							(2,894)
Net loss before tax							(\$ 312,747)

Departmental interests refer to the profits earned by each department, excluding the share of profits and losses of associated companies that adopt the equity method, disposition of associated companies, rental income, interest income, disposition of property, plant and equipment gains and losses, disposition of investment gains and losses, foreign currency exchange net gains (losses), financial instrument evaluation gains and losses, financial costs and income tax expenses. This measurement amount is provided to the chief operating decision maker to allocate resources to the department and measure its performance.

(b) Segment assets

	Dec 31, 2020						
	Nylon department	Weaving department	Trade department	Yarn dyeing and other departments	Total	Adjustment and write-off	Total
Cash and cash equivalent	\$ 100	\$ 300	\$ 430,009	\$ 929,354	\$ 1,359,763	\$ -	\$ 1,359,763
Financial assets measured at FVTPL	-	-	275,695	216,279	491,974	-	491,974
Notes and accounts receivable	1,402,813	373,989	486,270	220,713	2,483,785	(453,758)	2,030,027
Loan to related parties receivable	-	-	-	1,010,329	1,010,329	(457,529)	552,800
Inventory	1,117,174	780,984	167,588	14,746	2,080,492	(477)	2,080,015
Other current assets	38,281	21,540	613,105	170,236	843,162	(605,816)	237,346
Total current assets	2,558,368	1,176,813	1,972,667	2,561,657	8,269,505	(1,517,580)	6,751,925
Financial assets measured at FVTPL	-	-	-	11,825	11,825	-	11,825
Financial assets measured at FVTOCI	-	-	-	3,106,854	3,106,854	(748,192)	2,358,662
Investments using equity method	-	-	-	4,004,889	4,004,889	(1,391,588)	2,613,301
Property, plant and equipment	3,195,322	2,029,795	32,086	293,076	5,550,279	-	5,550,279
Right-of-use asset	720	-	-	214	934	-	934
Other intangible asset	2,952	2,900	-	2,203	8,055	-	8,055
Other non-current asset	163,316	6,509	1,316	379,820	550,961	(1,135)	549,826
Total assets	\$ 5,920,678	\$ 3,216,017	\$ 2,006,069	\$ 10,360,538	\$ 21,503,302	(\$ 3,658,495)	\$ 17,844,807

	Dec 31, 2019						
	Nylon department	Weaving department	Trade department	Yarn dyeing and other departments	Total	Adjustment and write-off	Total
Cash and cash equivalent	\$ 100	\$ 300	\$ 304,239	\$ 2,528,483	\$ 2,833,122	\$ -	\$ 2,833,122
Financial assets measured at FVTPL	-	-	242,993	58,104	301,097	-	301,097
Notes and accounts receivable	1,598,149	632,618	232,535	-	2,463,302	(533,528)	1,929,774
Loan to related parties receivable	-	-	-	369,000	369,000	(205,000)	164,000
Inventory	1,675,589	831,917	25,171	16,984	2,549,661	4,312	2,553,973
Other current assets	46,000	26,467	4,892	57,073	134,432	(431)	134,001
Total current assets	<u>3,319,838</u>	<u>1,491,302</u>	<u>809,830</u>	<u>3,029,644</u>	<u>8,650,614</u>	<u>(734,647)</u>	<u>7,915,967</u>
Financial assets measured at FVTPL	-	-	-	13,447	13,447	-	13,447
Financial assets measured at FVTOCI	-	-	-	2,403,825	2,403,825	(579,807)	1,824,018
Investments using equity method	-	-	-	2,897,358	2,897,358	(1,115,248)	1,782,110
Property, plant and equipment	3,510,719	2,190,984	34,581	305,260	6,041,544	-	6,041,544
Right-of-use asset	1,191	-	-	-	1,191	-	1,191
Other intangible asset	5,443	4,177	67	10	9,697	-	9,697
Other non-current asset	34,192	26,008	111	265,216	325,527	-	325,527
Total assets	<u>\$ 6,871,383</u>	<u>\$ 3,712,471</u>	<u>\$ 844,589</u>	<u>\$ 8,914,760</u>	<u>\$ 20,343,203</u>	<u>(\$ 2,429,702)</u>	<u>\$ 17,913,501</u>

(c) Segment liabilities

Since the measurement of the liabilities of the consolidated company's department is not provided to the operating decision makers, there is no need to disclose the measurement of the liabilities.

(d) Main products and service income

The main product and service income analysis of the continuing business unit of the consolidated company is as follows:

	2020	2019
Nylon chips	\$ 4,982,983	\$ 7,873,906
Petrochemicals	3,933,215	-
Nylon yarn	1,655,531	2,343,983
Woven (knitted) fabric	2,092,549	3,221,441
Others	895,183	1,140,017
	<u>\$ 13,559,461</u>	<u>\$ 14,579,347</u>

(e) Region-specific information

The consolidated company's main operation is based in Asia.

The information of the consolidated company's continuing business income from external customers based on operating location and non-current assets based on asset location is listed below:

	Income from external customers		Non-current assets	
	2020	2019	Dec 31, 2020	Dec 31, 2019
ASIA	\$ 12,764,890	\$ 12,737,469	\$ 5,729,670	\$ 6,112,589
OTHER	<u>794,571</u>	<u>1,841,878</u>	<u>-</u>	<u>-</u>
	<u>\$ 13,559,461</u>	<u>\$ 14,579,347</u>	<u>\$ 5,729,670</u>	<u>\$ 6,112,589</u>

Non-current assets exclude assets classified as financial instruments and deferred income tax assets.

(f) Information of main customers

The consolidated company had no customers who accounted for more than 10% of the operating income of the income statement of 2019.

The details of the customers who accounted for more than 10% of the operating income of the consolidated company's income statement of 2020 are as follows:

	2020
Oriental Petrochemical	<u>\$ 1,518,411</u>

Li Peng Enterprise Co. Ltd and Subsidiaries
Reinvestment company funds to lend to others
2020

Attached Table 1

Unit : NTD thousand ; Foreign currency

No. (Note 1)	Financing Company	Loan and loanee	Financial Statement Account (note 2)	Related party	Maximum balance for the period (note 3)	Ending balance (note 8)	Amount actually drawn	Interest rate%	Nature for financing (note 4)	Transaction amounts (note 5)	Reason for short-term financing (note 6)	Allowance for bad debt	Collateral		Financing Limits for Each Borrowing Company (note 7)	Financing Company's Total Financing Amount Limits (note 7)
													Item	Value		
0	Li Peng Enterprise Co., Ltd.	PT INDONESIA LIBOLON FIBER SYSTEM	Loan to related parties	Yes	\$ 800,000	\$ 800,000	\$ 284,800	1.43044~3.1986	2	\$ -	Operating turnover	\$ -	-	\$ -	\$ 948,189	\$ 3,792,756
		Eton Petrochemical Co., Ltd.	Loan to related parties	Yes	300,000	300,000	26,163	1.42565~1.47	2	-	Operating turnover	-	-	-	948,189	3,792,756
		In Talent Investments Limited	Loan to related parties	Yes	800,000	800,000	286,366	1.42565~1.47	2	-	Operating turnover	-	-	-	948,189	3,792,756
1	Li Mao Investment Co., Ltd.	Li Peng Enterprise Co., Ltd.	Loan to related parties	Yes	80,000	57,000	57,000	0.82040~0.98599	2	-	Operating turnover	-	-	-	107,781	431,124
		Lealea Enterprise Co., Ltd.	Loan to related parties	Yes	93,000	93,000	73,000	0.82040~0.95680	2	-	Operating turnover	-	-	-	107,781	431,124
		Li Ling Film Co., Ltd.	Loan to related parties	Yes	50,000	50,000	50,000	1.42565~1.47	2	-	Operating turnover	-	-	-	107,781	431,124
2	Li Shing Investment Co., Ltd.	Li Peng Enterprise Co., Ltd.	Loan to related parties	Yes	65,000	45,000	45,000	0.82040~0.98599	2	-	Operating turnover	-	-	-	85,884	343,537
		Lealea Enterprise Co., Ltd.	Loan to related parties	Yes	75,000	75,000	75,000	0.82040~0.95680	2	-	Operating turnover	-	-	-	85,884	343,537
3	Hung Hsing Investment Co., Ltd.	Li Peng Enterprise Co., Ltd.	Loan to related parties	Yes	60,000	43,000	43,000	0.82040~0.98599	2	-	Operating turnover	-	-	-	80,700	322,799
		Lealea Enterprise Co., Ltd.	Loan to related parties	Yes	70,000	70,000	70,000	0.82040~0.95680	2	-	Operating turnover	-	-	-	80,700	322,799

Note 1 : Description of the number column: (1) Issuer fill in 0. (2) The invested company is numbered sequentially from Arabic numeral 1 according to the company type.

Note 2 : Accounts receivable from related parties, accounts receivable from related parties, shareholder transactions, advance payments, temporary payments... and other items in the account, if they are fund loans, the nature of which must be filled in this column.

Note 3 : The maximum balance of funds loaned to others in the current year.

Note 4 : The nature of the loan should be listed as (1) business contacts or (2) those that are for short-term financing.

Note 5 : If the nature of the loan is a business transaction, the business transaction amount should be entered. The amount of business transactions refers to the amount of business transactions between the company that lent the funds and the loanee in the most recent year.

Note 6 : If the nature of the loan is necessary for short-term financing, the reasons for the necessary loan and fund and the purpose of the loan and the target's fund should be specified, such as: repayment of borrowings, purchase of equipment, business turnover... etc.

Note 7 : Loan and limit for individual objects: 10% of the shareholders' equity of Li Peng Company, Li Mao Company, Li Shing Company and Hung Hsing Company; loan and total amount: Li Peng Company, Li Mao Company, Li Shing Company and 40% of the shareholders' equity of Hung Hsing Company. Li Peng Company, Li Mao Company, Li Shing Company and Hung Hsing Company did not exceed the limit when the original funds were used for the loan.

Note 8 : If a public listed company makes a loan to the board of directors on a case-by-case basis in accordance with Article 14 Clause 1 of the Guidelines for the Handling of Loans and Endorsements for Public Listed Companies, the amount of the board resolution should be included in the reported balance even though it has not yet allocated funds. In order to expose the risk it bears; after the fund is repaid, the balance after the repayment should be disclosed to reflect the risk adjustment. If the public listed company authorizes the chairman of the board to approve the loan in a specific amount and within a one-year period in accordance with paragraph 2 of Article 14 of the processing guidelines, the loan and the amount approved by the board of directors shall still be used as the balance to be declared. Although the funds will be repaid thereafter, it is still possible to allocate the loan again, so the loan and quota approved by the board of directors should still be used as the reported balance.

Li Peng Enterprise Co. Ltd and Subsidiaries

Holding securities at the end of the period

For the Year Ended Dec 31, 2020

Attached Table 2

Unit : NTD thousand

Held Company Name	Marketable securities type and name (note 1)	Relationship with the company (note 2)	Financial statement account	End of the period				Note (note 4)
				Shares (Units)	Carrying value (note 3)	% of ownership	Fair value	
Li Peng Enterprise Co. Ltd.	Share							
	Trade-Van Information Services Co., Ltd.	NA	Financial assets mandatorily measured at FVTPL – current	427,675	\$ 21,598	0.29	\$ 21,598	
	Asia Pacific Telecom Co., Ltd.	"	"	3,277,157	33,099	0.09	33,099	
	Information Technology Total Services Co. Ltd.	"	"	33,750	1,282	0.12	1,282	
	Lealea Enterprise Co., Ltd.	The chairman is same as the company, and the company holds 15.89% of the shares and is the legal director	Financial assets measured at FVTOCI – non-current	71,743,197	947,010	7.49	947,010	
	Taiwan Filament Weaving Development Co., Ltd.	NA	Financial assets mandatorily measured at FVTPL – non-current	3,302,964	9,730	5.76	-	
	Huazhi Venture Capital Co., Ltd.	"	"	21,739	217	4.35	-	
	Juyou Technology Co., Ltd.	"	"	180,491	1,448	0.54	-	
	Techgains Pan-Pacific Corp.	"	"	150,000	430	0.26	-	
	Book4u Co., Ltd.	"	"	6,250	-	0.12	-	

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Held Company Name	Marketable securities type and name (note 1)	Relationship with the company (note 2)	Financial statement account	End of the period				Note (note 4)
				Shares (Units)	Carrying value (note 3)	% of ownership	Fair value	
Li Mao Investment Co., Ltd.	Share							
	Lealea	Shareholders who hold 46.62% of the equity	Financial assets measured at FVTOCI — non-current	43,981,710	\$ 580,559	4.59	\$ 580,559	Pledge 16,495,000 shares as collateral for the issuance of short-term notes
	Li Peng	Company's parent company	"	34,177,995	308,286	3.74	308,286	
Hung Hsing Investment Co., Ltd.	Share							
	Lealea	Shareholders who hold 46.98% of the equity	Financial assets measured at FVTOCI — non-current	32,015,977	422,611	3.34	422,611	Pledge 16,212,000 shares as collateral for the issuance of short-term notes
	Li Peng	Company's parent company	"	24,618,087	222,055	2.69	222,055	
	Far East New Century	NA	Financial assets mandatorily measured at FVTPL — current	1,000,000	28,950	0.02	28,950	
	Fund beneficiary certificate							
	Jih Sun Money Market Fund	NA	"	736,870.59	11,016	-	11,016	
Li Shing Investment Co., Ltd.	Share							
	Lealea	Shareholders who hold 47% of the equity	Financial assets measured at FVTOCI — non-current	30,945,623	408,482	3.23	408,482	
	Li Peng	Company's parent company	"	24,152,024	217,851	2.64	217,851	
	Rich	Li Shing's parent company, Li Peng, is an invested company evaluated using the equity method	Financial assets mandatorily measured at FVTPL — current	305,000	3,203	0.04	3,203	
	Far East New Century	NA	"	450,000	13,028	0.01	13,028	

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Held Company Name	Marketable securities type and name (note 1)	Relationship with the company (note 2)	Financial statement account	End of the period				Note (note 4)
				Shares (Units)	Carrying value (note 3)	% of ownership	Fair value	
Libolon (Shanghai) International Trading Co., Ltd	Fund beneficiary certificate Jih Sun Money Market Fund	NA	Financial assets mandatorily measured at FVTPL — current	2,879,213.91	\$ 43,044	-	\$ 43,044	
	Capital Money Market Fund	"	"	1,476,305.40	24,013	-	24,013	
	Franklin Templeton Sinoam Money Market Fund	"	"	1,247,576.82	13,010	-	13,010	
	Financial products							
	Tiantianli Hwei Pu Program	NA	Financial assets mandatorily measured at FVTPL — current	-	11,836	-	11,836	
	Fortune Shuttle	"	"	-	104,772	-	104,772	
	Enterprising No. 4	"	"	-	50,584	-	50,584	
	Fortune Shuttle	"	"	-	50,584	-	50,584	
	Enterprising No. 3	"	"	-	5,472	-	5,472	
	Tiantianli Enterprising No. 1	"	"	-	927	-	927	
	Anfu Zuenron No. 1	"	"	-	927	-	927	
Libolon Energy Co., Ltd.	Structured deposits							
	Yuedeying No. 3	NA	Financial assets mandatorily measured at FVTPL — current	-	321	-	321	
	Yue Xiang Ying	"	"	-	1,324	-	1,324	
	Yue Xiang Ying	"	"	-	96,453	-	96,453	
	20120028							
Libolon Energy Co., Ltd.	Fund beneficiary certificate Jih Sun Money Market Fund	NA	Financial assets mandatorily measured at FVTPL — current	1,607,792.43	24,036	-	24,036	

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Held Company Name	Marketable securities type and name (note 1)	Relationship with the company (note 2)	Financial statement account	End of the period				Note (note 4)
				Shares (Units)	Carrying value (note 3)	% of ownership	Fair value	
Eton Petrochemical Co.,Ltd.	Fund beneficiary certificate Jih Sun Money Market Fund	NA	Financial assets mandatorily measured at FVTPL — current	267,965.41	4,006	-	4,006	

Note 1 : The securities mentioned in this table refer to stocks, bonds, beneficiary certificates and securities derived from the above items that fall within the scope of IFRS No. 9 "Financial Instruments".

Note 2 : If the securities issuer is not a related party, this column is not required to be filled up.

Note 3 : If measured by fair value, please fill in the book value after fair value evaluation adjustment and deducting allowance for the book value in column B; if it is not measured by fair value, please fill in the amortized cost in column B (after deducting the allowance for loss) carrying amount.

Note 4 : The listed securities have users who are restricted due to the provision of guarantees, pledged loans, or other agreed-upon. The remarks column should indicate the number of guarantees or pledged shares, the amount of guarantees or pledges, and the usage restrictions.

Note 5 : For information about the equity of invested subsidiaries and associates, please refer to attached table 7, attached table 8 and attached table 9.

Li Peng Enterprise Co. Ltd and Subsidiaries

The cumulative amount of buying or selling the same securities reaches NT\$300 million or more than 20% of the paid-in capital

Jan 1 to Dec 31, 2020

Attached Table 3

Unit : thousand

Buy /sell company	Securities Type and name (note 1)	Financial statement accounting	Trading partners (note 2)	Relationship (note 2)	Currency	Beginning of period		Buy (note3)		Sell (note3)				End of period (note 6)	
						Shares	Amount	Shares	Amount	Shares	Value	Carrying amount	Disposition of P&L	Shares	Amount
Li Peng Enterprise Co., Ltd. Libolon (Shanghai) International Trading Co.,Ltd.	PT. INDONESIA LIBOLON FIBER SYSTEM Financial products	Investment using equity method	Unrelated party	Unrelated party	NTD	-	\$ -	5,730,000 (note 5)	\$ 757,965 USD 25,420 (note 5)	-	\$ -	\$ -	\$ -	5,730,000	\$ 752,312
	Fortune Shuttle Enterprising No. 4	Financial assets mandatorily measured at FVTPL— current	—	—	RMB	-	31,951	-	74,376	-	83,932	82,390	1,542 (note 8)	-	23,937

Note 1 : The securities mentioned in this table refer to stocks, bonds, beneficiary certificates and securities derived from the above items.

Note 2 : Investors who use the equity method for securities accounts must fill in these two columns, and the rest are not required.

Note 3 : The cumulative buy-in and sell-off amount should be calculated separately at fair value whether it reaches NT\$300 million or 20% of the paid-in capital.

Note 4 : The amount of paid-in capital refers to the amount of paid-in capital of the parent company. If the issuer's stock has no denomination or the denomination per share is not NT\$10, the transaction amount of 20% of the paid-in capital shall be calculated based on the 10% of the equity attributable to the shareholder of the parent company on the balance sheet.

Note 5 : The buy-in in this period includes participation in cash capital increase.

Note 6 : The amount at the end of the period includes the profit and loss recognized by the equity method and related adjusted items.

Note 7 : As of December 31, 2020, RMB to NTD exchange rate was 4.377; January 1, 109 to December 31, 2020, RMB to NTD average exchange rate was 4.2817.

Note 8 : The disposition of profit and loss is listed in interest income.

Li Peng Enterprise Co. Ltd and Subsidiaries

The amount of purchases and sales with related parties reaches NT\$100 million or more than 20% of the paid-in capital

Jan 1 to Dec 31, 2020

Attached Table 4

Unit : NTD thousand

Buyer (Seller)	Related Party	Relationship	Transactions				Trading conditions and general trading circumstances and reasons (note 1)		Notes and accounts receivable (payable)		Note (note 2)
			Buy (sell) goods	Amount	% of total buy (sell)	Credit period	Unit Price	Credit period	Balance	% of total notes and accounts receivable (payable)	
Li Peng Enterprise Co., Ltd.	Lealea Enterprise Co., Ltd.	Chairman is same as the company	Buy	\$ 486,090	7	Notes receivable 30 days after shipment	Not applicable	Not applicable	Notes and accounts payable (\$ 60,318)	(7)	
"	"	"	Sell	(574,043)	(6)	"	"	"	Notes and accounts receivable 89,732	4	
"	Li Ling Film Co., Ltd.	"	Sell	(319,172)	(3)	Notes receivable 60 days after shipment	"	"	Notes and accounts receivable 112,332	6	
"	Libolon (Shanghai) International Trading Co., Ltd.	100% of the company's indirect shares are investee	Sell	(1,062,739)	(10)	T/T 180 days after shipment	"	"	Notes and accounts receivable 451,347	23	

Note 1: If the related party's transaction conditions are different from the general transaction conditions, the unit price and credit period column should state the difference and the reason.

Note 2: If there is an advance account receivable (payable), the reason, contractual terms, amount, and differences from the general transaction type should be stated in the remarks column.

Note 3: The amount of paid-in capital refers to the amount of paid-in capital of the parent company. If the issuer's stock has no denomination or the denomination per share is not NT\$10, the transaction amount of 20% of the paid-in capital shall be calculated based on the 10% of the equity attributable to the owner of the parent company on the balance sheet.

Li Peng Enterprise Co. Ltd and Subsidiaries
Receivables from related parties amount to NT\$100 million or more than 20% of the paid-in capital
Dec 31, 2020

Attached Table 5

Unit : NTD thousand

Account receivable company	Related party	Relationship	Balance (note 1)	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Disposition		
Li Peng Enterprise Co., Ltd.	Libolon (Shanghai) International Trading Co., Ltd.	A related party in which the company indirectly holds 100% of its shares	Accounts Receivable \$ 451,347	2.16 times	\$ -	-	\$ 61,682	\$ -
Li Peng Enterprise Co., Ltd.	Li Ling Film Co., Ltd.	Chairman is same as the company	112,332	4.57 times	-	-	33,286	-
Li Peng Enterprise Co., Ltd.	Eton Petrochemical Co., Ltd.	A related party in which the company indirectly holds 75% of its shares	Other receivables 298,572	-	-	-	298,572	-

Note 1: Please fill in separately according to the accounts receivable, bills, other receivables...and so on.

Note 2: The amount of paid-in capital refers to the amount of paid-in capital of the parent company. If the issuer's stock has no denomination or the denomination per share is not NT\$10, the transaction amount of 20% of the paid-in capital shall be calculated based on the 10% of the equity attributable to the shareholder of the parent company on the balance sheet.

Li Peng Enterprise Co. Ltd and Subsidiaries
Intercompany relationships and significant intercompany transactions
Jan 1 to Dec 31, 2020

Attached Table 6

Unit : NTD thousand

No. (note 1)	Company name	Counter party	Relationship (note 2)	Intercompany transactions			
				Financial statements item	Amount	Terms	%of Consolidated Net Revenue or Total Assets (note 3)
0	Li Peng Company	Libolon (Shanghai) International Trading Co.,Ltd.	Parent to granddaughter company	Accounts receivable	\$ 451,347	no major differences between trading conditions and general customers	3
0	"	"	"	Sales revenue	1,062,739	"	8
0	"	"	"	Temporary payments	198	"	-
0	"	"	"	Advance sales receipts	1,135	"	-
0	"	"	"	Outsourcing expense	(3,170)	"	-
0	"	In Talent Investments Limited	(1)	Account payable	306	"	-
0	"	"	"	Other payables	152,394	"	-
0	"	"	"	In-transit inventory	163	"	-
0	"	"	"	Purchase	729	"	-
0	"	"	"	Loan to related parties	286,366	"	2
0	"	"	"	Interest receivable	286	"	-
0	"	"	"	Interest income	1,089	"	-
0	"	Li Shing Investment Co., Ltd.	(1)	Loan from related parties	45,000	"	-
0	"	"	"	Interest expense	377	"	-
0	"	"	"	Interest payable	31	"	-
0	"	Hung Hsing Investment Co., Ltd.	(1)	Loan from related parties payable	43,000	"	-
0	"	"	"	Interest expense	358	"	-
0	"	"	"	Interest payable	30	"	-

(continued in next page)

(continued from last page)

No. (note 1)	Company name	Counter party	Relationship (note 2)	Intercompany transactions			
				Financial statements item	Amount	Terms	%of Consolidated Net Revenue or Total Assets (note 3)
0	Li Peng Company	Li Mao Investment Co., Ltd.	(1)	Loan from related parties	\$ 57,000	no major differences between trading conditions and general customers	-
0	"	"	"	Interest expense	476	"	-
0	"	"	"	Interest payable	40	"	-
0	"	Libolon Energy Co., Ltd.	(1)	Rental income	3	"	-
0	"	Eton Petrochemical Co.,Ltd.	(1)	Service income	1,864	"	-
0	"	"	"	Rental income	152	"	-
0	"	"	"	Service expense	880	"	-
0	"	"	"	Account receivable	472	"	-
0	"	"	"	Other receivable	298,572	"	2
0	"	"	"	Other accrued expense payable	924	"	-
0	"	"	"	Loan to related parties	26,163	"	-
0	"	"	"	Interest receivable	5	"	-
0	"	"	"	Interest income	9	"	-
1	In Talent Investments Limited	Eton Petrochemical Co.,Ltd.	(3)	Service income	596	"	-
1	"	"	"	Account receivable	709	"	-
1	"	"	"	Other receivable	154,752	"	1

Note 1: The business transaction information between the parent company and its subsidiaries should be indicated in the serial number column respectively. The method of filling in the serial number is as follows:

(1) Fill in 0 for the parent company.

(2) Subsidiaries are numbered sequentially starting from Arabic numeral 1 based on the company.

Note 2: The relationship of intercompany has the following three types, and the type can be marked (if it is the same transaction between parent and subsidiaries; or parent company to subsidiaries, there is no need to repeat disclosure. For example: parent company to subsidiary transaction, if the parent company has been disclosed, the subsidiary part

does not need to be repeatedly disclosed; for the transactions of a subsidiary to a subsidiary, if one of the subsidiaries has been disclosed, the other subsidiary need not be repeatedly disclosed):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: The transaction amount is calculated on the ratio to the consolidated total revenue or assets. If it is an asset-liability item, it will be calculated as the ending balance of the consolidated total assets; if it is a profit and loss item, the cumulative amount in the period will be calculated as the total consolidated, calculated by the method of receipt.

Note 4: The important transactions in this table can be determined by the company based on the principle of materiality.

Li Peng Enterprise Co., Ltd. and Subsidiaries
Names, Locations, And Related Information of Investees
Jan 1 to Dec 31, 2020

Attached Table 7

Unit : NTD thousand

Buyer (Seller)	Related party (note 1、2)	Location	Main business and products	Original investment amount		Balance at the end of period			Net Income (Losses) of the Investee (note 4(2))	Share of Profits/Losses of Investee (note 4(3))	Note
				End of period	End of last year	Shares	Ratio %	Carrying amount			
Li Peng Enterprise Co., Ltd.	In Talent Investments Limited	Samoa	Reinvestment related business	\$ 65,893	\$ 65,893	2,000,000	100.00	\$ 298,896	\$ 12,138	\$ 12,388	
	Li Mao Investment Co., Ltd.	11th Floor, No.162 Songjiang Road, Taipei City	Reinvestment in various production businesses, securities investment, banks.	415,715	415,715	40,356,000	53.38	410,776	(292)	(156)	
	Hung Hsing Investment Co., Ltd.	"	"	401,449	401,449	26,296,000	53.02	310,106	(331)	(176)	
	Li Shing Investment Co., Ltd.	"	"	415,280	415,280	42,400,000	53.00	339,691	(6,427)	(3,406)	
	Li Hao Investment Co., Ltd.	"	"	363,629	363,629	35,244,000	46.62	396,375	(5,359)	(2,498)	
	Li Zan Investment Co., Ltd.	"	"	329,212	329,212	21,540,000	46.83	242,742	(11,925)	(5,584)	
	Lealea Technology Co., Ltd.	"	Technology software services	40,408	40,408	7,041,004	18.54	115,858	129,367	23,990	
	Li Ling Film Co., Ltd.	"	Nylon film production	20,000	20,000	2,000,000	3.33	15,469	(217,559)	(7,252)	
	Rich Development Co., Ltd.	8th Floor, No. 99, Jilin Road, Taipei City	Entrusted builders to build commercial buildings and lease and sell residential buildings	492,829	492,829	51,117,852	6.87	928,252	103,976	7,144	
	Fu Li Transport Co., Ltd.	No. 122, Zili Second Street, Wuqi District, Taichung City	Automobile container freight industry, warehousing industry, automobile and parts manufacturing industry	28,000	28,000	2,800,000	20.00	36,357	11,637	2,327	
	Lea Jie Energy Co., Ltd.	4th Floor, No.162 Songjiang Road, Taipei City	Coal retail and wholesale	90,000	90,000	9,000,000	30.00	100,656	25,730	7,698	
	PT. LONG JOHN INNOVATION MATERIAL	JALAN UBRUG, Kel. Kembangkuning, Kec. Jatiluhur, Kab. Purwakarta, Prop. JawaBarat	Knitted fabric, fabric improvement	-	15,200	-	-	-	-	-	註 2
	Libolon Energy Co., Ltd.	No. 38, Gongye Road, Houliiao Village, Fangyuan Township, Changhua County	Renewable energy, self-powered generation equipment and cogeneration industry	21,000	-	2,100,000	70.00	18,826	(3,105)	(2,660)	註 3
	Pt.Indonesia Libolon Fiber System	Lantai 1 Jl. Cideng Barat No. 15, RT.011/RW.001 Kel. Duri Pulo. Kec. Gambir. DKZ Jakarta	Weaving, dyeing, finishing, processing, manufacturing, and trading of man-made fibers	757,965	-	5,730,000	30.00	752,312	(165,491)	3,133	
In Talent Investments Limited	Eton Petrochemical Co.,Ltd.	4th Floor, No.162 Songjiang Road, Taipei City	Chemical raw material wholesale	9,000	-	900,000	75.00	13,293	5,725	4,293	
	Libolon (Shanghai) International Trading Co., Ltd.	Room 532, 5th Floor, No. 88 Taigu Road, Waigaoqiao Free Trade Zone, Shanghai	Weaving, dyeing, finishing, processing, manufacturing, and trading of man-made fibers	65,893	65,893	2,000,000	100.00	298,235	11,804	-	

Buyer (Seller)	Related party (note 1 、 2)	Location	Main business and products	Original investment amount		Balance at the end of period			Net Income (Losses) of the Investee (note 4(2))	Share of Profits/Losses of Investee (note 4(3))	Note
				End of period	End of last year	Shares	Ratio %	Carrying amount			
Li Mao Investment Co., Ltd.	Li Ling Film Co., Ltd.	11th Floor, No.162 Songjiang Road, Taipei City	Nylon film production	990	990	33,000	0.06	260	(217,559)	-	
Li Shing Investment Co., Ltd.	"	"	"	60,000	60,000	2,000,000	3.33	15,783	(217,559)	-	
Hung Hsing Investment Co., Ltd.	"	"	"	35,115	35,115	1,170,500	1.95	9,237	(217,559)	-	
Eton Petrochemical Co.,Ltd.	Eton Petrochemical International Co.,Ltd.	Samoa	Chemical raw material wholesale	29	-	1,000	100.00	23	(6)	-	

Note 1: If a public offering company has a foreign holding company and uses consolidated statements as the main financial statements in accordance with local laws and regulations, the disclosure of information about the foreign invested company may only disclose relevant information to the holding company.

Note 2: Li Peng Enterprise Co., Ltd. disposal PT. LONG JOHN INNOVATION MATERIAL in March 2020 and recognized its investment losses.

Note 3: The investment loss recognized by Libolon Energy Co., Ltd. in this period includes the investment loss incurred when the control capability is acquired.

Note 4: If it is not in the situation described in Note 1, fill as in accordance to the following regulations:

- (1) The columns of "name of investee company", "location", "main business item", "original investment amount" and "end-of-term shareholding" shall be based on the reinvestment status of the company (public offering) and each direct investment or fill in the reinvestment status of the invested company indirectly controlled in order, and indicate the relationship between each invested company and the (public offering) company (if it is a subsidiary or a granddaughter company) in the remarks column.
- (2) In column B of "Invested Company's Current Profit and Loss", the amount of current profit and loss of each invested company should be filled in.
- (3) Column B of "Investment Profits and Losses Recognized in the Current Period" only needs to fill in the amount of profit and loss of each subsidiary recognized by the (public offering) company for direct reinvestment and each invested company evaluated by the equity method, and the rest is exempt fill. When filling in the "recognition of the current profit and loss amount of each subsidiary for direct reinvestment", it should be confirmed that the current profit and loss amount of each subsidiary has included the investment profit and loss of its reinvestment that should be recognized in accordance with the regulations.

Note 5: Please refer to Attached Tables 8 and 9 for relevant information of China investee companies.

Li Peng Enterprise Co., Ltd. and Subsidiaries

Information on investment in China

Jan 1 to Dec 31, 2020

Attached Table 8

Unit : NTD thousand, original currency in yuan

Related party in China	Main business	Paid-in capital	Investment method	Beginning of the period Cumulative investment amount remitted from Taiwan	Investment amount remitted or recovered in the current period		End of the period Remit from Taiwan accumulated investment amount	Invested company's current profit and loss	The company's direct or indirect investment % of shares held	Recognized in this period Investment profits and losses (note 2B)	Investment carrying amount at end of period	Investment income remitted back to Taiwan as of the current period
					Outflow	Inflow						
Libolon (Shanghai) International Trading Co., Ltd.	Weaving, dyeing, finishing, processing, manufacturing, and trading of man-made fibers	\$ 65,893 USD 2,000,000	Note 2 (2)	\$ 65,893 (USD 2,000,000)	\$ -	\$ -	\$ 65,893 (USD 2,000,000)	\$ 11,804	100	\$ 11,804	\$ 298,235	\$ -

Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper limit on investment
USD 2,000,000 NTD 65,893	USD 2,000,000 NTD 65,893	\$ 5,689,135

Note 1: 2020 annual average exchange rate RMB to NTD=1: 4.2817

Note 2: The investment methods are divided into the following three types, just indicate the types:

- (1) Go directly to the mainland for investment.
- (2) Reinvest in mainland China through a third-region company (please specify the investment company in the third region).
- (3) Other methods.

Note 3: In the current period recognized investment profit and loss column:

- (1) If it is under preparation and there is no investment gain or loss, it should be indicated.
- (2) The investment profit and loss recognition basis are divided into the following three types, which should be specified.
 - A. The financial statements that have been verified by international accounting firms in partnership with the Republic of China Accounting Firm.
 - B. The financial statements of the visa are checked by the Taiwanese parent company's visa accountant.
 - C. Others.

Note 4: The relevant figures in this table should be presented in New Taiwan Dollars.

Li Peng Enterprise Co., Ltd. and Subsidiaries

The following major transactions with mainland investee companies directly or indirectly via a third region, their prices, payment terms, unrealized profits and losses, and other relevant information

Jan 1 to Dec 31, 2020

Attached Table 9

Unit : except for specifically indicated in NTD thousand

Related Party in China	Transaction	Purchase, sale (Note)		Price	Terms		Notes, accounts receivable (payable)		Unrealized profit (loss)	Note
		Amount	%		Payment terms	Compare to normal trade	Amount	%		
Libolon (Shanghai) International Trading Co., Ltd.	Sale	(\$ 1,062,739)	(10)	Set according to local market conditions, trading conditions are similar to general customers	180 days after shipment, the collection period will be extended depending on local conditions	Similar	Accounts Receivable \$ 451,347	23	\$ 151	

Note: In the case of property transactions or other types of transactions, the terms should be modified according to the circumstances.

Li Peng Enterprise Co., Ltd.
Information of main shareholder
Dec 31, 2020

Attached Table 10

Main Shareholders	Share	
	Shares held	Share hold ratio
Lealea Enterprise Co., Ltd.	145,353,853	15.89
Li Hao Investment Co., Ltd.	49,213,968	5.38

Note 1: The main shareholder information is based on the last business day at the end of the quarter, calculated by the shareholders of the company's ordinary shares and special shares that have completed unregistered delivery (including treasury shares) totaling more than 5% of data. The share capital recorded in the company's consolidated financial report and the actual number of shares delivered without registration may be different due to various calculation bases.

Note 2: The information above is that shareholders deliver shares to the trust, it is disclosed in individual accounts by the trustee who opened the trust account by the trustee. As for the shareholder's declaration of insider's equity holding more than 10% of the shares in accordance with the Securities and Exchange Act, his shareholding includes his own shareholding plus the shares delivered to the trust and the right to use the trust property, etc., please refer to the public information for information on insider's equity declaration observatory site.

Li Peng Enterprise Co., Ltd.
"Consolidated Financial
Statements of Affiliated
Companies"
&
Accountant's Review Report
(omitted)
2020

One. Consolidated financial statements of related companies

- A. Consolidated balance sheet of related companies (omitted).
- B. income statement of the consolidation of related companies (omitted).

TWO. Notes to the consolidated financial statements of related companies

A. Subsidiary company details:

Subsidiary company name	Relationship with parent company	Business function	Share hold ratio / Invested amount ratio
In Talent Investments Limited.	100% directly owned subsidiary	Reinvestment related business	100.00%
Libolon (Shanghai) International Trading Co.,Ltd.	100% indirectly owned subsidiary	Weaving, dyeing, finishing, processing, manufacturing, and trading of man-made fibers	100.00%
Li Mao Investment Co., Ltd.	53.38% directly owned subsidiary	Reinvestment in various production businesses, securities investment companies, banks	53.38%
Hung Hsing Investment Co., Ltd.	53.02% directly owned subsidiary	Reinvestment in various production businesses, securities investment companies, banks	53.02%
Li Shing Investment Co., Ltd.	53.00% directly owned subsidiary	Reinvestment in various production businesses, securities investment companies, banks	53.00%
Libolon Energy Co., Ltd.	70% directly owned subsidiary	Renewable energy self-powered generation equipment and cogeneration industry	70.00%
Eton Petrochemical Co.,Ltd.	75% directly owned subsidiary	Chemical raw material wholesale	75.00%
Eton Petrochemical International Co.,Ltd.	100% indirectly owned subsidiary	Chemical raw material wholesale	100.00%

- B. Including changes in the subsidiary companies in the consolidated financial statements of the related companies in the current period: adding Eton Petrochemical Co., Ltd., Eaton Petrochemical International Co., Ltd. and Libolon Energy Co., Ltd. in the current period.
- C. Subsidiary companies not included in the consolidated financial statements of related companies for the current period: NA.
- D. The adjustment and treatment method of the subsidiary company's fiscal year different from that of the parent company: NA.
- E. The adjustment and treatment method of the subsidiary company's accounting policy and the parent company's difference: NA.
- F. Special risks of foreign associated companies' operations: NA.
- G. The distribution of surplus of each associated company is restricted by laws or contracts: NA.
- H. Method and time limit for amortization of combined debit (credit) items: NA.
- I. Disclosure matters separately:
- (1) Business relations and important transactions between parent and subsidiary companies: Please refer to Attached Table 6 of the consolidated financial report of Li Peng Enterprise Co., Ltd. and its subsidiaries.
 - (2) Financial Links: Please provide detailed information on Attached Table 1 of the consolidated financial report of Li Peng Enterprise Co., Ltd. and its subsidiaries.
 - (3) Endorsement guarantee: NA
 - (4) Derivative financial products: Please refer to Note 27 of the consolidated financial report of Li Peng Enterprise Co., Ltd. and its subsidiaries.
 - (5) Significant contingencies: please specify Note 30 of the consolidated financial report of Li Peng Enterprise Co., Ltd. and its subsidiaries.
 - (6) Significant post-period events: NA
 - (7) Holds of bills and marketable securities: please refer to Attached Table 2 of the consolidated financial report of Li Peng Enterprise Co., Ltd. and its subsidiaries.
- J. Other: NA