Stock code: 4720

# Tex Year Industries Inc. and Subsidiaries

## Consolidated Financial Report and Independent Auditor's Review Report

First Quarter of 2021 and 2020

Address: No. 9, Wuquan 6th Road, Wugu District, New Taipei City

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## Independent Auditor's Review Report

To: Tex Year Industries Inc.

**Foreword**

The consolidated balance sheet of Tex Year Industries Inc. and its subsidiaries as of March 31, 2021 and 2020 and the consolidated comprehensive income statement, consolidated statement of changes in equity and consolidated cash flow statement from January 1 to March 31, 2021 and 2020 as well as notes to the consolidated financial statements (including the summary of significant accounting policies) have been duly verified by us. The management shall be responsible for preparing the financial statements fairly presented based on the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standards No. 34 "Interim Financial Reporting," recognized and released by the Financial Supervisory Commission. We are only responsible for concluding the financial statements based on the result of the review.

**Scope**

Except retaining the statement in the basic paragraph of the conclusion, we conducted the review in accordance with the "Review of Financial Statements" of the Auditing Standards Bulletin No. 65. The procedures to review the consolidated financial statements include inquiry (mainly with the person in charge of financial and accounting affairs), analytical procedures, and other review procedures. The scope of the review work is significantly smaller than that of the audit work, so we may not be able to detect all significant matters that can be identified through the audit work. Therefore, we cannot express an audit opinion.

**Basis of Reserved Opinion**

As stated in notes 12 and 13 to the consolidated financial statements, the financial statements of the subsidiaries and investees are included in the consolidated financial statements mentioned above, and some of the non-significant subsidiaries and the investment under the equity method during the same period have not been verified by us. The total assets of the non-significant subsidiaries above as of March 31, 2021 and 2020 were NT$988,077 thousand and NT$910,918 thousand, accounting for 31.47% and 31.31% of the total consolidated assets; the total liabilities were NT$300,088 thousand and NT$197,794 thousand, accounting for 16.30% and 11.49% of the total consolidated liabilities; the total comprehensive income from January 1 to March 31, 2021 and 2020 were NT$8,467 thousand and NT$(996) thousand, accounting for 58.16% and 3.91% of the total consolidated comprehensive income. The balance of the investment under the equity method on March 31, 2021 and 2020 were NT$94,616 thousand and NT$129,140 thousand, accounting for 3.01% and 4.44% of the total consolidated assets; the comprehensive income recognized under the equity method from January 1 to March 31, 2021 and 2020 were NT$1,645 thousand and NT$(1,277) thousand, accounting for 11.3% and 5.01% of the total consolidated comprehensive income.

**Reserved Conclusion**

According to our review results, except that the financial statements of some non-important subsidiaries and investees under the equity method mentioned in the basic paragraph of the reserved conclusion, if audited by us, may lead to adjustments to the consolidated financial statements, it is not found that the consolidated financial statements above have not been prepared in accordance with the Regulations Governing the Preparation of

Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” approved and promulgated by the Financial Supervisory Commission which may lead to the inability to properly express the consolidated financial status of Tex Year Industries Inc. and its subsidiaries as of March 31, 2021 and 2020 and the consolidated financial performance and consolidated cash flow from January 1 to March 31, 2021 and 2020.

The engagement partners on the reviews resulting in this independent auditors’ review report are Ming-Yen Chien and Pi-Yu Chuang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 14, 2021

*<u>Notice to Readers</u>*

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.*

*For the convenience of readers, the auditors’ report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors’ report and consolidated financial statements shall prevail.*

Tex Year Industries Inc. and Subsidiaries

Consolidated Balance Sheet

March 31, 2021 and December 31 and March 31, 2020

Unit: NT$1,000

| Code | Asset | March 31, 2021 (Reviewed) Amount | % | December 31, 2020 (Audited) Amount | % | March 31, 2020 (Reviewed) Amount | % |
|---|---|---|---|---|---|---|---|
| | Current Asset | | | | | | |
| 1100 | Cash and cash equivalents (note 6) | $ 332,512 | 10 | $ 420,381 | 14 | $ 371,068 | 13 |
| 1110 | Financial assets measured at fair value through income statement - current (note 7) | 64,126 | 2 | 60,078 | 2 | 46,358 | 1 |
| 1150 | Notes receivable (note 10) | 20,142 | 1 | 24,148 | 1 | 25,733 | 1 |
| 1170 | Accounts receivable (note 10) | 607,834 | 19 | 597,994 | 19 | 459,059 | 16 |
| 1180 | Accounts receivable - related parties (notes 10 and 32) | 32,667 | 1 | 37,681 | 1 | 24,491 | 1 |
| 1200 | Other receivables (note 10) | 26,199 | 1 | 22,277 | 1 | 12,283 | - |
| 1210 | Other receivables - related parties (notes 10 and 32) | 33,194 | 1 | 1,433 | - | 6,746 | - |
| 130X | Inventory (notes 11 and 33) | 651,924 | 21 | 541,905 | 18 | 542,006 | 19 |
| 1470 | Other current assets (note 17) | 81,881 | 3 | 70,813 | 2 | 76,652 | 3 |
| 11XX | Total Current Assets | 1,850,479 | 59 | 1,776,710 | 58 | 1,564,396 | 54 |
| | Non-current Assets | | | | | | |
| 1517 | Financial assets measured at fair value through other comprehensive income - non-current (note 8) | - | - | - | - | 3,586 | - |
| 1540 | Financial assets measured at cost after amortization – non-current (notes 9 and 33) | 23,346 | 1 | 76 | - | 32,754 | 1 |
| 1550 | Investment under the equity method (note 13) | 94,616 | 3 | 124,574 | 4 | 129,140 | 4 |
| 1600 | Property, plant and equipment (notes 14, 18, and 33) | 989,609 | 31 | 1,006,358 | 33 | 1,019,359 | 35 |
| 1755 | Right-of-use assets (note 15) | 71,621 | 2 | 72,943 | 2 | 75,388 | 3 |
| 1821 | Intangible assets (note 16) | 18,817 | 1 | 20,385 | 1 | 21,199 | 1 |
| 1840 | Deferred income tax assets (notes 4 and 27) | 38,070 | 1 | 37,428 | 1 | 42,371 | 2 |
| 1915 | Advance payment for equipment | 33,504 | 1 | 3,854 | - | 8,907 | - |
| 1990 | Other non-current assets (note 17) | 20,061 | 1 | 13,659 | 1 | 12,645 | - |
| 15XX | Total Non-current Assets | 1,289,644 | 41 | 1,279,277 | 42 | 1,345,349 | 46 |
| 1XXX | Total Assets | $ 3,140,123 | 100 | $ 3,055,987 | 100 | $ 2,909,745 | 100 |
| Code | Liabilities and Equity | | | | | | |
| | Current Liabilities | | | | | | |
| 2100 | Short term borrowings (note 18) | $ 472,443 | 15 | $ 356,408 | 12 | $ 380,819 | 13 |
| 2120 | Financial liabilities measured at fair value through income statement - current (note 7) | 5,754 | - | 4,102 | - | 5,304 | - |
| 2150 | Notes payable (note 20) | - | - | - | - | 21 | - |
| 2170 | Accounts payable (note 20) | 428,430 | 14 | 392,391 | 13 | 309,062 | 11 |
| 2180 | Accounts payable - related parties (notes 20 and 32) | 1,944 | - | 26,942 | 1 | 48,707 | 2 |
| 2200 | Other payables (note 21) | 112,336 | 4 | 154,551 | 5 | 99,360 | 3 |
| 2220 | Other payables - related parties (note 32) | - | - | - | - | 58 | - |
| 2230 | Current income tax liabilities (note 4) | 7,611 | - | 12,408 | - | 4,834 | - |
| 2250 | Provision for liabilities - current (note 22) | 999 | - | 1,046 | - | 1,415 | - |
| 2280 | Lease liabilities - current (note 15) | 2,139 | - | 2,848 | - | 4,378 | - |
| 2320 | Long term loans due within one year (notes 18, 19, and 33) | 111,823 | 4 | 115,384 | 4 | 50,019 | 2 |
| 2399 | Other current liabilities (notes 21 and 29) | 46,214 | 1 | 33,365 | 1 | 43,734 | 1 |
| 21XX | Total Current Liabilities | 1,189,693 | 38 | 1,099,445 | 36 | 947,711 | 32 |
| | Non-current Liabilities | | | | | | |
| 2530 | Corporate bonds payable (note 19) | 256,857 | 8 | 261,082 | 9 | 277,343 | 10 |
| 2540 | Long term borrowings (notes 18 and 33) | 264,655 | 9 | 284,372 | 9 | 381,130 | 13 |
| 2570 | Deferred income tax liabilities (notes 4 and 27) | 77,403 | 3 | 79,806 | 3 | 62,333 | 2 |
| 2580 | Lease liabilities – non-current (note 15) | 1,060 | - | 1,496 | - | 1,999 | - |
| 2630 | Deferred income – non-current (note 29) | 6,086 | - | 6,852 | - | 9,099 | - |
| 2640 | Net defined benefit liabilities – non-current (notes 4 and 23) | 41,636 | 1 | 42,491 | 1 | 41,328 | 2 |
| 2670 | Other non-current liabilities (note 21) | 3,708 | - | 1,115 | - | 1,132 | - |
| 25XX | Total Non-current Liabilities | 651,405 | 21 | 677,214 | 22 | 774,364 | 27 |
| 2XXX | Total Liabilities | 1,841,098 | 59 | 1,776,659 | 58 | 1,722,075 | 59 |
| | Equity attributable to owners of the Company (notes 8, 12, 13, 19, 23, 24, 27, and 31) | | | | | | |
| | Share capital | | | | | | |
| 3110 | Common stock | 893,857 | 28 | 893,857 | 29 | 886,794 | 31 |
| 3130 | Certificates of rights to exchange bonds for shares | 15,929 | 1 | 12,143 | 1 | 4,965 | - |
| 3100 | Total share capital | 909,786 | 29 | 906,000 | 30 | 891,759 | 31 |
| 3200 | Capital from retained earnings | 49,923 | 1 | 48,570 | 1 | 70,283 | 2 |
| | Retained earnings | | | | | | |
| 3310 | Legal reserve | 125,834 | 4 | 125,834 | 4 | 121,416 | 4 |
| 3320 | Special reserve | 95,226 | 3 | 95,226 | 3 | 54,831 | 2 |
| 3350 | Undistributed earnings | 82,144 | 3 | 75,916 | 3 | 42,697 | 2 |
| 3300 | Total retained earnings | 303,204 | 10 | 296,976 | 10 | 218,944 | 8 |
| | Other equity | | | | | | |
| 3410 | Exchange differences on the translation of financial statements of foreign operating organizations | (92,151) | (3) | (98,193) | (3) | (100,716) | (4) |
| 3420 | Unrealized profit or loss of financial assets measured at fair value through other comprehensive income | (12,586) | - | (12,586) | (1) | (9,000) | - |
| 3400 | Total other equity | (104,737) | (3) | (110,779) | (4) | (109,716) | (4) |
| 31XX | Total owner's equity of the Company | 1,158,176 | 37 | 1,140,767 | 37 | 1,071,270 | 37 |
| 36XX | Non-controlling interests | 140,849 | 4 | 138,561 | 5 | 116,400 | 4 |
| 3XXX | Total Equity | 1,299,025 | 41 | 1,279,328 | 42 | 1,187,670 | 41 |
| | Total Liabilities and Equity | $ 3,140,123 | 100 | $ 3,055,987 | 100 | $ 2,909,745 | 100 |

The attached notes are part of the consolidated financial statements.

(please refer to the Independent Auditor’s Review Report of Deloitte & Touche on May 14, 2021)

Chairman: Hsiang-Chih Hsiao Manager: Hsiang-Chih Hsiao Accounting Supervisor: Chih-Wen Kao

Tex Year Industries Inc. and Subsidiaries

Consolidated Statement of Comprehensive Income

January 1 to March 31, 2021 and 2020

(reviewed only, not audited in accordance with the Generally Accepted Auditing Standards)

Unit: NT$1,000, but earnings (loss) per share is NT$1

| | | January 1 to March 31, 2021 | | January 1 to March 31, 2020 | |
|---|---|---|---|---|---|
| Code | | Amount | % | Amount | % |
| | Operating income (notes 25, 32 and 37) | | | | |
| 4110 | Total operating income | $ 836,185 | 101 | $ 616,469 | 100 |
| 4170 | Less: sales return | 4,430 | 1 | 2,674 | - |
| 4190 | Less: sales discount | ( 10 ) | - | ( 75 ) | - |
| 4000 | Net operating income | 831,765 | 100 | 613,870 | 100 |
| | Operating costs (notes 11, 22, 23, 26 and 32) | | | | |
| 5110 | Cost of goods sold | 675,740 | 81 | 496,965 | 81 |
| 5900 | Operating margin | 156,025 | 19 | 116,905 | 19 |
| 5910 | Realized gain from investments and joint ventures | 47 | - | 95 | - |
| 5950 | Realized gross profit | 156,072 | 19 | 117,000 | 19 |
| | Operating expenses (notes 10, 15, 23, 26 and 32) | | | | |
| 6100 | Marketing expenses | 84,437 | 10 | 74,160 | 12 |
| 6200 | Administrative expenses | 35,008 | 4 | 33,717 | 5 |
| 6300 | Research and development costs | 22,885 | 3 | 23,709 | 4 |
| 6000 | Total operating expenses | 142,330 | 17 | 131,586 | 21 |
| 6900 | Net operating profit (loss) | 13,742 | 2 | ( 14,586 ) | ( 2 ) |
| | Non-operating income and expenditure | | | | |
| 7060 | Share of joint venture income recognized by equity method (note 13) | ( 1,437 ) | - | 541 | - |
| 7100 | Interest income (note 26) | 267 | - | 649 | - |

(To be continued)

(Continued)

| Code | | January 1 to March 31, 2021 Amount | % | January 1 to March 31, 2020 Amount | % |
|---|---|---|---|---|---|
| 7010 | Other income (notes 26, 29 and 32) | $ 9,058 | 1 | $ 8,735 | 1 |
| 7230 | Foreign exchange gain (loss) - net (note 35) | ( 2,384 ) | - | 662 | - |
| 7020 | Other interests and losses (note 26) | ( 2,146 ) | - | ( 3,473 ) | - |
| 7510 | Financial cost (notes 18, 19 and 26) | ( 2,490 ) | ( 1 ) | ( 4,229 ) | ( 1 ) |
| 7590 | Miscellaneous expenses | ( 1,673 ) | - | ( 1,585 ) | - |
| 7000 | Total non-operating income and expenditure | ( 805 ) | - | 1,300 | - |
| 7900 | Net profit (loss) before tax | 12,937 | 2 | ( 13,286 ) | ( 2 ) |
| 7950 | Income tax benefit (expense) (notes 4 and 27) | ( 4,979 ) | ( 1 ) | 5,223 | 1 |
| 8200 | Net profit (loss) of the current period | 7,958 | 1 | ( 8,063 ) | ( 1 ) |
| | Other comprehensive income (notes 4, 8, 12, 13 and 27) | | | | |
| | Items that may be reclassified to income in the future | | | | |
| 8361 | Exchange differences on the translation of financial statements of foreign operating organizations | 4,259 | 1 | ( 18,788 ) | ( 3 ) |
| 8370 | Share of other comprehensive income of joint venture under the equity method | 3,852 | - | ( 2,272 ) | - |
| 8399 | Income tax related to items that may be reclassified | ( 1,511 ) | - | 3,623 | - |
| 8360 | | 6,600 | 1 | ( 17,437 ) | ( 3 ) |
| 8300 | Other comprehensive income (net of tax) | 6,600 | 1 | ( 17,437 ) | ( 3 ) |
| 8500 | Total comprehensive income of the current period | $ 14,558 | 2 | ( $ 25,500 ) | ( 4 ) |

(To be continued)

(Continued)

| Code | | January 1 to March 31, 2021 | | January 1 to March 31, 2020 | |
|---|---|---|---|---|---|
| | | Amount | % | Amount | % |
| | Net profit (loss) attributable to | | | | |
| 8610 | owners of the Company | $ 6,228 | 1 | ($ 11,371) | ( 2) |
| 8620 | Non-controlling interests | 1,730 | - | 3,308 | 1 |
| 8600 | | $ 7,958 | 1 | ($ 8,063) | ( 1) |
| | Total comprehensive income attributable to | | | | |
| 8710 | owners of the Company | $ 12,270 | 2 | ($ 25,861) | ( 4) |
| 8720 | Non-controlling interests | 2,288 | - | 361 | - |
| 8700 | | $ 14,558 | 2 | ($ 25,500) | ( 4) |
| | Earnings (loss) per share (note 28) | | | | |
| 9710 | Basic | $ 0.07 | | ($ 0.13) | |
| 9810 | Diluted | $ 0.06 | | ($ 0.13) | |

The attached notes are part of the consolidated financial statements.

(please refer to the Independent Auditor’s Review Report of Deloitte & Touche on May 14, 2021)

Chairman: Hsiang-Chih Hsiao Manager: Hsiang-Chih Hsiao Accounting upervisor:Chin-Wen Kao

Tex Year Industries Inc. and Subsidiaries

Consolidated Statement of Changes in Equity

January 1 to March 31, 2021 and 2020

(reviewed only, not audited in accordance with the Generally Accepted Auditing Standards)

Unit: NT$1,000

| | | Equity attributable to owners of the Company (notes 8, 12, 13, 19, 23, 24, 27, and 31) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Share capital | | | Retained earnings | | | Other equity items | | | |
| Code | | Common stock | Certificates of rights to exchange bonds for shares | Capital from retained earnings | Legal reserve | Special reserve | Undistributed earnings | Exchange differences on the translation of financial statements of foreign operating organizations | Unrealized profit or loss of financial assets measured at fair value through other comprehensive income | Non-controlling interests (note 12) | Total equity |
| A1 | Balance on January 1, 2020 | $ 885,767 | $ 1,027 | $ 68,494 | $ 121,416 | $ 54,831 | $ 54,068 | ($ 86,226) | ($ 9,000) | $ 116,039 | $ 1,206,416 |
| I1 | Common shares converted from convertible corporate bonds | - | 4,965 | 1,789 | - | - | - | - | - | - | 6,754 |
| I3 | Share capital converted from certificates of rights to exchange bonds for shares | 1,027 | ( 1,027 ) | - | - | - | - | - | - | - | - |
| D1 | Net profit from January 1 to March 31, 2020 | - | - | - | - | - | ( 11,371 ) | - | - | 3,308 | ( 8,063 ) |
| D3 | Other comprehensive income after tax from January 1 to March 31, 2020 | - | - | - | - | - | - | ( 14,490 ) | - | ( 2,947 ) | ( 17,437 ) |
| D5 | Total comprehensive income from January 1 to March 31, 2020 | - | - | - | - | - | ( 11,371 ) | ( 14,490 ) | - | 361 | ( 25,500 ) |
| Z1 | Balance on March 31, 2020 | $ 886,794 | $ 4,965 | $ 70,283 | $ 121,416 | $ 54,831 | $ 42,697 | ($ 100,716 ) | ($ 9,000 ) | $ 116,400 | $ 1,187,670 |
| A1 | Balance on January 1, 2021 | $ 893,857 | $ 12,143 | $ 48,570 | $ 125,834 | $ 95,226 | $ 75,916 | ($ 98,193 ) | ($ 12,586 ) | $ 138,561 | $ 1,279,328 |
| I1 | Common shares converted from convertible corporate bonds | - | 3,786 | 1,353 | - | - | - | - | - | - | 5,139 |
| D1 | Net profit from January 1 to March 31, 2021 | - | - | - | - | - | 6,228 | - | - | 1,730 | 7,958 |
| D3 | Other comprehensive income after tax from January 1 to March 31, 2021 | - | - | - | - | - | - | 6,042 | - | 558 | 6,600 |
| D5 | Total comprehensive income from January 1 to March 31, 2021 | - | - | - | - | - | 6,228 | 6,042 | - | 2,288 | 14,558 |
| Z1 | Balance on March 31, 2021 | $ 893,857 | $ 15,929 | $ 49,923 | $ 125,834 | $ 95,226 | $ 82,144 | ($ 92,151 ) | ($ 12,586 ) | $ 140,849 | $ 1,299,025 |

The attached notes are part of the consolidated financial statements.

(please refer to the Independent Auditor's Review Report of Deloitte & Touche on May 14, 2021)

Chairman: Hsiang-Chih Hsiao Manager: Hsiang-Chih Hsiao Accounting Supervisor: Chih-Wen Kao

Tex Year Industries Inc. and Subsidiaries

Consolidated Cash Flow Statement

January 1 to March 31, 2021 and 2020

(reviewed only, not audited in accordance with the Generally Accepted Auditing Standards)

Unit: NT$1,000

| Code | | January 1 to March 31, 2021 | January 1 to March 31, 2020 |
|---|---|---|---|
| | Cash flow from business activities | | |
| A00010 | Net profit (loss) before tax | $ 12,937 | ($ 13,286 ) |
| A20010 | Income expense loss item | | |
| A20100 | Depreciation expense | 22,082 | 22,736 |
| A20200 | Amortization expenses | 2,070 | 2,435 |
| A20300 | Expected credit impairment loss | 1,117 | 9,690 |
| A20400 | Loss on financial instruments measured at fair value through the income statement | 2,146 | 3,445 |
| A20900 | Financial cost | 2,490 | 4,229 |
| A21200 | Interest income | ( 267 ) | ( 649 ) |
| A22300 | Share of profit of joint venture under the equity method | 1,437 | ( 541 ) |
| A22500 | Loss from disposal of property, plant and equipment | - | 28 |
| A23800 | Loss from falling inventory price and dead stock | 917 | 1,207 |
| A23900 | Realized gain from joint ventures | ( 47 ) | ( 95 ) |
| A24100 | Unrealized foreign currency exchange loss | 3,124 | 6,393 |
| A29900 | Reversal of refund liabilities | ( 47 ) | ( 250 ) |
| A29900 | Reversal of deferred income | ( 7,104 ) | ( 3,687 ) |
| A30000 | Net change in operating assets and liabilities | | |
| A31115 | Financial instruments measured at fair value through the income statement | ( 4,290 ) | ( 29,967 ) |
| A31130 | Notes receivable | 4,006 | ( 2,185 ) |
| A31150 | Accounts receivable | ( 11,068 ) | 76,545 |
| A31160 | Accounts receivable - related parties | 5,078 | ( 5,198 ) |
| A31180 | Other receivables | ( 14,824 ) | ( 1,075 ) |
| A31190 | Other receivables - related parties | 685 | 773 |
| A31200 | Inventory | ( 110,835 ) | ( 88,755 ) |
| A31240 | Other current assets | ( 11,068 ) | ( 10,389 ) |
| A32130 | Notes payable | - | 21 |
| A32150 | Accounts payable | 33,299 | 13,685 |
| A32160 | Accounts payable - related parties | ( 25,137 ) | ( 5,496 ) |
| A32180 | Other payables | ( 42,114 ) | 40,773 |

(To be continued)

(Continued)

| Code | | January 1 to March 31, 2021 | January 1 to March 31, 2020 |
|---|---|---|---|
| A32190 | Other payables - related parties | (\$ 39 ) | (\$ 11 ) |
| A32230 | Other current liabilities | 18,939 | 10,271 |
| A32240 | Net defined benefit liabilities – non-current | ( 855 ) | ( 408 ) |
| A33000 | Cash inflow (outflow) from operations | ( 117,368 ) | 30,239 |
| A33100 | Interest received | 267 | 795 |
| A33300 | Interest paid | ( 2,405 ) | ( 3,021 ) |
| A33500 | Income tax paid | ( 3,105 ) | ( 2,156 ) |
| AAAA | Net cash inflow (outflow) from business activities | ( 122,611 ) | 25,857 |
| | Cash flow from investment activities | | |
| B00040 | Acquisition of financial assets measured at cost after amortization | ( 23,270 ) | - |
| B00050 | Disposal of financial assets measured at cost after amortization | - | 23,779 |
| B02700 | Acquisition of property, plant and equipment | ( 5,867 ) | ( 87,701 ) |
| B02800 | Disposal of property, plant and equipment | 107 | - |
| B04500 | Acquisition of intangible assets | ( 18 ) | ( 374 ) |
| B06700 | Increase in other non-current assets | ( 6,761 ) | ( 1,132 ) |
| B07100 | Increase in advance payment for equipment | ( 30,705 ) | ( 5,668 ) |
| BBBB | Net cash outflow from investment activities | ( 66,514 ) | ( 71,096 ) |
| | Cash flow from financing activities | | |
| C00100 | Increase in short-term borrowings | 115,884 | - |
| C00200 | Decrease in short-term borrowings | - | ( 1,841 ) |
| C01600 | Long-term loans | - | 60,000 |
| C01700 | Repayment of long-term loans | ( 21,206 ) | ( 22,703 ) |
| C04020 | Repayment of lease principal | ( 1,243 ) | ( 1,543 ) |
| C04400 | Increase in other non-current liabilities | 2,804 | 240 |
| CCCC | Net cash inflow from financing activities | 96,239 | 34,153 |
| DDDD | Effect of exchange rate changes on cash and cash equivalents | 5,017 | ( 7,117 ) |
| EEEE | Net decrease in cash and cash equivalents | ( 87,869 ) | ( 18,203 ) |
| E00100 | Beginning cash and cash equivalent balance | 420,381 | 389,271 |
| E00200 | Ending cash and cash equivalent balance | \$ 332,512 | \$ 371,068 |

The attached notes are part of the consolidated financial statements.
(please refer to the Independent Auditor’s Review Report of Deloitte Taiwan on May 14, 2021)

Chairman: Hsiang-Chih Hsiao Manager: Hsiang-Chih Hsiao Accounting Supervisor: Chih-Wen Kao

Tex Year Industries Inc. and Subsidiaries

Notes to consolidated financial statements

January 1 to March 31, 2021 and 2020

(reviewed only, not audited in accordance with the Generally Accepted Auditing Standards)

(unless otherwise specified, the amount unit is in NT$1,000)

1. Company History and Business Scope

Tex Year Industries Inc. (hereinafter referred to as the "Company") was established on June 28, 1976 with the approval of the Ministry of Economic Affairs. The main business items are the manufacturing and trading of glues, adhesives, hot-melt glues and medical equipment.

The Company's shares were listed and traded on the GreTai Securities Market of the Republic of China on March 16, 2001, and delisted on the GreTai Securities Market on June 24, 2015 and listed and traded on the Taiwan Stock Exchange on the same day.

The consolidated financial statements are expressed in NT$, the functional currency of the Company.

2. Date and Procedure of Adoption of Financial Statements

The consolidated financial statements were adopted and issued by the board meeting on May 14, 2021.

3. Application of New and Revised Standards and Interpretations

(I) The International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations (IFRIC) and Interpretations (SIC) (hereinafter referred to as "IFRSs") recognized and issued by the Financial Supervisory Commission (hereinafter referred to as the "FSC") is applied for the first time.

Except the following, the application of the revised IFRSs approved and issued by the FSC will not result in significant changes in the accounting policies of the consolidated Company:

Amendments to IFRS 16 "COVID-19 Related Rent Concessions" and "COVID-19 Related Rent Concessions after June 30, 2021."

The consolidated Company chooses to apply these amended practical expedients to deal with rent negotiations directly related to COVID-19 with the lessor. Please refer to note 4 for the relevant accounting policies. Before applying the amendments, the consolidated Company shall determine whether the provisions of lease amendments apply to the aforementioned rent negotiation.

The amendments began to apply to the consolidated Company on January 1, 2021.

(II) IFRSs issued by IASB but not approved and effective by the FSC

| Newly Issued/ Amended/ Revised Standards and Interpretations | The effective date promulgated by IASB (note 1) |
|---|---|
| "Annual Improvement of IFRSs 2018~2020 Cycle" | January 1, 2022 (note 2) |
| Amendment to IFRS 3 "Update of the Index of Conceptual Framework" | January 1, 2022 (note 3) |
| The amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" | Undetermined |
| IFRS 17, "Insurance Contracts" | January 1, 2023 |
| Amendments to IFRS 17 | January 1, 2023 |
| Amendment to IAS 1 "Classification of Liabilities as Current or Non-current" | January 1, 2023 |
| Amendment to IAS 1 "Disclosure of Accounting Policies" | January 1, 2023 (note 6) |
| Amendment to IAS 8 "Definition of Accounting Estimates" | January 1, 2023 (note 7) |
| Amendment to IAS 12 "Deferred Income Tax Related to Assets and Liabilities Arising from a Single Transaction" | January 1, 2023 (note 8) |
| Amendments to IAS 16 "Property, Plant and Equipment: Price before Reaching the Intended State of Use" | January 1, 2022 (note 4) |
| Amendment to IAS 37 "Loss Contracts - Cost of Performing Contracts" | January 1, 2022 (note 5) |

Note 1: Unless otherwise expressly remarked, the aforementioned newly promulgated/Amendment/Amended Rules or Interpretation come into effect in the reporting year starting from the respective specified effective dates.

Note 2: The amendment to IFRS 9 is applicable to the exchanges of financial liabilities or amendments to terms and conditions incurring during the annual reporting period as of January 1, 2022. The amendment to IAS 41 "Agriculture" is applicable to fair value measurement during the annual reporting period as of January 1, 2022. The amendment to IFRS 1 "First-time Adoption of International Financial Reporting Standards (IFRSs)" is applicable retroactively during the annual reporting period as of January 1, 2022.

Note 3: The amendment is applicable to the mergers of enterprises after January 1, 2022 during the annual reporting period.

Note 4: The amendment is applicable to the plant, property and equipment which reach the required location and state of operation desired by the management after January 1, 2021.

Note 5: The amendment is applicable to the contracts, all the obligations of which have not yet been fulfilled before January 1, 2022.

Note 6: The application of this amendment will be postponed till the annual reporting period beginning after January 1, 2023.

Note 7: This amendment applies to changes in accounting estimates and changes in accounting policies that occur in the annual reporting period beginning after January 1, 2023.

Note 8: Except for the recognition of deferred income tax on temporary differences between a lease and decommissioning obligations on January 1, 2022, the amendment applies to transactions that occur after January 1, 2022.

1. Amendment to IAS 1 "Classification of Liabilities as Current or Non-current."

The amendment is to clarify that when determining whether a liability is classified as non-current, it should be assessed whether the consolidated Company has the right at the end of the reporting period to defer the settlement period to at least 12 months after the reporting period. If the consolidated Company has the right at the end of the reporting period, regardless of whether the consolidated Company expects to exercise the right, the liabilities are classified as non-current. The amendment also clarifies that if the consolidated Company must comply with certain conditions in order to have the right to defer the payment of liabilities, then the consolidated Company must have complied with the specific conditions at the end of the reporting period, even if the lender tests whether the consolidated Company complies with these conditions on a later date.

The amendment stipulates that, for the purpose of classification of liabilities, the aforementioned settlement refers to the elimination of liabilities due to the transfer of cash, other economic resources, or equity instruments of the consolidated Company to the counterparty. However, if the terms of the liability may be based on the choice of the counterparty to transfer the equity instruments of the consolidated Company and cause its liquidation, and if the option is separately recognized as equity according to IAS 32 "Financial Instruments: Expression," then the foregoing terms do not affect the classification of liabilities.

2. Amendment to IAS 1 "Disclosure of Accounting Policies"

The amendment clearly stipulates that the consolidated Company should determine the significant accounting policy information that should be disclosed based on the definition of significance. If accounting policy information can be reasonably expected to affect the decisions made by the main users of general-purpose financial statements based on these financial statements, the accounting policy information is significant. The amendment also clarifies:

- Accounting policy information related to non-significant transactions, other events or circumstances is non-significant, and the consolidated Company does not need to disclose such information.
- The consolidated Company may determine the relevant accounting policy information being significant due to the nature of the transaction or other events or circumstances, even if the amount is not significant.
- Not all accounting policy information related to major transactions, other events or circumstances is significant.

In addition, the amendment also explains that if the accounting policy information is related to major transactions or other matters or circumstances, and if any of the following circumstances exists, the information may be significant:

(1) The consolidated Company changes its accounting policies during the reporting period, and the change results in a significant change in the financial statement information;

(2) The consolidated Company selects its applicable accounting policies from the options allowed by the standards;

(3) Due to the lack of specific standards, the consolidated Company has established accounting policies in accordance with IAS 8 "Accounting Policies, Changes and Errors in Accounting Estimates";

(4) The consolidated Company discloses relevant accounting policies for which it must use significant judgments or assumptions to determine; or

(5) Complicated accounting regulations are involved, and users of financial statements rely on such information to understand such major transactions or other matters or situations.

3. Amendment to IAS 8 "Definition of Accounting Estimates"

The amendment specifies that the accounting estimate refers to the monetary amount affected by measurement uncertainty in the financial statements. When the consolidated Company applies accounting policies, it may be necessary to measure financial statement items with monetary amounts that cannot be directly observed and must be estimated. Therefore, measurement techniques and input values must be used to establish accounting estimates to achieve this purpose. If the impact of changes in measurement techniques or input values on accounting estimates is not due to corrections of previous errors, these changes are considered changes in accounting estimates.

In addition to the impacts above, if the consolidated Company continues to evaluate the impact of other standards and amendments to the interpretation on the financial status and financial performance as of the date of approval of the consolidated financial statements for publication, the relevant impacts shall be disclosed when the evaluation is completed.

4. Summary of Significant Accounting Policies

(I) Declaration of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” approved and issued by the FSC. The consolidated financial statements do not contain all IFRSs disclosures required by the entire annual financial statements.

(II) Basis of Preparation

In addition to financial instruments measured at fair value and net defined benefit liabilities recognized at the present value of defined benefit obligations less the fair value of planned assets, the consolidated financial statements are prepared based on historical cost.

Fair value measurement is divided into levels 1 to 3 according to the observability and importance of relevant input values:

1. Level 1 input value: refers to the quoted price (unadjusted) of the same assets or liabilities available in the active market on the measurement date.
2. Level 2 input value: refers to direct (i.e., price) or indirect (i.e., derived from price) observable input value of assets or liabilities other than the quotation of level 1.
3. Level 3 input value: refers to the unobservable input value of assets or liabilities.

(III) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and the entities (subsidiaries) controlled by the Company. In the consolidated statement of comprehensive income, the operating income of the acquired or affiliated subsidiaries since the acquisition date or until the disposal date has been included. The financial statements of the subsidiaries have been adjusted so that their accounting policies are consistent with those of the consolidated Company. In the preparation of the consolidated financial statements, all transactions, account balances, gains and expense losses among the entities have been eliminated. The total comprehensive income of the subsidiaries is attributable to the owners and is the non-controlling interest of the Company, even if the non-controlling interest becomes a loss.

Where the change of ownership rights of the subsidiaries of the consolidated Company does not result in a loss of control, it shall be treated as an equity transaction. The book amounts of the consolidated Company and non-controlling interests have been adjusted to reflect the change in the relative interests in subsidiaries. The difference between the adjusted amount of non-controlling interests and the fair value of the consideration paid or received is directly recognized as equity and belongs to the owners of the Company.

For details of subsidiaries, shareholding ratio and business items, please refer to note 12, schedule 5 and schedule 6.

(IV) Other Significant Accounting Policies

Except for the following notes, please refer to the Summary of Significant Accounting Policies in the consolidated financial report of 2020.

1. Defined benefits and post-retirement benefits

The pension cost of the interim period is calculated based on the pension cost rate determined by actuarial calculation from the end of the previous year to the end of the current period, and adjusted for major market fluctuations of the current period, as well as major plan amendments, repayments or other major one-off events.

2. Income tax

Income tax expense is the sum of current income tax and deferred income tax. The income tax of the interim period is assessed on an annual basis, and the profit before tax of the interim period is calculated at the tax rate applicable to the expected annual total earnings.

5. Main Sources of Uncertainty in Significant Accounting Judgments, Estimates and Assumptions

Please refer to the consolidated financial statements of 2020 for the main sources of significant accounting judgments, estimates and assumptions used in the consolidated financial statements.

6. Cash and Cash Equivalents

| | March 31, 2021 | December 31,2020 | March 31, 2020 |
|---|---|---|---|
| Cash on hand and working capital | $ 1,082 | $ 1,783 | $ 1,503 |
| Bank checks and demand deposits | 328,830 | 414,282 | 365,309 |
| Cash equivalents | | | |
| Bank time deposits with original maturity in 3 months | 2,600 | 4,316 | 4,256 |
| | $ 332,512 | $ 420,381 | $ 371,068 |

The interest rate ranges of demand deposits and time deposits on the balance sheet date are as follows:

| | March 31, 2021 | December 31,2020 | March 31, 2020 |
|---|---|---|---|
| Demand deposits | 0.01%~0.6% | 0.01%~0.6% | 0.01%~0.6% |
| Time deposit | 2.5% | 1.35% | 1.95% |

7. Financial Instruments Measured at Fair Value through Income Statement

| | March 31, 2021 | December 31,2020 | March 31, 2020 |
|---|---|---|---|
| Financial assets - current | | | |
| Non-derivative financial assets mandatorily measured at fair value through income statement | | | |
| - Wealth management products (1) | $ 63,666 | $ 59,518 | $ 46,348 |
| Derivatives (not for specified hedging) | | | |
| - Put and call rights of convertible corporate bonds (note 19) | 460 | 560 | 10 |
| | $ 64,126 | $ 60,078 | $ 46,358 |

(To be continued)

(Continued)

| | March 31, 2021 | December 31,2020 | March 31, 2020 |
|---|---|---|---|
| Financial liabilities - current | | | |
| Held for trading | | | |
| Derivatives (not for specified hedging) | | | |
| - Foreign exchange forward contracts (2) | $ 103 | $ - | $ - |
| - Currency and interest swap contracts (3) | 5,651 | 4,102 | 5,304 |
| | $ 5,754 | $ 4,102 | $ 5,304 |

(I) Wealth management products are investment products undertaken by subsidiaries and banks. The details on the balance sheet date are as follows:

| | March 31, 2021 | December 31,2020 | March 31, 2020 |
|---|---|---|---|
| Expected annual rate of return | 2.6%~3.1% | 2.6%~2.97% | 2%~3.5% |

(II) Foreign exchange forward contracts not covered by hedge accounting and not yet due on the balance sheet date are as follows: (December 31, 2020 and March 31, 2020: none)

March 31, 2021

| | Currency | Due date | Contract amount ($1,000) |
|---|---|---|---|
| Sale of foreign exchange forward contracts | USD: NTD | April 12, 2021 ~ June 9, 2021 | USD 325/NTD 9,165 |

(III) On the balance sheet date, the currency and interest swap contracts not covered by hedge accounting and not yet due are as follows:

March 31, 2021

| Contract amount ($1,000) | Due date | Range of interest rate paid | Range of interest rate received |
|---|---|---|---|
| EUR 1,445/PLN 6,142 | April 10, 2021 ~ August 9, 2023 | 3.45% | WIBOR3M+3% |

December 31, 2020

| Contract amount ($1,000) | Due date | Range of interest rate paid | Range of interest rate received |
|---|---|---|---|
| EUR 1,481/PLN 6,293 | January 10, 2021 ~ August 9, 2023 | 3.45% | WIBOR3M+3% |

March 31, 2020

| Contract amount ($1,000) | Due date | Range of interest rate paid | Range of interest rate received |
|---|---|---|---|
| EUR 1,587/PLN 6,746 | April 10, 2020 ~ August 9, 2023 | 3.45% | WIBOR3M+3% |

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

Equity instrument investment

| | March 31, 2021 | December 31,2020 | March 31, 2020 |
|---|---|---|---|
| Non-current | | | |
| Domestic investment | | | |
| Unlisted (OTC) stocks | | | |
| Common shares of Acute Touch Technology Co., Ltd | $ - | $ - | $ 3,586 |

The consolidated Company invests in the common shares of Acute Touch Technology Co., Ltd. for medium and long-term strategic purposes and expects to make profits through long-term investment. In the opinion of the management of the consolidated Company, if the short-term fair value fluctuation of such investment is included in the income, it is not consistent with the aforesaid long-term investment plan, so they chose to designate such investment as measured at fair value through other comprehensive income.

Considering the operation and net equity value of Acute Touch Technology Co., Ltd, the consolidated Company may have a significant impairment in the recoverable amount of its relevant investment, and after evaluation, it recognized the impairment loss of NT$3,586 thousand in 2020.

9. Financial assets measured at cost after amortization

| | March 31, 2021 | December 31,2020 | March 31, 2020 |
|---|---|---|---|
| Non-current | | | |
| Restricted bank deposits | $ 23,346 | $ 76 | $ 32,754 |

The restricted bank deposits are the collaterals of the convertible corporate bonds issued by the Company and the foreign exchange deposits to which the special act on the repatriation of foreign funds is applicable. Please refer to note 33.

10. Notes receivable, accounts receivable and other receivables (including those of related parties)

| | March 31, 2021 | December 31,2020 | March 31, 2020 |
|---|---|---|---|
| Notes receivable | | | |
| Measured at cost after amortization | | | |
| Total book value | $ 20,142 | $ 24,148 | $ 25,733 |
| | | | |
| Accounts receivable | | | |
| Measured at cost after amortization | | | |
| Total book value | $ 632,327 | $ 620,953 | $ 484,476 |
| Less: provision for loss | ( 24,493 ) | ( 22,959 ) | ( 25,417 ) |
| | $ 607,834 | $ 597,994 | $ 459,059 |

(To be continued)

(Continued)

| | March 31, 2021 | December 31,2020 | March 31, 2020 |
|---|---|---|---|
| Accounts receivable - related parties | | | |
| Measured at cost after amortization | | | |
| Total book value | $ 32,688 | $ 37,681 | $ 24,491 |
| Less: provision for loss | ( 21 ) | - | - |
| | $ 32,667 | $ 37,681 | $ 24,491 |
| | | | |
| Other receivables | | | |
| Tax refund receivable | $ 8,321 | $ 10,852 | $ 8,285 |
| Others | 17,880 | 11,425 | 4,021 |
| Less: provision for loss | ( 2 ) | - | ( 23 ) |
| | $ 26,199 | $ 22,277 | $ 12,283 |
| | | | |
| Other receivables - related parties | $ 33,195 | $ 1,433 | $ 6,746 |
| Less: provision for loss | ( 1 ) | - | - |
| | $ 33,194 | $ 1,433 | $ 6,746 |

(I) Accounts receivable

The average credit period of the consolidated Company for commodity sales is 60 days, and the accounts receivable are not subject to interest.

In order to reduce credit risk, the management of the consolidated Company has assigned a special team to be responsible for the decision of credit facilities, credit approval and other monitoring procedures to ensure that appropriate actions have been taken for the recovery of overdue receivables. In addition, the consolidated Company will review the recoverable amounts of the receivables one by one on the balance sheet date to ensure that appropriate impairment loss has been provided for the receivables that cannot be recovered. Therefore, the management of the consolidated Company thinks that the credit risk of the consolidated Company has been significantly reduced.

The consolidated Company shall recognize the provision for loss of accounts receivable according to the expected credit loss during the period of existence. The expected credit loss during the existence period is calculated by the preparation matrix, which considers the past default records of customers and their current financial situation, the industrial economic situation, as well as the GDP forecast and industrial outlook. As the historical experience of credit loss of the consolidated Company shows that there is no significant difference in the loss pattern of different customer groups, the preparation matrix does not further distinguish customer groups. It only uses the overdue days of accounts receivable to determine the expected credit loss rate.

If there is evidence that the counterparty is facing serious financial difficulties and the consolidated Company cannot reasonably expect the recoverable amount, for example, if the transaction counterparty is in liquidation, the consolidated Company will directly write off the relevant receivables. Still, it will continue the recourse activities, and the amount recovered due to recourse will be recognized as income.

The consolidated Company measures the provision for loss of accounts receivable (including those of related parties) according to the preparation matrix as follows:

March 31, 2021

| | Not overdue | 1 ~ 60 days overdue | 61 ~ 120 days overdue | 121 ~ 150 days overdue | 151 ~ 180 days overdue | 181 ~ 365 days overdue | More than 366 days overdue | Total |
|---|---|---|---|---|---|---|---|---|
| Expected credit loss rate | 0% | 0%~10% | 5%~30% | 20%~40% | 50%~100% | 100% | 100% | |
| Total book value | $585,463 | $ 55,316 | $ 1,640 | $ 80 | $ 505 | $ 3,987 | $ 18,024 | $665,015 |
| Provision for loss (expected credit loss during the period of existence) | - | ( 1,452 ) | ( 695 ) | ( 16 ) | ( 340 ) | ( 3,987 ) | ( 18,024 ) | ( 24.514 ) |
| Cost after amortization | $585,463 | $ 53,864 | $ 945 | $ 64 | $ 165 | $ - | $ - | $640,501 |

December 31, 2020

| | Not overdue | 1 ~ 60 days overdue | 61 ~ 120 days overdue | 121 ~ 150 days overdue | 151 ~ 180 days overdue | 181 ~ 365 days overdue | More than 366 days overdue | Total |
|---|---|---|---|---|---|---|---|---|
| Expected credit loss rate | 0% | 0%~10% | 5%~30% | 20%~40% | 50%~100% | 100% | 100% | |
| Total book value | $600,991 | $ 31,650 | $ 2,414 | $ 2,283 | $ 111 | $ 3,633 | $ 17,552 | $658,634 |
| Provision for loss (expected credit loss during the period of existence) | - | ( 490 ) | ( 637 ) | ( 543 ) | ( 104 ) | ( 3,633 ) | ( 17,552 ) | ( 22,959 ) |
| Cost after amortization | $600,991 | $ 31,160 | $ 1,777 | $ 1,740 | $ 7 | $ - | $ - | $635,675 |

March 31, 2020

| | Not overdue | 1 ~ 60 days overdue | 61 ~ 120 days overdue | 121 ~ 150 days overdue | 151 ~ 180 days overdue | 181 ~ 365 days overdue | More than 366 days overdue | Total |
|---|---|---|---|---|---|---|---|---|
| Expected credit loss rate | 0% | 0%~10% | 5%~30% | 20%~40% | 50%~100% | 100% | 100% | |
| Total book value | $419,799 | $ 55,904 | $ 11,050 | $ 1,965 | $ 629 | $ 13,833 | $ 5,787 | $508,967 |
| Provision for loss (expected credit loss during the period of existence) | - | ( 1,936 ) | ( 2,585 ) | ( 765 ) | ( 511 ) | ( 13,833 ) | ( 5,787 ) | ( 25,417 ) |
| Cost after amortization | $419,799 | $ 53,968 | $ 8,465 | $ 1,200 | $ 118 | $ - | $ - | $483,550 |

Information on changes in provision for losses of accounts receivable (including those of related parties) is as follows:

| | January 1 to March 31, 2021 | January 1 to March 31, 2020 |
|---|---|---|
| Beginning balance | $ 22,959 | $ 16,126 |
| Add: impairment loss in the current period | 1,114 | 9,716 |
| Less: actual write off in the current period | - | ( 361 ) |
| Foreign currency translation difference | 441 | ( 64 ) |
| Ending balance | $ 24,514 | $ 25,417 |

Compared with the balance at the beginning of the year, the total book value of accounts receivable as of March 31, 2021 and 2020 decreased by NT$6,381 thousand and NT$70,019 thousand, and the loss provision increased by NT$1,555 thousand and NT$9,291 thousand.

(II) Collection

The information about the change of provision for collection loss is as follows:

| | January 1 to March 31, 2021 | January 1 to March 31, 2020 |
|---|---|---|
| Beginning balance | $ 2,900 | $ 3,381 |
| Foreign currency translation difference | 230 | ( 4 ) |
| Ending balance | $ 3,130 | $ 3,377 |

The collection amount is included in other assets and the provision for impairment losses has been made in full.

(III) Other receivables

Information about the change of provision for losses of other receivables (including those of related parties) is as follows:

| | January 1 to March 31, 2021 | January 1 to March 31, 2020 |
|---|---|---|
| Beginning balance | $ - | $ 49 |
| Less: impairment loss provision (reversals) in the current period | 3 | ( 26 ) |
| Ending balance | $ 3 | $ 23 |

11. Inventory

| | March 31, 2021 | December 31,2020 | March 31, 2020 |
|---|---|---|---|
| Finished products | $ 240,902 | $ 210,963 | $ 230,415 |
| Semi-finished products | 32,130 | 26,367 | 31,839 |
| Raw materials | 297,897 | 248,374 | 215,660 |
| Merchandise inventory | 80,995 | 56,201 | 64,092 |
| | $ 651,924 | $ 541,905 | $ 542,006 |

The cost of goods sold related to inventory from January 1 to March 31 in 2021 and 2020 is NT$675,740 thousand and NT$496,965 thousand. The cost of goods sold from January 1 to March 31 in 2021 and 2020 include the loss from falling inventory price, which is NT$917 thousand and NT$1,207 thousand.

## 12. Subsidiaries

### (I) Subsidiaries included in the consolidated financial statements

The consolidated financial statements are prepared by:

| Name of investment company | Name of subsidiary | Nature of business | Percentage of equity held March 31, 2021 | Percentage of equity held December 31, 2020 | Percentage of equity held March 31, 2020 | Explanation |
|---|---|---|---|---|---|---|
| The Company | Tex Year International (Samoa) Corp. | Holding company | 100% | 100% | 100% | - |
| The Company | Tex Year (Hong Kong) Ltd. | Sales of hot melt adhesive, adhesive and various appliances | 100% | 100% | 100% | note |
| The Company | Tex Year Vietnam Co., Ltd. | Manufacturing and trading of hot melt adhesives and water adhesives | 80% | 80% | 80% | note |
| The Company | Tex Year Europe Sp. z o. o. | R&D, production, and sales of hot melt adhesives | 80% | 80% | 80% | note |
| Tex Year International (Samoa) Corp. | Tex Year Technology (Samoa) Corp. | Holding company | 96.08% | 96.08% | 96.08% | - |
| Tex Year (Hong Kong) Ltd. | Tex Year Technology (Samoa) Corp. | Holding company | 3.92% | 3.92% | 3.92% | - |
| Tex Year Technology (Samoa) Corp. | Tex Year Fine Chemical (Guangzhou) Co., Ltd. | R&D, production, and sales of hot melt adhesives | 100% | 100% | 100% | - |
| Tex Year Technology (Samoa) Corp. | Tex Year Technology (Jiangsu) Co., Ltd. | R&D, production, and sales of hot melt adhesives | 100% | 100% | 100% | note |
| Tex Year Fine Chemical (Guangzhou) Co., Ltd. | Wuxi Tex Year International Trading Co., Ltd. | Sales of chemical products and adhesives | 100% | 100% | 100% | - |
| Tex Year Fine Chemical (Guangzhou) Co., Ltd. | Shanghai C&M Filtration Solutions Limited | Wholesale, import, and export of environmental filter materials, chemical products, and accessories | 50.10% | 50.10% | 50.10% | note |
| Shanghai C&M Filtration Solutions Limited | Jiangsu C&M Filtration Solutions Limited | R&D and manufacturing of filter materials | 100% | 100% | 100% | note |

Note: It is a non-important subsidiary and its financial statements have not been reviewed by a certified public accountant.

(II) Information of subsidiaries with significant non-controlling interests

| Name of subsidiary | Main business premises | Proportion of shares and voting rights held by non-controlling interests | | |
|---|---|---|---|---|
| | | March 31, 2021 | December 31, 2020 | March 31, 2020 |
| Tex Year Vietnam Co., Ltd. | Pingyang Province, Vietnam | 20% | 20% | 20% |
| Tex Year Europe Sp. z o. o. | Poland | 20% | 20% | 20% |
| Shanghai C&M Filtration Solutions Limited | Shanghai | 49.9% | 49.9% | 49.9% |

| Name of subsidiary | Profit (loss) distributed to non-controlling interests | | Non-controlling interests | | |
|---|---|---|---|---|---|
| | January 1 to March 31, 2021 | January 1 to March 31, 2020 | March 31, 2021 | December 31, 2020 | March 31, 2020 |
| Tex Year Vietnam Co., Ltd. | $ 64 | $ 547 | $ 18,986 | $ 17,462 | $ 17,159 |
| Tex Year Europe Sp. z o. o. | 148 | 99 | 32,895 | 34,379 | 31,941 |
| Shanghai C&M Filtration Solutions Limited | 1,518 | 2,662 | 88,968 | 86,720 | 67,300 |
| Total | $ 1,730 | $ 3,308 | $ 140,849 | $ 138,561 | $ 116,400 |

The aggregate financial information of the following subsidiaries is based on the amounts before inter-company transaction cancellation:

Tex Year Vietnam Co., Ltd.

| | March 31, 2021 | December 31,2020 | March 31, 2020 |
|---|---|---|---|
| Current Asset | $ 136,421 | $ 116,701 | $ 118,039 |
| Non-current Assets | 14,462 | 14,373 | 15,676 |
| Current Liabilities | ( 55,954 ) | ( 43,765 ) | ( 47,920 ) |
| Equity | $ 94,929 | $ 87,309 | $ 85,795 |
| | | | |
| Equity attributable to: | | | |
| owners of the Company | $ 75,943 | $ 69,847 | $ 68,636 |
| Non-controlling interests | 18,986 | 17,462 | 17,159 |
| | $ 94,929 | $ 87,309 | $ 85,795 |

| | January 1 to March 31, 2021 | January 1 to March 31, 2020 |
|---|---|---|
| Net profit of the current period | $ 318 | $ 2,733 |
| attributable to: | | |
| owners of the Company | $ 254 | $ 2,186 |
| Non-controlling interests | 64 | 547 |
| | $ 318 | $ 2,733 |

Tex Year Europe Sp. z o. o.

| | March 31, 2021 | December 31,2020 | March 31, 2020 |
|---|---|---|---|
| Current Asset | $ 153,133 | $ 129,821 | $ 147,989 |
| Non-current Assets | 121,374 | 129,888 | 134,474 |
| Current Liabilities | ( 69,622 ) | ( 47,066 ) | ( 79,517 ) |
| Non-current Liabilities | ( 40,412 ) | ( 40,745 ) | ( 43,240 ) |
| Equity | $ 164,473 | $ 171,898 | $ 159,706 |
| Equity attributable to: | | | |
| owners of the Company | $ 131,578 | $ 137,519 | $ 127,765 |
| Non-controlling interests | 32,895 | 34,379 | 31,941 |
| | $ 164,473 | $ 171,898 | $ 159,706 |

| | January 1 to March 31, 2021 | January 1 to March 31, 2020 |
|---|---|---|
| Net profit of the current period | $ 742 | $ 496 |
| attributable to: | | |
| owners of the Company | $ 594 | $ 397 |
| Non-controlling interests | 148 | 99 |
| | $ 742 | $ 496 |

Shanghai C&M Filtration Solutions Limited and its subsidiaries

| | March 31, 2021 | December 31,2020 | March 31, 2020 |
|---|---|---|---|
| Current Asset | $ 132,790 | $ 146,596 | $ 87,408 |
| Non-current Assets | 83,128 | 81,685 | 84,320 |
| Current Liabilities | ( 36,745 ) | ( 53,096 ) | ( 35,357 ) |
| Equity | $ 179,173 | $ 175,185 | $ 136,371 |
| Equity attributable to: | | | |
| owners of the Company | $ 90,205 | $ 88,465 | $ 69,071 |
| Non-controlling interests | 88,968 | 86,720 | 67,300 |
| | $ 179,173 | $ 175,185 | $ 136,371 |

| | January 1 to March 31, 2021 | January 1 to March 31, 2020 |
|---|---|---|
| Net profit of the current period | $ 2,863 | $ 6,064 |
| attributable to: | | |
| owners of the Company | $ 1,345 | $ 3,402 |
| Non-controlling interests | 1,518 | 2,662 |
| | $ 2,863 | $ 6,064 |

13. Investment under the equity method

Investments and joint ventures

| | March 31, 2021 | December 31,2020 | March 31, 2020 |
|---|---|---|---|
| Significant joint ventures | | | |
| Wuxi More Tex Technology Co., Ltd. | $ 68,119 | $ 102,214 | $ 107,401 |
| Individual non-significant joint ventures | | | |
| Tex Year Industrial Adhesives Pvt. Ltd. | 26,497 | 22,360 | 21,739 |
| | $ 94,616 | $ 124,574 | $ 129,140 |

The percentage of shares and voting rights held by the consolidated company in the joint venture on the balance sheet date is as follows:

| | March 31, 2021 | December 31, 2020 | March 31, 2020 |
|---|---|---|---|
| Significant joint ventures | | | |
| Wuxi More Tex Technology Co., Ltd. | 50% | 50% | 50% |
| Individual non-significant joint ventures | | | |
| Tex Year Industrial Adhesives Pvt. Ltd. | 50% | 50% | 50% |

(I) Significant joint ventures

Wuxi More Tex Technology Co., Ltd.

| | March 31, 2021 | December 31,2020 | March 31, 2020 |
|---|---|---|---|
| Current Asset | $ 190,693 | $ 200,430 | $ 219,561 |
| Non-current Assets | 46,382 | 47,504 | 52,484 |
| Current Liabilities | ( 78,660 ) | ( 23,818 ) | ( 56,804 ) |
| Non-current Liabilities | ( 543 ) | - | - |
| Equity | $ 157,872 | $ 224,116 | $ 215,241 |
| | | | |
| Shareholding ratio of a consolidated company | 50% | 50% | 50% |
| Rights and interests enjoyed by the consolidated company | $ 78,936 | $ 112,058 | $ 107,621 |
| Provision of impairment loss | ( 10,817 ) | ( 9,522 ) | - |
| Unrealized profit and loss of side flow transactions | - | ( 322 ) | ( 209 ) |
| Unrealized profit and loss of downstream transactions | - | - | ( 11 ) |
| Book value of investment | $ 68,119 | $ 102,214 | $ 107,401 |

| | January 1 to March 31, 2021 | January 1 to March 31, 2020 |
|---|---|---|
| Operating revenue | $ 40,678 | $ 77,634 |
| Net profit (loss)/total comprehensive income for the period | ($ 2,606 ) | $ 633 |

(II) Summary information of individual unimportant joint ventures

Tex Year Industrial Adhesives Ltd.

| | January 1 to March 31, 2021 | January 1 to March 31, 2020 |
|---|---|---|
| Share of a consolidated company | | |
| Net profit of continuing business units of the current year | $ 839 | $ 262 |
| Other comprehensive income | 3,252 | ( 1,109 ) |
| Total comprehensive income | $ 4,091 | ($ 847 ) |

The end date of the annual financial statements of Tex Year Industrial Adhesives Pvt. Ltd. is March 31. As it is difficult in practice to require the Company to prepare additional financial statements covering the period from January 1 to March 31, the consolidated company uses the financial statements of the Company covering the balance sheet dates of March 31, 2021 and March 31, 2020. It adjusts the significant transactions between January 1, 2021 and March 31, 2021 and between January 1, 2020 and March 31, 2020.

The share of income and other comprehensive income enjoyed by the joint venture or consolidated company under the equity method are calculated based on the financial statements that a certified public accountant has not audited.

Please refer to Schedule 5 "Name, location, …. of the investee company" for the business nature, main business premises and country of incorporation of the joint ventures above, and Schedule 6 "Mainland China investment information".

## 14. Property, plant and equipment

| | Self-own land | Revaluation and appreciation of land | Houses and buildings | Machinery and equipment | Office equipment | Other equipment | Unfinished project | Total |
|---|---|---|---|---|---|---|---|---|
| Cost | | | | | | | | |
| Balance on January 1, 2020 | $ 56,524 | $ 45,324 | $ 824,287 | $ 549,820 | $ 24,500 | $ 96,104 | $ 14,061 | $ 1,610,620 |
| Addition | - | - | 654 | 1,072 | 328 | 2,047 | 1,193 | 5,294 |
| Disposal | - | - | ( 400 ) | ( 18 ) | ( 37 ) | - | - | ( 455 ) |
| Reclassification | - | - | - | 2,393 | - | 1,090 | - | 3,483 |
| Net exchange differences | ( 716 ) | - | ( 8,844 ) | ( 7,310 ) | ( 96 ) | ( 926 ) | ( 35 ) | ( 17,927 ) |
| Balance on March 31, 2020 | $ 55,808 | $ 45,324 | $ 815,697 | $ 545,957 | $ 24,695 | $ 98,315 | $ 15,219 | $ 1,601,015 |
| Accumulated depreciation and impairment | | | | | | | | |
| Balance on January 1, 2020 | $ - | $ - | $ 259,330 | $ 219,543 | $ 18,302 | $ 68,502 | $ - | $ 565,677 |
| Disposal | - | - | ( 372 ) | ( 18 ) | ( 37 ) | - | - | ( 427 ) |
| Depreciation expense | - | - | 6,805 | 11,456 | 734 | 1,737 | - | 20,732 |
| Net exchange differences | - | - | ( 1,178 ) | ( 2,438 ) | ( 81 ) | ( 629 ) | - | ( 4,326 ) |
| Balance on March 31, 2020 | $ - | $ - | $ 264,585 | $ 228,543 | $ 18,918 | $ 69,610 | $ - | $ 581,656 |
| Net amount on March 31, 2020 | $ 55,808 | $ 45,324 | $ 551,112 | $ 317,414 | $ 5,777 | $ 28,705 | $ 15,219 | $ 1,019,359 |
| Cost | | | | | | | | |
| Balance on January 1, 2021 | $ 56,024 | $ 45,324 | $ 842,002 | $ 579,579 | $ 26,135 | $ 102,553 | $ 473 | $ 1,652,090 |
| Addition | - | - | 80 | 3,336 | 1,044 | 937 | 815 | 6,212 |
| Disposal | - | - | - | ( 1,010) | ( 49 ) | ( 230 ) | - | ( 1,289 ) |
| Reclassification | - | - | 73 | 1,062 | 46 | - | ( 73 ) | 1,108 |
| Net exchange differences | ( 488 ) | - | ( 2,806 ) | 975 | 50 | 467 | - | ( 1,802 ) |
| Balance on March 31, 2021 | $ 55,536 | $ 45,324 | $ 839,349 | $ 583,942 | $ 27,226 | $ 103,727 | $ 1,215 | $ 1,656,319 |
| Accumulated depreciation and impairment | | | | | | | | |
| Balance on January 1, 2021 | $ - | $ - | $ 287,172 | $ 263,397 | $ 20,317 | $ 74,846 | $ - | $ 645,732 |
| Disposal | - | - | - | ( 1,010 ) | ( 49 ) | ( 123 ) | - | ( 1,182 ) |
| Depreciation expense | - | - | 7,227 | 11,056 | 590 | 1,586 | - | 20,459 |
| Net exchange differences | - | - | 279 | 1,108 | 37 | 277 | - | 1,701 |
| Balance on March 31, 2021 | $ - | $ - | $ 294,678 | $ 274,551 | $ 20,895 | $ 76,586 | $ - | $ 666,710 |
| Net amount on March 31, 2021 | $ 55,536 | $ 45,324 | $ 544,671 | $ 309,391 | $ 6,331 | $ 27,141 | $ 1,215 | $ 989,609 |

There is no sign of impairment in the assessment of the consolidated companies from January 1 to March 31 in 2021 and 2020, so no impairment loss is provided.

Depreciation expenses are accrued on a straight-line basis based on the following number of years of service life:

| | |
|---|---|
| Houses and buildings | |
| Main building of the plant | 5 to 40 years |
| Electromechanical and other equipment | 3 to 15 years |
| Machinery and equipment | 2 to 15 years |
| Office equipment | 3 to 6 years |
| Other equipment | 4 to 15 years |

Please refer to note 33 for the amount of property, plant and equipment pledged by the consolidated company as collateral for loans and letters of credit.

15. Lease agreement

(I) Right-of-use assets

| | March 31, 2021 | December 31,2020 | March 31, 2020 |
|---|---|---|---|
| Book amount of right-of-use assets | | | |
| Land | $ 68,047 | $ 68,206 | $ 68,566 |
| Buildings | 1,159 | 1,668 | 2,150 |
| Transportation equipment | 1,940 | 2,550 | 4,019 |
| Other equipment | 475 | 519 | 653 |
| | $ 71,621 | $ 72,943 | $ 75,388 |

| | January 1 to March 31, 2021 | January 1 to March 31, 2020 |
|---|---|---|
| Depreciation expense of right-of-use assets | | |
| Land | $ 443 | $ 442 |
| Buildings | 515 | 685 |
| Transportation equipment | 620 | 831 |
| Other equipment | 45 | 46 |
| | $ 1,623 | $ 2,004 |

(II) Lease liabilities

| | March 31, 2021 | December 31,2020 | March 31, 2020 |
|---|---|---|---|
| Book value of lease liabilities | | | |
| Current | $ 2,139 | $ 2,848 | $ 4,378 |
| Non-current | $ 1,060 | $ 1,496 | $ 1,999 |

The range of discount rate of lease liabilities is as follows:

| | March 31, 2021 | December 31,2020 | March 31, 2020 |
|---|---|---|---|
| Buildings | 1.55%~3.08% | 1.55%~3.08% | 1.55%~3.08% |
| Transportation equipment | 1.55%~3.08% | 1.55%~3.08% | 1.55%~3.08% |
| Other equipment | 1.45% | 1.45% | 1.45% |

(III) Other lease information

| | January 1 to March 31, 2021 | January 1 to March 31, 2020 |
|---|---|---|
| Short term rental expenses | $ 4,150 | $ 2,864 |
| Total cash (outflow) from lease | ($ 5,522) | ($ 4,452) |

The consolidated company chooses to exempt the recognition of buildings, office equipment and transportation equipment conforming to the short-term lease. It does not recognize the relevant right-of-use assets and lease liabilities.

16. Intangible assets

| | Patent rights | Computer software | Total |
|---|---|---|---|
| Cost | | | |
| Balance on January 1, 2020 | $ 29,201 | $ 26,318 | $ 55,519 |
| Acquisition | - | 374 | 374 |
| Net exchange differences | ( 284 | ( 118 ) | ( 402 ) |
| Balance on March 31, 2020 | $ 28,917 | $ 26,574 | $ 55,491 |
| Accumulated depreciation and impairment | | | |
| Balance on January 1, 2020 | $ 11,928 | $ 21,040 | $ 32,968 |
| Amortization expenses | 1,119 | 442 | 1,561 |
| Net exchange differences | ( 120 | ( 117 ) | ( 237 ) |
| Balance on March 31, 2020 | $ 12,927 | $ 21,365 | $ 34,292 |
| Net amount on March 31, 2020 | $ 15,990 | $ 5,209 | $ 21,199 |
| Cost | | | |
| Balance on January 1, 2021 | $ 29,238 | $ 30,291 | $ 59,529 |
| Acquisition | - | 18 | 18 |
| Net exchange differences | 171 | ( 76 ) | 95 |
| Balance on March 31, 2021 | $ 29,409 | $ 30,233 | $ 59,642 |

(To be continued)

(Continued)

| | Patent rights | Computer software | Total |
|---|---|---|---|
| Accumulated depreciation and impairment | | | |
| Balance on January 1, 2021 | $ 16,382 | $ 22,762 | $ 39,144 |
| Amortization expenses | 1,123 | 516 | 1,639 |
| Net exchange differences | 118 | ( 76 ) | 42 |
| Balance on March 31, 2021 | $ 17,623 | $ 23,202 | $ 40,825 |
| Net amount on March 31, 2021 | $ 11,786 | $ 7,031 | $ 18,817 |

Amortization expenses are accrued on a straight-line basis based on the following years of service life:

| | |
|---|---|
| Patent rights | 5 to 20 years |
| Computer software | 2 to 8 years |

As of March 31, 2021, the net value of the patent for manufacturing filter materials held by the consolidated company is NT$4,345 thousand, which will be amortized within 1.25 years.

17. Other assets

| | March 31, 2021 | December 31,2020 | March 31, 2020 |
|---|---|---|---|
| Prepaid expenses | $ 28,020 | $ 17,799 | $ 16,190 |
| Tax credit | 23,547 | 28,949 | 35,191 |
| Advance payment for goods | 19,602 | 16,548 | 12,238 |
| Refundable deposit | 8,499 | 5,296 | 5,687 |
| Prepaid investment amount | 5,985 | - | - |
| Long-term prepaid expenses | 5,577 | 8,363 | 6,958 |
| Provisional payment | 1,616 | 2,736 | 2,572 |
| Others | 9,096 | 4,781 | 10,461 |
| | $ 101,942 | $ 84,472 | $ 89,297 |
| Current | $ 81,881 | $ 70,813 | $ 76,652 |
| Non-current | 20,061 | 13,659 | 12,645 |
| | $ 101,942 | $ 84,472 | $ 89,297 |

18. Borrowings

(I) Short-term borrowings

| | March 31, 2021 | December 31,2020 | March 31, 2020 |
|---|---|---|---|
| Secured loans (note 33) | | | |
| Bank loans | $ 33,027 | $ - | $ 17,024 |
| Unsecured loans | | | |
| Credit loans | 439,416 | 356,408 | 363,795 |
| | $ 472,443 | $ 356,408 | $ 380,819 |
| Borrowing rates | 1.00%~4.7% | 0.98%~4.385% | 1.10%~4.8% |

(II) Long-term loans

| | March 31, 2021 | December 31,2020 | March 31, 2020 |
|---|---|---|---|
| Secured borrowings (note 33) | | | |
| The Export-Import Bank of the Republic of China (1) | $ 7,125 | $ 14,250 | $ 21,375 |
| Taiwan Cooperative Bank (2) | 28,338 | 31,908 | 42,541 |
| Taiwan Business Bank (3) | 9,791 | 10,000 | 10,000 |
| Taiwan Cooperative Bank (4) | 16,115 | 18,807 | 26,829 |
| Taiwan Business Bank (5) | 58,750 | 60,000 | 60,000 |
| Taiwan Business Bank (6) | 39,167 | 40,000 | 40,000 |
| Taiwan Business Bank (7) | 39,167 | 40,000 | 40,000 |
| ALIOR Bank (8) | 41,125 | 44,303 | 46,704 |
| Taiwan Business Bank (9) | 17,625 | 18,000 | 18,000 |
| Taiwan Cooperative Bank (10) | 60,000 | 60,000 | 60,000 |
| Subtotal | 317,203 | 337,268 | 365,449 |
| Unsecured loans | | | |
| Export-Import Bank of the Republic of China (11) | 19,275 | 22,488 | 25,700 |
| Hua Nan Bank credit loan (12) | 40,000 | 40,000 | 40,000 |
| Subtotal | 59,275 | 62,488 | 65,700 |
| | 376,478 | 399,756 | 431,149 |
| Less: due within one year | ( 111,823 ) | ( 115,384 ) | ( 50,019 ) |
| Long-term loan | $ 264,655 | $ 284,372 | $ 381,130 |

(1) The period is from September 29, 2016 to September 28, 2021. From March 2018, every six months is one period, for a total of eight periods. The principal and interest are amortized according to the average method. As of

March 31, 2021, and December 31 and March 31, 2020, the effective annual interest rates were 1.2386%, 1.2386%, and 1.4735%.

(2) The period is from December 28, 2017 to December 28, 2022. From January 2019, each month is one period, for a total of 48 periods. The principal and interest are amortized according to the average method. As of March 31, 2021 and December 31 and March 31, 2020, the effective annual interest rates were 1.4%, 1.4% and 1.45%.

(3) The period is from December 28, 2017 to December 28, 2032. From January 2021, each month is one period, for a total of 144 periods. The principal and interest are amortized according to the average method. As of March 31, 2021 and December 31 and March 31, 2020, the effective annual interest rates were all 1.25%.

(4) The period is from June 28, 2018 to December 28, 2022. From January 2019, each month is one period, for a total of 48 periods. The principal and interest are amortized according to the average method. As of March 31, 2021 and December 31 and March 31, 2020, the effective annual interest rates were 1.4%, 1.4% and 1.45%,.

(5) The period is from September 14, 2018 to December 28, 2032. From January 2021, each month is one period, for a total of 144 periods. The principal and interest are amortized according to the average method. As of March 31, 2021 and December 31 and March 31, 2020, the effective annual interest rates were all 1.25%.

(6) The period is from October 8, 2018 to December 28, 2032. From January 2021, each month is one period, for a total of 144 periods. The principal and interest are amortized according to the average method. As of March 31, 2021 and December 31 and March 31, 2020, the effective annual interest rates were all 1.25%.

(7) The period is from November 6, 2018 to December 28, 2032. From January 2021, each month is one period, for a total of 144 periods. The principal and interest are amortized according to the average method. As of March 31, 2021 and December 31 and March 31, 2020, the effective annual interest rates were all 1.25%.

(8) The period is November 6, 2018 to June 10, 2031. From November 2018, each month is one period, for a total of 128 periods. The interest is amortized according to the average method. As of March 31, 2021, and December 31 and March 31, 2020, the effective annual interest rates were 4.7%, 4.7% and 4.72%.

(9) The period is from December 31, 2019 to December 28, 2032. From January 2021, each month is one period, for a total of 144 periods. The principal and interest are amortized according to the average method. As of March 31, 2021 and December 31 and March 31, 2020, the effective annual interest rates were all 1.25%.

(10) The period is from March 30, 2020 to March 30, 2025. From April 2020, each month is one period, for a total of 48 periods. The principal and interest are amortized according to the average method. As of March 31, 2021 and December 31 and March 31, 2020, the effective annual interest rates were 1.4%, 1.4% and 1.45%,.

(11) The period is from February 26, 2019 to February 25, 2024. From August 2020, six months is one period, for a total of 8 periods. The principal and interest are amortized according to the average method. As of March 31, 2021, and December 31 and March 31, 2020, the effective annual interest rates were 1.2356%, 1.2356% and 1.4736%.

(12) The period is from December 31, 2019 to December 29, 2021. From January 2020, each month is one period, for a total of 24 periods. The interest is paid in each period, and the principal is repaid at one time when due. As of March 31, 2021, and December 31 and March 31, 2020, the effective annual interest rates were 1.12%, 1.12% and 1.4%.

The consolidated company has provided part of the land, houses and buildings as collateral. Please refer to notes 14 and 33.

19. Corporate bonds payable

| | March 31, 2021 | December 31,2020 | March 31, 2020 |
|---|---|---|---|
| Domestic secured convertible corporate bonds | $ 200,000 | $ 200,000 | $ 200,000 |
| Domestic unsecured convertible corporate bonds | 67,600 | 72,900 | 92,900 |
| | 267,600 | 272,900 | 292,900 |
| Less: convertible bond discounts | ( 10,743 ) | ( 11,818 ) | ( 15,557 ) |
| | $ 256,857 | $ 261,082 | $ 277,343 |

The relevant information of domestic convertible corporate bonds issued by the Company is as follows:

(I) The conditions for the issuance of the Company's second domestic secured convertible corporate bond are as follows: the Company has been approved by the competent authority to raise and issue the second domestic secured convertible corporate bond, with a total issuance amount of NT$200,000 thousand and a coupon rate of 0%. The term is five years, and the circulation period is from October 23, 2019 to October 23, 2024. It was listed on the GreTai Securities Exchange of the Republic of China on October 23, 2019. When the convertible bond is due, it shall be paid in cash at one time according to the face value of the bonds. The holders of the convertible bond may, from three months after the day following the issuance date of this bond to the maturity date, request conversion into the common shares of the Company at any time, except for the period during which the transfer of ownership shall be suspended in accordance with the relevant measures or laws and regulations. After the conversion, the rights and obligations of the common shares are the same as those of the common shares originally issued. The conversion price of the convertible corporate bond is set in accordance with the pricing model prescribed in the conversion method, with the conversion price of NT$15.7 per share. In case of any anti-dilution provisions of the Company, the subsequent conversion price shall be adjusted in accordance with the pricing model prescribed in the conversion method.

From three months after the day following the issuance date of this bond to 40 days before the maturity date, if the closing price of the common shares of the Company exceeds 30% (inclusive) of the conversion price at that time for 30 consecutive business days, or if the outstanding balance of the convertible corporate bond is less than 10% of the original issuance amount, the Company may recall all the bond certificates in cash according to the face value of the bond.

The consolidated company provides a demand deposit of NT$20,000 thousand as a guarantee for the issuance of corporate bonds. The guarantee is exempted after the agreement with Taiwan Business Bank on July 7, 2020. Please refer to note 33.

(II) The issuance conditions of the Company's third domestic unsecured convertible corporate bond are as follows: the Company has been approved by the competent authority to raise and issue the third domestic unsecured convertible corporate bond, with a total issuance amount of NT$100,000 thousand and a coupon rate of 0%. The term is three years, and the circulation period is from October 24, 2019 to October 24, 2022. It was listed on the GreTai Securities Exchange of the Republic of China on October 24, 2019. When the convertible bond is due, it shall be paid in cash at one time according to the face value of the bonds. The holders of the convertible bond may, from three months after the day following the issuance date of this bond to the maturity date, request conversion into the common shares of the Company at any time, except for the period during which the transfer of ownership shall be suspended in accordance with the relevant measures or laws and regulations. After the conversion, the rights and obligations of the common shares are the same as those of the common shares originally issued. The conversion price of this convertible corporate bond is set in accordance with the pricing model prescribed in the conversion method, with the conversion price of NT$14.3 per share. In case of any anti-dilution provisions of the Company, the subsequent conversion price shall be adjusted in accordance with the pricing model prescribed in the conversion method.

From three months after the day following the issuance date of this bond to 40 days before the maturity date, if the closing price of the common shares of the Company exceeds 30% (inclusive) of the conversion price at that time for 30 consecutive business days, or if the outstanding balance of the convertible corporate bond is less than 10% of the original issuance amount, the Company may recall all the bond certificates in cash according to the face value of the bond.

Due to the Company's stock ex-dividend operation in 2020, the conversion prices of the second and third secured convertible bonds have been adjusted to N

T$15.40 and NT$14.00 from the ex-dividend date July 27, 2020, in accordance with the issuance regulations.

The above-mentioned convertible corporate bonds include the conversion right of the main contractual debt instrument, the sale/redemption derivative instrument and the equity component, which are expressed under the equity by additional capital from retained earnings - conversion rights. The effective interest rate originally recognized for the liability component is 1.26% ~ 1.89%.

The changes in the main contractual debt instrument are as follows:

| | January 1 to March 31, 2021 | January 1 to March 31, 2020 |
|---|---|---|
| Component of liabilities at the beginning of the period | $ 261,082 | $ 283,058 |
| Interest calculated at an effective interest rate in the current period | 915 | 1,039 |
| Conversion of corporate bond payable into common shares | ( 5,140 ) | ( 6,754 ) |
| Component of liabilities at the end of the period | $ 256,857 | $ 277,343 |

The changes in the put/call derivatives are as follows:

| | January 1 to March 31, 2021 | January 1 to March 31, 2020 |
|---|---|---|
| Beginning balance | $ 560 | $ - |
| Gain (loss) from changes in fair value | ( 100 ) | 10 |
| Ending balance | $ 460 | $ 10 |

The change of conversion right (under additional capital from retained earnings) of the equity component is as follows:

| | January 1 to March 31, 2021 | January 1 to March 31, 2020 |
|---|---|---|
| Beginning balance | $ 11,661 | $ 12,753 |
| Conversion of corporate bond payable into common shares | ( 213 ) | ( 286 ) |
| Ending balance | $ 11,448 | $ 12,467 |

As of March 31, 2021, the total face value of the third domestic unsecured convertible corporate bond that the holders have exercised the conversion right is NT$32,400 thousand. 2,299,143 shares of common stock of the Company were converted into, and NT$8,182 thousand of the capital reserve was recognized.

20. Notes payable and accounts payable

| | March 31, 2021 | December 31,2020 | March 31, 2020 |
|---|---|---|---|
| Notes payable | | | |
| Arising from business | $ - | $ - | $ 21 |
| | | | |
| Accounts payable | | | |
| Arising from business | $ 428,430 | $ 392,391 | $ 309,062 |
| | | | |
| Accounts payable - related parties | | | |
| Arising from business | $ 1,944 | $ 26,942 | $ 48,707 |

21. Other liabilities

| | March 31, 2021 | December 31,2020 | March 31, 2020 |
|---|---|---|---|
| Current | | | |
| Other payables | | | |
| Estimated expenses payable | $ 25,583 | $ 27,655 | $ 19,435 |
| Salary payable | 22,541 | 29,986 | 20,861 |
| Bonus payable | 9,682 | 37,081 | 4,333 |
| Leave payment payable | 8,995 | 6,737 | 8,455 |
| Remuneration payable to employees, directors and supervisors | 7,344 | 6,673 | 4,666 |
| Payables on equipment | 4,410 | 4,018 | 11,713 |
| Share capital payable | 2,004 | 1,996 | - |
| Other expenses payable | 31,777 | 40,405 | 29,897 |
| | $ 112,336 | $ 154,551 | $ 99,360 |
| Other liabilities | | | |
| Contractual liabilities | $ 34,523 | $ 22,963 | $ 33,302 |
| Deferred government subsidy income | - | - | 242 |
| Collection on behalf of others | 747 | 724 | 678 |
| Others | 10,944 | 9,678 | 9,512 |
| | $ 46,214 | $ 33,365 | $ 43,734 |
| | | | |
| Non-current | | | |
| Other liabilities | | | |
| Deposits received | $ 198 | $ 240 | $ 157 |

| | | | |
|---|---|---|---|
| Others | 3,510 | 875 | 975 |
| | $ 3,708 | $ 1,115 | $ 1,132 |

22. Provision for liabilities - current

| | March 31, 2021 | December 31,2020 | March 31, 2020 |
|---|---|---|---|
| Warranty | $ 999 | $ 1,046 | $ 1,415 |

| | January 1 to March 31, 2021 | January 1 to March 31, 2020 |
|---|---|---|
| Beginning balance | $ 1,046 | $ 1,665 |
| Reversal in the period | ( 47 ) | ( 250 ) |
| Ending balance | $ 999 | $ 1,415 |

The provision for warranty liabilities is the present value of the best estimate of the outflow of future economic benefits caused by the warranty obligation from the management of the consolidated company in accordance with the contract for the sale of goods. This estimate is based on historical warranty experience, taking into account the adjustment for new raw materials, process changes or other factors affecting product quality.

23. Post-retirement benefit plans

(I) Defined contribution plans

The pension system of the “Labor Pension Act” is applicable to the Company of the consolidated company, and is a defined contribution plan managed by the government. The pension is allocated to the individual account of the Labor Insurance Bureau at 6% of the employee’s monthly salary.

The employees of the subsidiaries of the consolidated company in China and Vietnam are members of the local government operated retirement benefit plan. The subsidiary is required to allocate a specific proportion of the cost of salaries to the retirement benefit plan to fund the plan. The obligation of the consolidated company to the retirement benefit plan operated by the government is only the allocation of a specific amount.

(II) Defined benefit plan

The pension system implemented by the Company, among the consolidated companies, based on the “Labor Standards Act,” is a defined benefit plan managed by the Government. The relevant pension costs of the defined benefit plan recognized from January 1 to March 31, 2021 and 2020 are calculated based on the pension cost rate determined by actuarial calculation on December 31, 2020 and 2019, and the amounts are NT$202 thousand and NT$282 thousand.

24. Equity

(I) Share capital

1. Common stock

| | March 31, 2021 | December 31,2020 | March 31, 2020 |
|---|---|---|---|
| Authorized number of shares (1000 shares) | 150,000 | 150,000 | 150,000 |
| Authorized share capital | $ 1,500,000 | $ 1,500,000 | $ 1,500,000 |
| Number of issued shares fully paid for (1000 shares) | 89,386 | 89,386 | 88,679 |
| Capital of issued shares | $ 893,857 | $ 893,857 | $ 886,794 |

The par value of each issued common share is NT$10. Each share has one voting right and the right to receive dividends.

2. Certificate of right to convert bonds into shares

| | March 31, 2021 | December 31,2020 | March 31, 2020 |
|---|---|---|---|
| Number of shares converted but not yet registered for change (1000 shares) | 1,593 | 1,214 | 497 |
| Share capital converted but not yet registered for change | $ 15,929 | $ 12,143 | $ 4,965 |

(II) Additional capital from retained earnings

| | March 31, 2021 | December 31,2020 | March 31, 2020 |
|---|---|---|---|
| Can be used to cover losses, issue cash or supplement share capital (1) | | | |
| Premium from share issuance | $ 22,142 | $ 22,142 | $ 48,895 |

| | | | |
|---|---|---|---|
| Premium from convertible bond conversion | 9,997 | 8,431 | 2,585 |
| can only be used to cover losses (2) | | | |
| Changes in net equity of subsidiaries and joint ventures recognized under the equity method | 29 | 29 | 29 |
| The conversion right shall be paid off at maturity | 6,307 | 6,307 | 6,307 |
| and cannot be used for any other purpose. | | | |
| Conversion right | 11,448 | 11,661 | 12,467 |
| | $ 49,923 | $ 48,570 | $ 70,283 |

1. Capital reserve - Premiums from share issuance and convertible bond conversion may be used to make up for losses, or may be used to distribute cash dividend or be allocated as the capital when the Company has no loss, provided that the allocation to capital is limited to a certain ratio of paid-in capital each year.
2. For the investment under the equity method, the capital reserve due to the change of the Company's equity in subsidiaries and payoff of conversion rights when due shall not be used for any purpose except for making up losses.

(III) Retained earnings and dividend policy

According to the provisions of the earnings distribution policy of the Articles of Association of the Company, if there are any earnings in the final annual accounts, tax shall be paid according to law. After making up the accumulated loss, 10% shall be set aside as the legal reserve, and the rest shall be set aside or reversed as the special additional capital from retained earnings according to the provisions of laws and regulations; if there is any remaining balance and the accumulated undistributed earnings, the board of directors shall prepare an earnings distribution proposal and submit it to the shareholders' meeting for resolution on dividend distribution. Please refer to note 26(7) on employees' remuneration and directors' and supervisors' remuneration for the distribution policy of employees' remuneration and directors' and supervisors' remuneration as stipulated in the Articles of Association.

The Company's products are diversified, its profits are stable, and its financial structure is sound. The dividend policy is based on the consideration of significant expansion plans and capital expenditures in the next few years. The board of directors shall propose the actual distribution to the shareholders' meeting according to the Company's operating conditions. The distribution of ' dividends to shareholders shall be at least 50% of the distributable earnings of the current year after deducting the legal reserve and special reserve. The cash dividend shall account for more than 20% of the total amount of dividends, but if the cash dividend per share is less than NT$0.5 (inclusive), it may be distributed in the form of a stock dividend instead.

The legal reserve shall be allocated until its balance reaches the total paid-in share capital of the Company. The legal reserve may be used to make up for losses. When the Company has no loss, the part of the legal reserve exceeding 25% of the total paid-in share capital may be distributed in cash in addition to being appropriated as share capital.

The Company's board meeting held on March 26, 2021 and the general shareholders' meeting held on June 16, 2020 proposed and passed the following earnings distribution plans for 2020 and 2019:

| | 2020 | 2019 |
|---|---|---|
| Legal reserve | $ 6,666 | $ 4,418 |
| Special reserve | $ 15,554 | $ 40,395 |
| Cash dividend | $ 45,321 | $ - |
| Cash dividend per share (NT$) | $ 0.5 | $ - |

The earnings distribution plan for 2020 is pending the resolution of the general shareholders' meeting to be held on June 18, 2021.

25. Revenue

| | January 1 to March 31, 2021 | January 1 to March 31, 2020 |
|---|---|---|
| Revenue from goods sold | $ 831,765 | $ 613,870 |

Please refer to notes 10 and 21 for the contract balance.

26. Net profit and other comprehensive income

(I) Interest income

| | January 1 to March 31, 2021 | January 1 to March 31, 2020 |
|---|---|---|
| Bank deposits and wealth management products | $ 233 | $ 615 |
| Others | 34 | 34 |
| Total | $ 267 | $ 649 |

(II) Other income

| | January 1 to March 31, 2021 | January 1 to March 31, 2020 |
|---|---|---|
| Rental income | $ 32 | $ 140 |
| Management and technical service fee income | 330 | 2,062 |
| Government subsidy income | 6,223 | 2,289 |
| Others | 2,473 | 4,244 |
| | $ 9,058 | $ 8,735 |

(III) Other benefits and (loss)

| | January 1 to March 31, 2021 | January 1 to March 31, 2020 |
|---|---|---|
| Loss of financial assets/liabilities measured at fair value through profit and loss | ($ 2,146) | ($ 3,445) |
| Loss from disposal of property, plant and equipment | - | ( 28) |
| | ($ 2,146) | ($ 3,473) |

(IV) Financial cost

| | January 1 to March 31, 2021 | January 1 to March 31, 2020 |
|---|---|---|
| Interest on bank loans | $ 1,446 | $ 3,145 |
| Interest on lease liabilities | 129 | 45 |
| Interest on convertible bonds (note 19) | 915 | 1,039 |
| | $ 2,490 | $ 4,229 |

(V) Depreciation and amortization

| | January 1 to March 31, 2021 | January 1 to March 31, 2020 |
|---|---|---|
| Property, plant and equipment | $ 20,459 | $ 20,732 |
| Intangible assets | 1,639 | 1,561 |
| Long-term prepaid expenses | 431 | 874 |
| Right-of-use assets | 1,623 | 2,004 |
| Total | $ 24,152 | $ 25,171 |
| Depreciation expenses summary by function | | |
| Operating costs | $ 16,418 | $ 16,524 |
| Operating expenses | 5,664 | 6,212 |
| | $ 22,082 | $ 22,736 |

| | January 1 to March 31, 2021 | January 1 to March 31, 2020 |
|---|---|---|
| Amortized expenses summary by function | | |
| Operating costs | $ 580 | $ 472 |
| Operating expenses | 1,490 | 1,963 |
| | $ 2,070 | $ 2,435 |

(VI) Employee benefits

| | January 1 to March 31, 2021 | January 1 to March 31, 2020 |
|---|---|---|
| Short-term employee benefits | | |
| Salary expense | $ 87,422 | $ 75,456 |
| Labor and health insurance expenses | 10,665 | 7,714 |
| | 98,087 | 83,170 |
| Post-retirement benefits (note 23) | | |
| Defined contribution plans | 5,784 | 4,279 |

| | | |
|---|---|---|
| Defined benefit plan | 202 | 282 |
| | 5,986 | 4,561 |
| Other employee benefits | 4,869 | 4,582 |
| Total employee benefits | $ 108,942 | $ 92,313 |
| | | |
| Summary by function | | |
| Operating costs | $ 35,085 | $ 30,291 |
| Operating expenses | 73,857 | 62,022 |
| | $ 108,942 | $ 92,313 |

(VII) Employees' remuneration and directors' and supervisors' remuneration

In accordance with the Articles of Association, based on the net profit before tax of the current year minus the benefits before the distribution of the employee's remuneration and the director's and supervisor's remuneration, the Company allocates 1% to 10% as the employee's remuneration and no more than 3% as the director's and supervisor's remuneration after making up the losses. From January 1 to March 31, 2020, due to the Company's operating loss, the employees' remuneration and the director's and supervisor's remuneration are not estimated. From January 1 to March 31, 2021, the estimated employees' remuneration and the director's and supervisor's remuneration are as follows:

Estimated proportion

| | January 1 to March 31, 2021 |
|---|---|
| Employees' remuneration | 6% |
| Director's and supervisor's remuneration | 2% |

Amount

| | January 1 to March 31, 2021 |
|---|---|
| Employees' remuneration | $ 503 |
| Director's and supervisor's remuneration | $ 168 |

If there is any change in the amount of the annual consolidated financial statements after the date of issuance, it shall be handled according to the change in accounting estimates and recorded in the next year.

The board meetings of the Company were held on March 26, 2021 and March 27, 2020, and the following resolutions on employees' remuneration and directors' and supervisors' remuneration for 2020 and 2019 were passed:

| | Cash | |
|---|---|---|
| | 2020 | 2019 |
| Employees' remuneration | $ 5,005 | $ 3,499 |
| Director's and supervisor's remuneration | 1,668 | 1,166 |

There is no difference between the actual distribution amount of employees' remuneration and directors' and supervisors' remuneration in 2020 and 2019 and the amount recognized in the consolidated financial statements of 2020 and 2019.

For information on the employees' remuneration and directors' and supervisors' remuneration resolved by the board of directors' meetings, please visit MOPS of the Taiwan Stock Exchange.

27. Income tax

(I) Income tax recognized in income

The major components of income tax expenses (gains) are as follows:

| | January 1 to March 31, 2021 | January 1 to March 31, 2020 |
|---|---|---|
| Income tax of the current period | | |
| Generated in the current period | $ 9,272 | $ 455 |
| Levy on undistributed earnings | 44 | - |
| Adjustment for previous years | 300 | ( 1,507 ) |
| | 9,616 | ( 1,052 ) |
| Deferred income tax | | |
| Generated in the current period | ( 4,637 ) | ( 1,606 ) |
| Adjustment for previous years | - | ( 2,565 ) |
| | ( 4,637 ) | ( 4,171 ) |
| Income tax expenses (gains) recognized in income | $ 4,979 | ( $ 5,223 ) |

(II) Income tax recognized in other comprehensive income

| | January 1 to March 31, 2021 | January 1 to March 31, 2020 |
|---|---|---|
| Deferred income tax | | |
| Generated in the current period | | |
| - Conversion of foreign operating organizations | $ 1,511 | ($ 3,623) |

(III) Verification of income tax

The Company's declared cases up to 2018 have been approved by the tax collection authority.

28. Earnings (loss) per share

Unit: NT$ per share

| | January 1 to March 31, 2021 | January 1 to March 31, 2020 |
|---|---|---|
| Basic earnings (loss) per share | $ 0.07 | ($ 0.13) |
| Diluted earnings (loss) per share | $ 0.06 | ($ 0.13) |

The earnings (loss) used for calculating earnings (loss) per share and weighted average number of common shares are as follows:

Net profit (loss) of the current period

| | January 1 to March 31, 2021 | January 1 to March 31, 2020 |
|---|---|---|
| Net profit (loss) attributable to owners of the Company | $ 6,228 | ($ 11,371) |
| Net profit (loss) used to calculate basic earnings (loss) per share | $ 6,228 | ($ 11,371) |
| After-tax interest of convertible bonds | 732 | - |
| After-tax evaluation loss of convertible bond put/call rights | 80 | - |
| Net profit (loss) used to calculate diluted earnings (loss) per share | $ 7,040 | ($ 11,371) |

Number of shares unit: 1000 shares

| | January 1 to March 31, 2021 | January 1 to March 31, 2020 |
|---|---|---|
| Weighted average number of common shares used to calculate basic earnings (loss) per share | 90,703 | 88,838 |
| Effect of potential common shares with dilution effect: | | |
| Convertible bonds | 18,106 | - |
| Employees' remuneration | 325 | - |
| Weighted average number of common shares used to calculate diluted earnings (loss) per share | 109,134 | 88,838 |

Suppose the consolidated company has the option to pay employee remuneration in shares or cash. In that case, the calculation of diluted earnings per share is based on the assumption that the employee remuneration will be issued in shares. The weighted average number of outstanding shares will be included in the calculation of diluted earnings per share when the potential common shares are diluted. When calculating the diluted earnings per share before the issuance of employee remuneration shares in the next annual resolution, the dilution effect of such potential common shares shall also be considered.

If the consolidated company's convertible corporate bonds outstanding are converted from January 1 to March 31, 2020, they are not included in the calculation of diluted loss per share due to their anti-dilution effect.

29. Government subsidy

In May 2020, due to the implementation of the R&D and innovation project entrusted by the Ministry of Economic Affairs, the Company obtained a subsidy of NT$5,900 thousand according to the grant approval letter of the Taiwan Small and Medium Enterprises Counseling Foundation referenced Ji No. 1070001330B. This amount has been listed under deferred government subsidy income and recognized according to the actual development level of the plan. The entire amount was recognized as subsidy income in 2020.

30. Capital risk management

The purpose of the Company's capital management policy is to protect the Company's ability to continue as a going concern in order to provide returns to shareholders and benefits to other equity holders as much as possible. To ensure that the above objectives are achieved, the consolidated company must maintain a large amount of capital to meet the needs of the expansion and upgrading of plants and equipment. Therefore, the capital management of the consolidated company is to ensure that necessary financial resources and operation plans are available to meet the needs of working capital, capital expenditure, research and development costs, debt repayment and dividend expenditure in the next 12 months. The consolidated company is not subject to other external capital requirements.

31. Financial instruments

(I) Fair value information - financial instruments not measured at fair value

March 31, 2021

| | Carrying amount | Fair value Level 1 | Fair value Level 2 | Fair value Level 3 | Fair value Total |
|---|---|---|---|---|---|
| Financial liability | | | | | |
| Financial liabilities measured at cost after amortization | | | | | |
| - Second domestic secured convertible corporate bond | $191,230 | $ - | $231,138 | $ - | $231,138 |
| - Third domestic unsecured convertible corporate bond | 65,627 | - | 76,394 | - | 76,394 |
| | $256,857 | $ - | $307,532 | $ - | $307,532 |

December 31, 2020

| | Carrying amount | Fair value Level 1 | Fair value Level 2 | Fair value Level 3 | Fair value Total |
|---|---|---|---|---|---|
| Financial liability | | | | | |
| Financial liabilities measured at cost after amortization | | | | | |
| - Second domestic secured convertible corporate bond | $190,638 | $ - | $223,629 | $ - | $223,629 |
| - Third domestic unsecured convertible corporate bond | 70,444 | - | 85,243 | - | 85,243 |
| | $261,082 | $ - | $308,872 | $ - | $308,872 |

March 31, 2020

| | Carrying amount | Fair value Level 1 | Fair value Level 2 | Fair value Level 3 | Fair value Total |
|---|---|---|---|---|---|
| Financial liability | | | | | |
| Financial liabilities measured at cost after amortization | | | | | |
| - Second domestic secured convertible corporate bond | $188,840 | $ - | $193,944 | $ - | $193,944 |
| - Third domestic unsecured convertible corporate bond | 88,503 | - | 85,404 | - | 85,404 |
| | $277,343 | $ - | $279,348 | $ - | $279,348 |

In addition to the above, the management of the consolidated company believes that the book value of financial assets and financial liabilities not measured at fair value approaches their fair value or their fair value cannot be reliably measured.

(II) Fair value information - financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

March 31, 2021

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets measured at fair value through the income statement | | | | |
| Wealth management products | $ - | $ 63,666 | $ - | $ 63,666 |
| Derivatives | - | - | 460 | 460 |
| | $ - | $ 63,666 | $ 460 | $ 64,126 |
| Financial liabilities measured at fair value through the income statement | | | | |
| Derivatives | $ - | $ 5,754 | $ - | $ 5,754 |

December 31, 2020

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets measured at fair value through the income statement | | | | |
| Wealth management products | $ - | $ 59,518 | $ - | $ 59,518 |
| Derivatives | - | - | 560 | 560 |
| | $ - | $ 59,518 | $ 560 | $ 60,078 |
| Financial liabilities measured at fair value through the income statement | | | | |
| Derivatives | $ - | $ 4,102 | $ - | $ 4,102 |

March 31, 2020

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets measured at fair value through the income statement | | | | |
| Wealth management products | $ - | $ 46,348 | $ - | $ 46,348 |
| Derivatives | - | - | 10 | 10 |
| | $ - | $ 46,348 | $ 10 | $ 46,358 |
| Financial assets measured at fair value through other comprehensive income | | | | |
| Equity instrument investment | | | | |
| - Domestic unlisted (non-OTC) shares | $ - | $ - | $ 3,586 | $ 3,586 |
| Financial liabilities measured at fair value through the income statement | | | | |
| Derivatives | $ - | $ 5,304 | $ - | $ 5,304 |

There was no transfer between level 1 and level 2 fair value measurements from January 1 to March 31 in 2021 and 2020.

2. Adjustment of financial instruments measured at level 3 fair value

January 1 to March 31, 2021

| Financial asset | Measured at fair value through the income statement<br>Derivatives | Financial assets measured at fair value through other comprehensive income<br>Equity instrument |
|---|---|---|
| Beginning balance | $ 560 | $ - |
| Recognized in income | ( 100 ) | - |
| Ending balance | $ 460 | $ - |

January 1 to March 31, 2020

| Financial asset | Measured at fair value through the income statement<br>Derivatives | Financial assets measured at fair value through other comprehensive income<br>Equity instrument |
|---|---|---|
| Beginning balance | $ - | $ 3,586 |
| Recognized in income | 10 | - |
| Ending balance | $ 10 | $ 3,586 |

3. The evaluation skills and inputs for Level 2 fair value measurement

| Types of financial instruments | Evaluation technology and input value |
|---|---|
| Wealth management products | Cash flow discount method: discount according to the discount rate reflecting the final return rate of the financial product issuer. |
| Derivatives - forward foreign exchange contracts | Discounted cash flow method: the future cash flow is estimated according to the observable forward exchange rate at the end of the period, the exchange rate and interest rate stipulated in the contract, and discounted separately at the discount rate reflecting the credit risk of each trading party. |
| Derivatives - exchange rate and interest rate swap contracts | Cash flow discount method: estimate the future cash flow according to the observable forward exchange rate and interest rate at the end of the period, as well as the exchange rate and interest rate stipulated in the contract, and discount at the discount rate that can reflect the credit risk of each counterparty. |

4. The evaluation skills and inputs for Level 3 fair value measurement

(1) Derivative instrument-Redemption, for which the fair value is measured under the Binomial Tree Model and the important unobservable inputs as adopted serve as the stock price volatility. When the stock price volatility increases, the fair value of such derivative instrument increases relatively.

(2) The non-TWSE/TPEx-listed stocks are measured under the worth method. The fair value thereof is determined based on the most recent net worth of a comparable investee and financial position & overview of the business of any observable company. When the liquidity discount decreases, the fair value of such investment increases relatively.

(III) Types of financial instruments

| | March 31, 2021 | December 31,2020 | March 31, 2020 |
|---|---|---|---|
| Financial asset | | | |
| Measured at fair value through the income statement | $ 64,126 | $ 60,078 | $ 46,358 |
| Financial assets measured at cost after amortization (note 1) | 1,076,072 | 1,101,501 | 929,536 |
| Financial assets - equity instrument investment measured at fair value through other comprehensive income | - | - | 3,586 |
| Financial liability | | | |
| Measured at fair value through the income statement | 5,754 | 4,102 | 5,304 |
| Measured at cost after amortization (note 2) | 1,648,488 | 1,591,130 | 1,546,519 |

Note 1: Balance refers to financial assets measured at cost after amortization, including cash and cash equivalents, financial assets measured at cost after amortization, notes receivable, accounts receivable (including those of

related parties), other receivables (including those of related parties, excluding tax refunds receivable) and refundable deposits.

Note 2: The balance includes short-term loans, notes payable, accounts payable (including those of related parties), other payables (including those of related parties), corporate bonds payable and long-term loans (including the part due within one year) and other financial liabilities measured at cost after amortization.

(IV) Purpose and policy of financial risk management

The main financial instruments of the consolidated company include equity investment, accounts receivable, accounts payable, corporate bonds payable, loans and lease liabilities. The financial management department of the consolidated company provides services for all business units, coordinates the entry into domestic and international financial markets, and supervises and manages the financial risks related to the operation of the consolidated company by analyzing the internal risk report of the exposure according to the risk level and breadth. These risks include market risk (including exchange rate risk and interest rate risk), credit risk and liquidity risk.

1. Market risk

The main financial risk caused by the operating activities of the consolidated company to the consolidated company is the foreign currency exchange rate change risk (refer to (1) below) and the interest rate change risk (refer to (2) below). The consolidated company is engaged in various derivative financial instruments to manage the foreign currency exchange rate and interest rate risk, including:

A. Using foreign exchange forward contracts to avoid the exchange rate risk caused by foreign currency borrowing;

B. Using interest rate swap to reduce the risk of an interest rate rise.

There is no change in the exposure of the consolidated company to the market risk of financial instruments and the management and measurement of such exposure.

(1) Exchange rate risk

Part of the cash inflow and outflow of the consolidated company is in foreign currency, so it has the effect of natural hedging; the exchange rate risk management of the consolidated company is for hedging, not for profit.

Please refer to note 35 for the book value of monetary assets and monetary liabilities (including monetary items written off under non-functional currency in the consolidated financial statements) of the consolidated company denominated in non-functional currency on the balance sheet date.

<u>Sensitivity analysis</u>

The consolidated company is mainly affected by the exchange rate fluctuations of the US dollar and RMB.

The table below details the sensitivity analysis of the consolidated company when the exchange rate of the New Taiwan dollar (functional currency) changes 1% against relevant foreign currencies. The sensitivity analysis only includes the monetary items that are in circulation, and the conversion at the end of the period is adjusted by 1% of the exchange rate change. The positive number in the Table below refers to the amount that will reduce the pre-tax net loss/increase the pre-tax net profit when the New Taiwan dollar depreciates by 1% relative to each related foreign currency; when the New Taiwan dollar appreciates by 1% relative to each related foreign currency, its impact on the pre-tax net profit (loss) will be a negative number of the same amount.

| | Impact of USD/RMB/Euro (note) | |
|---|---|---|
| | January 1 to March 31, 2021 | January 1 to March 31, 2020 |
| Profit and loss | $ 3,560 | $ 1,993 |

Note: It mainly comes from the consolidated company's cash and cash equivalents, accounts receivable, other receivables, short-term loans, accounts payable and other payables denominated in foreign currencies that are still outstanding on the balance sheet date without cash flow hedging.

The management believes that the sensitivity analysis cannot represent the inherent risk of the exchange rate, because the foreign currency exposure on the balance sheet date cannot reflect the medium-term exposure. Therefore, the management will still conduct exchange rate risk management according to the consolidated company's policies.

(2) Interest rate risk

Interest rate exposure is caused by the fact that entities in the consolidated company borrow funds at fixed and floating rates and hold current and foreign currency bank deposits. The management of the consolidated company shall regularly monitor the interest rate risk. If required, necessary measures shall be taken for significant interest rate risks to control risks arising from the change of market interest rate.

The carrying amounts of the financial assets and financial liabilities of the consolidated company subject to interest rate exposure on the balance sheet date are as follows:

| | March 31, 2021 | December 31,2020 | March 31, 2020 |
|---|---|---|---|
| Interest rate risks with fair value | | | |
| - Financial assets | $ 2,600 | $ 4,316 | $ 4,256 |
| - Financial liabilities | 647,749 | 588,436 | 576,519 |
| Interest rate risks with cash flow | | | |
| - Financial assets | 350,808 | 413,299 | 332,062 |
| - Financial liabilities | 461,228 | 463,164 | 519,169 |

Sensitivity analysis

The following sensitivity analysis is based on the interest rate exposure of non-derivative instruments on the balance sheet date. For floating rate assets and liabilities, it is assumed that the amount in assets and liabilities outstanding on the balance sheet date are also outstanding during the reporting period.

If the interest rate increases/decreases by 0.1%, and all other variables remain unchanged, the pre-tax net loss of the consolidated company from January 1 to March 31, 2021 will decrease/increase by NT$28 thousand; the pre-tax net profit from January 1 to March 31, 2020 will increase/decrease by NT$47 thousand, mainly due to the interest rate risk of floating interest assets and liabilities of the consolidated company.

2. Credit risk

Credit risk refers to the risk of financial loss caused by the default of contractual obligations of the counterparty. As of the balance sheet date, the maximum credit risk exposures (excluding collateral or other credit enhancement tools and the maximum amount of irrevocable exposure) of the consolidated company that may cause financial losses due to the failure of the counterparty and the financial guarantee provided by the consolidated company mainly come from:

(1) Book value of financial assets recognized in the consolidated balance sheet.

(2) The amount in contingent liabilities arising from the financial guarantee provided by the consolidated company.

Operation related credit risk and financial risk are managed separately.

Operation related credit risk

In order to maintain the quality of accounts receivable, the consolidated company has established operations-related procedures for credit risk management.

The risk assessment of an individual customer is to consider many factors that may affect the customer's ability to pay, including the customer's financial status, the credit rating by credit rating agencies, the consolidated company's internal credit rating, the historical transaction records, and current economic conditions. The consolidated company will also use certain credit enhancement tools, such as advance payment, at the appropriate time to reduce the credit risk of specific customers.

Financial credit risk

The credit risk of bank deposits, fixed income investments and other financial instruments are measured and monitored by the financial department of the consolidated company. Since the trading partners and performing parties of the consolidated company are all banks and financial institutions with good credit, company organizations and government agencies with no significant performance concern, there is no significant credit risk.

3. Liquidity risk

The objective of the consolidated company on the management of the liquidity risk is to maintain the cash and cash equivalents, high liquidity securities, and sufficient bank credit facilities required for operation to ensure that the consolidated company has sufficient financial flexibility.

The consolidated company shall regularly review the inventory level, the turnover rate of various types of inventory, credit conditions of customers and turnover rate of accounts receivable to control the size of working capital. The cash and cash equivalent level of the group remains moderately loose, and funds are raised in advance according to capital demand. A low debt ratio and financial flexibility are maintained to effectively control the liquidity risk.

(1) Statement of liquidity and interest rate risk of non-derivative financial liabilities

The maturity analysis of the remaining contracts of non-derivative financial liabilities is based on the undiscounted cash flow (including principal and estimated interest) of financial liabilities on the earliest possible repayment date of the consolidated company. Therefore, the series of bank loans that the consolidated company may be required to repay immediately shall not take into account the probability of the bank executing the right immediately in the earliest period in the table below; the maturity analysis of other non-derivative financial liabilities shall be prepared according to the agreed repayment date.

March 31, 2021

| | Less than 1 month | 1 ~ 3 months | 3 months ~ 1 year | 1 ~ 5 years | More than 5 years | Total |
|---|---|---|---|---|---|---|
| Non-derivative financial liabilities | | | | | | |
| No-interest bearing liabilities | $ 299,079 | $ 189,669 | $ 61,279 | $ 294 | $ - | $ 550,321 |
| Lease liabilities | 233 | 487 | 1,633 | 1,224 | - | 3,577 |
| Floating rate liabilities | - | 63,365 | 196,574 | 183,654 | 99,947 | 543,540 |
| Fixed rate liabilities | 351,339 | - | 30,635 | 267,600 | - | 649,574 |
| | $ 650,651 | $ 253,521 | $ 290,121 | $ 452,772 | $ 99,947 | $ 1,747,012 |

December 31, 2020

| | Less than 1 month | 1 ~ 3 months | 3 months ~ 1 year | 1 ~ 5 years | More than 5 years | Total |
|---|---|---|---|---|---|---|
| Non-derivative financial liabilities | | | | | | |
| No-interest bearing liabilities | $ 333,987 | $ 180,843 | $ 71,462 | $ - | $ - | $ 586,292 |
| Lease liabilities | 660 | 628 | 1,837 | 1,523 | - | 4,648 |
| Floating rate liabilities | - | 23,055 | 121,955 | 226,828 | 105,858 | 477,696 |
| Fixed rate liabilities | 120,067 | 120,186 | 53,191 | 272,900 | - | 566,344 |
| | $ 454,714 | $ 324,712 | $ 248,445 | $ 501,251 | $ 105,858 | $ 1,634,980 |

March 31, 2020

| | Less than 1 month | 1 ~ 3 months | 3 months ~ 1 year | 1 ~ 5 years | More than 5 years | Total |
|---|---|---|---|---|---|---|
| Non-derivative financial liabilities | | | | | | |
| No-interest bearing liabilities | $ 264,720 | $ 158,037 | $ 11,977 | $ 27,308 | $ - | $ 462,042 |
| Lease liabilities | 429 | 818 | 3,321 | 2,035 | - | 6,603 |
| Floating rate liabilities | - | 3,488 | 143,043 | 294,583 | 110,239 | 551,353 |
| Fixed rate liabilities | 275,409 | - | 18,750 | 292,900 | - | 587,059 |
| | $ 540,558 | $ 162,343 | $ 177,091 | $ 616,826 | $ 110,239 | $ 1,607,057 |

(2) Table of liquidity and interest rate risk of derivative financial liabilities

On the analysis of the liquidity of derivative financial instruments, for the derivative instruments adopting net settlement, it is prepared on the basis of the net cash inflow and outflow of undiscounted contracts.

March 31, 2021

| | On demand or less than 1 month | 1 ~ 3 months | 3 months ~ 1 year | 1 ~ 5 years | More than 5 years |
|---|---|---|---|---|---|
| Net settlement | | | | | |
| Foreign exchange forward | $ - | ($ 103) | $ - | $ - | $ - |
| Exchange rate swap | ($ 46) | ($ 93) | ($ 417) | ($ 5,095) | $ - |

December 31, 2020

| | On demand or less than 1 month | 1 ~ 3 months | 3 months ~ 1 year | 1 ~ 5 years | More than 5 years |
|---|---|---|---|---|---|
| Net settlement | | | | | |
| Exchange rate swap | ($ 33) | ($ 66) | ($ 295) | ($ 3,708) | $ - |

March 31, 2020

| | On demand or less than 1 month | 1 ~ 3 months | 3 months ~ 1 year | 1 ~ 5 years | More than 5 years |
|---|---|---|---|---|---|
| Net settlement | | | | | |
| Exchange rate swap | ($ 40) | ($ 79) | ($ 356) | ($ 4,829) | $ - |

(3) Credit facilities

| | March 31, 2021 | December 31,2020 | March 31, 2020 |
|---|---|---|---|
| Short-term bank credit facilities | | | |
| - Amount used | $ 760,589 | $ 628,271 | $ 501,668 |
| - Amount unused | 277,582 | 368,810 | 523,870 |
| | $ 1,038,171 | $ 997,081 | $ 1,025,538 |

## 32. Related party transactions

Transactions, account balances, gains and expenses between the Company and its subsidiaries (which are related parties of the Company) are eliminated in full 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:

(I) Name and relationship of related parties

| Name of related party | Relationship with the consolidated company |
|---|---|
| Adhesive Technologies, Inc. (Adhesive Technologies) | Corporate director of the Company |
| Wuxi More Tex Technology Co., Ltd. (Wuxi More Tex) | Joint venture |
| Tex Year Industrial Adhesives Pvt. Ltd. (Tex Year Industrial Adhesives) | Joint venture |
| Wood Glue Industrial Co., Ltd. | The chairman of the company is a director of this company. |
| Huihong Petrochemical Co., Ltd | The chairman of this company is the spouse of a director of the Company |
| JPT Cooperation (JPT) | The chairman of this company was a director of the Company (but a non-related party since July 1, 2020) |

(II) Operating income

| Account items | Category/name of related party | January 1 to March 31, 2021 | January 1 to March 31, 2020 |
|---|---|---|---|
| Sales revenue | Corporate director of the Company | | |
| | Adhesive Technologies | $ 15,528 | $ 17,682 |
| | Joint venture | | |
| | Tex Year Industrial Adhesives | 4,354 | 4,381 |
| | Wuxi More Tex Technology Co., Ltd. | - | 740 |
| | The chairman of this company is the spouse of a director of the Company | 6 | - |
| | | $ 19,888 | $ 22,803 |

The selling price of related parties is equal to that of general customers. In addition to the individual credit conditions, the remaining selling price is increased by a certain proportion according to the product type and cost.

(III) Purchase

| Category/name of related party | January 1 to March 31, 2021 | January 1 to March 31, 2020 |
|---|---|---|
| Joint venture | | |
| Wuxi More Tex Technology Co., Ltd. | $ - | $ 43,676 |
| The chairman of the company is a director of this company. | 74 | 4 |
| | $ 74 | $ 43,680 |

The purchase price of related parties is equal to that of general manufacturers, and a certain proportion increases the remaining purchase price.

(IV) Receivables from related parties

| Account items | Category/name of related party | March 31, 2021 | December 31,2020 | March 31, 2020 |
|---|---|---|---|---|
| Accounts receivable - Related parties | Corporate director of the Company | | | |
| | Adhesive Technologies | $ 24,551 | $ 29,838 | $ 17,585 |
| | Joint venture | | | |
| | Tex Year Industrial Adhesives | 8,110 | 7,843 | 6,602 |
| | Wuxi More Tex Technology Co., Ltd. | - | - | 304 |
| | The chairman of this company is the spouse of a director of the Company | 6 | - | - |
| | | $ 32,667 | $ 37,681 | $ 24,491 |

The consolidated company sells goods to the corporate director of the Company, and the term of collection is 75-day T/T remittance upon arrival of goods; the consolidated company sells goods to the joint venture partner, and the term of collection is 90-day T/T remittance upon arrival of goods.

Guarantees for the outstanding receivables from related parties are not collected.

(V) Payables to related parties

| Account items | Category/name of related party | March 31, 2021 | December 31,2020 | March 31, 2020 |
|---|---|---|---|---|
| Accounts payable - Related parties | Joint venture | | | |
| | Wuxi More Tex Technology Co., Ltd. | $ 1,944 | $ 26,942 | $ 48,707 |

The consolidated company purchases goods from the joint venture partner on the term of 90-day T/T remittance upon arrival of the goods.

Guarantees for the balance of outstanding payables to related parties are not collected.

(VI) Others

The balance of other receivables from related parties on the balance sheet date is as follows:

| Category/name of related party | March 31, 2021 | December 31,2020 | March 31, 2020 |
|---|---|---|---|
| Joint venture | | | |
| Wuxi More Tex Technology Co., Ltd. | $ 32,285 | $ 703 | $ 6,469 |
| Tex Year Industrial Adhesives | 909 | 730 | 249 |
| | 33,194 | 1,443 | 6,718 |
| Corporate director of the Company | - | - | 28 |
| | $ 33,194 | $ 1,443 | $ 6,746 |

Other receivables refer to the funds and advances for earnings distributed and technical management services provided by the consolidated company.

The balance of other payables to related parties on the balance sheet date is as follows:

| Category/name of related party | March 31, 2021 | December 31,2020 | March 31, 2020 |
|---|---|---|---|
| The chairman of the company is a director of this company. | | | |
| JPT Cooperation | $ - | $ - | $ 58 |

Income from management and technical service fees (listed under other income):

| Category/name of related party | January 1 to March 31, 2021 | January 1 to March 31, 2020 |
|---|---|---|
| Joint venture | | |
| Wuxi More Tex Technology Co., Ltd. | $ - | $ 1,322 |
| Tex Year Industrial Adhesives | 330 | 224 |
| | $ 330 | $ 1,546 |

Operating expenses:

| Category/name of related party | January 1 to March 31, 2021 | January 1 to March 31, 2020 |
|---|---|---|
| Joint venture | | |
| Wuxi More Tex Technology Co., Ltd. | $ 151 | $ 143 |

(VII) Rewards to key management

| | January 1 to March 31, 2021 | January 1 to March 31, 2020 |
|---|---|---|
| Short-term employee benefits | $ 5,440 | $ 3,859 |
| Post-employment benefits | 353 | 347 |
| | $ 5,793 | $ 4,206 |

The Compensation Committee determines the compensation of directors and other key management in accordance with individual performance and market trends.

33. Pledged assets

The following assets of the consolidated company are provided as collateral for bank loans, letters of credit and convertible corporate bonds:

| | March 31, 2021 | December 31,2020 | March 31, 2020 |
|---|---|---|---|
| Land | $ 100,859 | $ 101,348 | $ 91,041 |
| Buildings and construction - net | 474,685 | 391,793 | 395,224 |
| Inventory | 52,723 | 39,510 | - |
| Demand deposits (financial assets measured at cost after amortization – non-current) | 23,346 | 76 | 20,000 |
| | $ 651,613 | $ 532,727 | $ 506,265 |

34. Significant contingent liabilities and unrecognized contractual commitments

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

(I) Amount of unused letter of credit opened:

| | March 31, 2021 | December 31,2020 | March 31, 2020 |
|---|---|---|---|
| NTD | $ 71,873 | $ 41,249 | $ 37,032 |
| USD | 218 | 7,131 | 48 |
| JPY | - | 254 | - |
| EUR | - | - | 31 |

(II) The consolidated company appoints banks as the guarantors for contract performance, customs duty and goods tax bookkeeping. The guaranteed amount on March 31, 2021 and March 31 and December 31, 2020 and are NT$25,720 thousand, NT$29,620 thousand and NT$36,500 thousand.

35. <u>Information on foreign currency financial assets and liabilities with significant impact</u>

The following information is summarized and expressed in foreign currencies other than the functional currencies of each entity of the consolidated company. The disclosed exchange rate refers to the exchange rate converted from such foreign currencies to functional currencies. Foreign currency assets and liabilities with significant impact are as follows:

<u>March 31, 2021</u>

| | Foreign currency | Exchange rate | Functional currency | NTD |
|---|---|---|---|---|
| Foreign currency assets | | | | |
| Monetary items | | | | |
| USD | $ 9,413 | 28.5000 (USD: NTD) | $ 268,276 | $ 268,276 |
| USD | 1,441 | 7.7678 (USD: HKD) | 11,191 | 41,059 |
| USD | 361 | 21,923.08 (USD: VND) | 7,914,611 | 10,289 |
| USD | 1,212 | 6.5713 (USD: RMB) | 7,963 | 34,512 |
| USD | 28 | 3.9595 (USD: PLN) | 112 | 807 |
| EUR | 1,382 | 33.4800 (EUR: NTD) | 46,285 | 46,285 |
| EUR | 3,076 | 4.6514 (EUR: PLN) | 14,307 | 102,982 |
| JPY | 12,289 | 0.2587 (JPY: NTD) | 3,179 | 3,179 |
| JPY | 9,163 | 199.0000 (JPY: VND) | 1,823,358 | 2,370 |
| JPY | 10,970 | 0.0596 (JPY: RMB) | 653 | 2,831 |
| RMB | 35,239 | 4.3340 (RMB: NTD) | 152,726 | 152,726 |
| | | | | $ 665,316 |
| Non-monetary items | | | | |
| Equity based joint venture | | | | |
| RMB | 15,717 | 4.3340 (RMB: NTD) | 68,119 | $ 68,119 |
| RP | 68,082 | 0.3892 (INR: NTD) | 26,497 | 26,497 |
| | | | | $ 94,616 |
| Foreign currency liabilities | | | | |
| Monetary items | | | | |
| USD | 2,175 | 28.5000 (USD: NTD) | 61,976 | $ 61,976 |
| USD | 760 | 7.7678 (USD: HKD) | 5,901 | 21,650 |
| USD | 1,558 | 21,923.08 (USD: VND) | 34,147,849 | 44,392 |
| USD | 6,984 | 66.5713 (USD: RMB) | 45,891 | 198,893 |
| EUR | 50 | 33.4800 (EUR: NTD) | 1,662 | 1,662 |
| JPY | 27,584 | 0.2587 (JPY: NTD) | 7,136 | 7,136 |
| JPY | 2,973 | 199.0000 (JPY: VND) | 591,601 | 769 |
| JPY | 43,097 | 0.0596 (JPY: RMB) | 2,567 | 11,124 |
| HKD | 335 | 0.8452 (HKD: RMB) | 283 | 1,228 |
| RMB | 343 | 4.3340 (RMB: NTD) | 1,486 | 1,486 |
| RMB | 203 | 1.1832 (RMB: HKD) | 240 | 880 |
| | | | | $ 351,196 |

December 31, 2020

| | Foreign currency | Exchange rate | Functional currency | NTD |
|---|---|---|---|---|
| Foreign currency assets | | | | |
| Monetary items | | | | |
| USD | $ 8,857 | 28.0900 (USD: NTD) | $ 248,802 | $ 248,802 |
| USD | 1,396 | 7.7526 (USD: HKD) | 10,826 | 39,235 |
| USD | 206 | 23,408.33 (USD: VND) | 4,816,423 | 5,780 |
| USD | 1,883 | 6.5249 (USD: RMB) | 12,290 | 53,042 |
| EUR | 1,543 | 34.5600 (EUR: NTD) | 53,317 | 53,317 |
| EUR | 2,811 | 4.5268 (EUR: PLN) | 12,723 | 96,131 |
| JPY | 9,735 | 0.2725 (JPY: NTD) | 2,653 | 2,653 |
| JPY | 4,388 | 227.0833 (JPY: VND) | 996,442 | 1,196 |
| JPY | 6,843 | 0.0632 (JPY: RMB) | 433 | 1,868 |
| RMB | 12,191 | 4.3160 (RMB: NTD) | 52,618 | 52,618 |
| | | | | $ 554,642 |
| Non-monetary items | | | | |
| Equity based joint venture | | | | |
| RMB | 23,683 | 4.3160 (RMB: NTD) | 102,214 | $ 102,214 |
| RP | 58,274 | 0.3837 (INR: NTD) | 22,360 | 22,360 |
| | | | | $ 124,574 |
| Foreign currency liabilities | | | | |
| Monetary items | | | | |
| USD | 1,058 | 28.0900 (USD: NTD) | 29,715 | $ 29,715 |
| USD | 451 | 7.7526 (USD: HKD) | 3,499 | 12,679 |
| USD | 1,141 | 23,408.33 (USD: VND) | 26,703,420 | 32,044 |
| USD | 4,692 | 6.5249 (USD: RMB) | 30,614 | 132,131 |
| EUR | 2,831 | 4.5268 (EUR: PLN) | 12,815 | 96,826 |
| JPY | 25,387 | 0.2725 (JPY: NTD) | 6,918 | 6,918 |
| JPY | 2,973 | 227.0833 (JPY: VND) | 675,089 | 810 |
| RMB | 317 | 4.3160 (RMB: NTD) | 1,366 | 1,366 |
| RMB | 149 | 1.1888 (RMB: HKD) | 177 | 642 |
| | | | | $ 313,131 |

March 31, 2020

| | Foreign currency | Exchange rate | Functional currency | NTD |
|---|---|---|---|---|
| Foreign currency assets | | | | |
| Monetary items | | | | |
| USD | $ 4,457 | 30.2300 (USD: NTD) | $ 134,731 | $ 134,731 |
| USD | 1,348 | 7.7493 (USD: HKD) | 10,444 | 40,741 |
| USD | 227 | 23,253.85 (USD: VND) | 5,267,349 | 6,848 |
| USD | 1,473 | 7.0851 (USD: RMB) | 10,435 | 44,412 |
| EUR | 2,032 | 33.5100 (EUR: NTD) | 68,092 | 68,092 |
| EUR | 3,003 | 4.5299 (EUR: PLN) | 13,604 | 100,634 |
| JPY | 10,799 | 0.2812 (JPY: NTD) | 3,037 | 3,037 |
| JPY | 2,161 | 216.3077 (JPY: VND) | 467,398 | 608 |
| JPY | 15,344 | 0.0655 (JPY: RMB) | 1,006 | 4,280 |
| RMB | 20,831 | 4.2560 (RMB: NTD) | 88,656 | 88,656 |
| | | | | $ 492,039 |

(To be continued)

(Continued)

| | Foreign currency | Exchange rate | Functional currency | NTD |
|---|---|---|---|---|
| Non-monetary items | | | | |
| Equity based joint venture | | | | |
| RMB | $ 25,235 | 4.2560 (RMB: NTD) | $ 107,401 | $ 107,401 |
| RP | 54,159 | 0.4014 (INR: NTD) | 21,739 | 21,739 |
| | | | | $ 129,140 |
| Foreign currency liabilities | | | | |
| Monetary items | | | | |
| USD | 782 | 30.2300 (USD: NTD) | 23,635 | $ 23,635 |
| USD | 351 | 7.7493 (USD: HKD) | 2,718 | 10,602 |
| USD | 1,257 | 23,253.85 (USD: VND) | 29,222,905 | 37,990 |
| USD | 4,756 | 7.0851 (USD: RMB) | 33,694 | 143,402 |
| EUR | 1,738 | 4.5299 (EUR: PLN) | 7,872 | 58,232 |
| EUR | 176 | 33.5100 (EUR: NTD) | 5,895 | 5,895 |
| JPY | 11,123 | 0.2812 (JPY: NTD) | 3,128 | 3,128 |
| JPY | 2,973 | 216.3077 (JPY: VND) | 643,055 | 836 |
| JPY | 31,713 | 0.0655 (JPY: RMB) | 2,079 | 8,847 |
| HKD | 375 | 0.9137 (HKD: RMB) | 343 | 1,460 |
| RMB | 971 | 4.2560 (RMB: NTD) | 4,132 | 4,132 |
| RMB | 205 | 1.0945 (RMB: HKD) | 225 | 877 |
| | | | | $ 299,036 |

The foreign currency exchange gains (realized and unrealized) of the consolidated company from January 1 to March 31, 2021 and 2020 were NT$2,384 thousand and NT$662 thousand. Due to the variety of foreign currency transactions and functional currencies of the group entities, the exchange gains and losses could not be disclosed according to the foreign currencies with significant influence.

Please refer to note 7 for the foreign exchange forward and foreign exchange and interest swap contracts which the consolidated company has entered into as of March 31, 2021 and December 31 and March 31, 2020.

36. Disclosure and notes

(I) Major transactions and (2) related information on reinvested enterprises:

1. Loan of funds to others (Schedule 1).
2. Endorsements/guarantees for others (Schedule 2).
3. Securities held at the end of the period (excluding investment in subsidiaries and affiliated enterprises and equity of joint ventures) (Schedule 3).

4. The accumulated amount of buying or selling the same securities amounts to NT$300 million or more than 20% of the paid-in capital: None.
5. The amount of property acquired reaches NT$300 million or more than 20% of the paid-in capital: None.
6. The amount of property disposed of reaches NT$300 million or more than 20% of the paid-in capital: None.
7. The amount of goods purchased or sold with related parties is NT$100 million or more than 20% of the paid-in capital: None.
8. Receivables from related parties reach NT$100 million or more than 20% of paid-in capital: None.
9. Engagement in derivatives transactions (notes 7 and 19).
10. Others: business relationship between parent and subsidiary companies and among subsidiaries, as well as important transactions and amounts (Schedule 4).
11. Information of invested company (Schedule 5).

(III) Mainland China investment information:

1. Name of the invested company in mainland China, main business items, paid-in capital, investment method, capital emitted in and out, shareholding ratio, investment profit and loss, period-end investment book amount, repatriated investment profit or loss and investment limit in mainland China (Schedule 6).
2. Major transactions with the mainland China invested company directly or indirectly through a third region, and their prices, payment terms, unrealized profits and losses: (Schedule 1, Schedule 2, and Schedule 4)
   (1) Purchase amount and percentage, and period-end balance and percentage of related payables.
   (2) Amount and percentage of goods sold, and period-end balance and percentage of related receivables.
   (3) The amount of asset transaction and the profit or loss arising therefrom.
   (4) The period-end balance and the purpose of bill endorsement/guarantee or provision of collateral.

(5) The maximum balance of financing, the period-end balance, the interest rate range and the total interest of the current period.

(6) Other transactions that have a significant impact on the current income or financial position.

(IV) Information of major shareholders: names of shareholders with a shareholding ratio of more than 5%, the number of shares held and the percentage (Schedule 7).

37. Segment information

In accordance with the provisions of IFRS 8 "Operating segments," the reporting segments of the Company and its subsidiaries shall include the three segments including the chemical business in Taiwan, the mainland China business and others.

(I) Segment revenue and operating results

The revenue and operating results of the consolidated company are analyzed according to the reporting segment as follows:

January 1 to March 31, 2021

| | Chemical business in Taiwan | Mainland China business | Others | Total |
|---|---|---|---|---|
| Revenue from external customers | $ 277,323 | $ 376,528 | $ 177,914 | $ 831,765 |
| Intersegmental revenue | 94,720 | 193,193 | 3,926 | 291,839 |
| Segment revenue | 372,043 | 569,721 | 181,840 | 1,123,604 |
| Internal write-off | ( 94,720 ) | ( 193,193 ) | ( 3,926 ) | ( 291,839 ) |
| Consolidated income | $ 277,323 | $ 376,528 | $ 177,914 | $ 831,765 |
| Segment income | $ 11,526 | $ 764 | $ 2,084 | $ 14,374 |
| Share of joint venture income under the equity method | | | | ( 1,437 ) |
| Profit before tax | | | | $ 12,937 |

January 1 to March 31, 2020

| | Chemical business in Taiwan | Mainland China business | Others | Total |
|---|---|---|---|---|
| Revenue from external customers | $ 279,936 | $ 210,306 | $ 123,628 | $ 613,870 |
| Intersegmental revenue | 53,020 | 62,337 | 505 | 115,862 |
| Segment revenue | 332,956 | 272,643 | 124,133 | 729,732 |
| Internal write-off | ( 53,020 ) | ( 62,337 ) | ( 505 ) | ( 115,862 ) |
| Consolidated | $ 279,936 | $ 210,306 | $ 123,628 | $ 613,870 |

| | | | | |
|---|---|---|---|---|
| income | | | | |
| Segment income | $ 2,056 | ( $ 9,475 ) | ( $ 6,408 ) | ( $ 13,827 ) |
| Share of joint venture income under the equity method | | | | 541 |
| Net loss before tax | | | | ( $ 13,826 ) |

Segment income refers to the profit earned by each segment, excluding the share of joint venture income recognized by equity method and income tax expense which are to be apportioned. This measured amount is to serve as a reference to key operational decision makers to allocate resources to segments and assess their performance.

(II) Total segment assets

| Segment assets | March 31, 2021 | December 31,2020 | March 31, 2020 |
|---|---|---|---|
| Segments with continuing business | | | |
| Notes receivable | | | |
| - Chemical business in Taiwan | $ 8,295 | $ 10,195 | $ 9,150 |
| - Mainland China business | 5,849 | 5,745 | 7,745 |
| - Others | 5,998 | 8,208 | 8,838 |
| | 20,142 | 24,148 | 25,733 |
| | March 31, 2021 | December 31, 2020 | March 31, 2020 |
| Accounts receivable | | | |
| - Chemical business in Taiwan | $ 146,834 | $ 153,514 | $ 144,616 |
| - Mainland China business | 383,453 | 385,754 | 253,496 |
| - Others | 77,547 | 58,726 | 60,947 |
| | 607,834 | 597,994 | 459,059 |
| Accounts receivable - related parties | | | |
| - Chemical business in Taiwan | 27,817 | 32,334 | 20,342 |
| - Mainland China | 4,850 | 5,347 | 4,149 |

| | | | |
|---|---|---|---|
| business | 32,667 | 37,681 | 24,491 |
| Inventory | | | |
| - Chemical business in Taiwan | 170,079 | 142,666 | 187,588 |
| - Mainland China business | 351,579 | 297,107 | 230,336 |
| - Others | 130,266 | 102,132 | 124,082 |
| | 651,924 | 541,905 | 542,006 |
| Property, plant and equipment | | | |
| - Chemical business in Taiwan | 493,346 | 496,302 | 489,744 |
| - Mainland China business | 361,312 | 366,798 | 380,792 |
| - Others | 134,951 | 143,258 | 148,823 |
| | 989,609 | 1,006,358 | 1,019,359 |
| Total unamortized assets | 837,947 | 847,901 | 839,097 |
| Total assets | $ 3,140,123 | $ 3,055,987 | $ 2,909,745 |

For the purposes of the performance of the supervisory authority and the allocation of resources to segments, except for cash and cash equivalents, financial assets measured at fair value through income statement - current, financial assets measured at cost after amortization - current and non-current, other receivables (including those of related parties), other current assets, financial assets measured at fair value through other comprehensive income – non-current, investment under the equity method, intangible assets, right-of-use assets, deferred income tax assets, equipment prepayment, lease prepayment and other non-current assets, all other assets shall be allocated to the respective segment to be reported. The assets shared by the reporting segments are to be shared based on the income earned by each reporting segment.

Tex Year Industries Inc. and Subsidiaries

Loans to others

January 1 to March 31, 2021

Schedule I

Unit: NT$1000 unless otherwise noted

| Serial No. (note 1) | Lending company | Loan recipient | Transaction item (note 2) | Related party or not | Maximum balance of the current period (note 3) | Ending balance (note 8) | Actual drawdown amount (note 9) | Interest rate range | Loan nature (note 4) | Business transaction amount (note 5) | Reason for short-term financing (note 6) | Provision for bad debts | Collateral | | Loans and limits to individual objects (note 7) | Loans and total limit (note 7) | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | Name | Value | | | |
| 0 | Tex Year Industries Inc. | Tex Year Fine Chemical (Guangzhou) Co., Ltd. | Other receivables - related parties - other | Yes | $ 50,000 | $ 50,000 | $ - | 2.5% | Short term financing funds | $ - | Operation turnover | $ - | - | - | $ 231,635 | $ 463,270 | |
| 0 | Tex Year Industries Inc. | Tex Year Technology (Jiangsu) Co., Ltd. | Other receivables - related parties - other | Yes | 34,000 | 34,000 | - | 3% | Short term financing funds | - | Operation turnover | - | - | - | 231,635 | 463,270 | |
| 0 | Tex Year Industries Inc. | Tex Year Technology (Jiangsu) Co., Ltd. | Other receivables - related parties - other | Yes | 34,000 | 34,000 | 30,338 (RMB 7,000 thousand) | 3% | Short term financing funds | - | Operation turnover | - | - | - | 231,635 | 463,270 | |
| 1 | Tex Year Technology Corp. | Tex Year Fine Chemical (Guangzhou) Co., Ltd. | Other receivables - related parties - other | Yes | 50,000 | 50,000 | - | 2.5% | Short term financing funds | - | Operation turnover | - | - | - | 923,922 | 923,922 | |
| 1 | Tex Year Technology Corp. | Tex Year Technology (Jiangsu) Co., Ltd. | Other receivables - related parties - other | Yes | 20,000 | 20,000 | 15,169 (RMB 3,500 thousand) | 2.5% | Short term financing funds | - | Operation turnover | - | - | - | 923,922 | 923,922 | |
| 2 | Tex Year (Hong Kong) Ltd. | Tex Year Fine Chemical (Guangzhou) Co., Ltd. | Other receivables - related parties - other | Yes | 43,000 | 43,000 | 37,050 (USD 1,300 thousand) | 2.5% | Short term financing funds | - | Operation turnover | - | - | - | 80,074 | 80,074 | |

Note 1: The description of the number column is as follows:

(1) Fill in 0 for the issuer.

(2) Investee companies are numbered in sequence in each company type starting from Arabic numeral 1.

Note 2: This field must be filled in for accounts receivable from affiliated enterprises, receivables from related parties, transactions with shareholders, prepayments, provisional payments, etc. if the nature is loan to others.

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

Note 4: The loan nature of the fund shall be filled in if it is a business transaction or if there is a need for short-term financing.

Note 5: Where the nature of the loan is a business transaction, the amount of the business transaction shall be filled in. The business transaction amount refers to the amount of business transactions between the lending company and the borrowing object in the most recent year

Note 6: If the nature of the loan is necessary for short-term financing, the reason for the loan and the purpose of the loan borrower shall be specified, such as loan repayment, purchase of equipment, business turnover, etc.

Note 7: In accordance with the Procedures of Loans to Others, the total amount of loans shall not exceed 50% of the Company's net worth. Still, the total amount of loans to others due to the necessity of short-term financing between companies or between firms shall not exceed 40% of the Company's net worth; the amount of loans to each individual company or firm necessary for short-term financing shall not exceed 20% of the Company's net worth. When it is necessary for a foreign company directly or indirectly holding 100% of the Company's voting shares to engage in short-term financing of funds, the amount is not subject to the restrictions above. Still, the maximum amount shall not exceed the net value of the lending company. Tex Year Industries Inc. has a net loan amount of NT$923,922 thousand, which is NT$4,278 thousand different from the book amount of NT$919,644 thousand held by the Company in Schedule 5; the difference is the unrealized gross profit on sales; Tex Year (Hong Kong) Ltd. has a net loan amount of NT$80,074 thousand, which is NT$1,160 thousand different from the book amount of NT$78,914 thousand held by the Company in Schedule 5; the difference is the unrealized gross sales profit.

Note 8: If a public company submits its lending to the board of directors' meeting for resolution one by one in accordance with paragraph 1, Article 14 of the Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies, the amount of the resolution of the board of directors' meeting shall be included in the announced balance to disclose the risks it bears before the funds are lent out; if the funds are repaid later, the balance after repayment shall be disclosed to reflect the adjustment of risks. If the board of directors' meeting of a public company authorizes the chairman of the board to extend loans in several trenches or recycle the loan balance within a certain limit in a year in accordance with paragraph 2, Article 14 of the Regulations, the loan limit approved by the board of directors' meeting shall still be used as the balance for the public announcement and declaration. Although the funds will be repaid later, other loans may still be extended again, so the loan limit approved by the board of directors' meeting shall still be used as the balance for the public announcement and declaration.

Note 9:It was converted at the exchange rates of RMB and USD on March 31, 2021.

Tex Year Industries Inc. and Subsidiaries

Endorsements/guarantees for others

January 1 to March 31, 2021

Schedule 2

Unit: NT$1,000
unless otherwise specified

| Serial No. (note 1) | Endorsement guarantor company name | Endorsement/guarantee object | | Limit of endorsements/ guarantees for a single enterprise (note 3) | Maximum balance of endorsements/guarantees in the current period (note 4) | Ending balance of endorsements and guarantees (note 5) | Actual drawdown amount (note 6) | Endorsement/ guarantee amount secured by property | Ratio of accumulated endorsements/ guarantees amount to net value in the latest financial statements (%) | Maximum endorsement/ guarantee amount (note 3) | Endorsements /guarantees of parent company to subsidiaries (note 7) | Endorsements/ guarantees of subsidiaries to parent company (note 7) | Endorsements/ guarantees for mainland China (note 7) | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Company name | Relationship (note 2) | | | | | | | | | | | |
| 0 | Tex Year Industries Inc. | Tex Year Technology (Jiangsu) Co., Ltd. | 2 | $ 347,452 | $ 28,500 (USD1,000 thousand) | $ 28,500 (USD1,000 thousand) | $ 13,934 (USD489 thousand) | $ - | 2.46% | $ 579,088 | Y | N | Y | note 8 |
| 0 | Tex Year Industries Inc. | Tex Year Fine Chemical (Guangzhou) Co., Ltd. | 2 | 347,452 | 85,500 (USD3,000 thousand) | 85,500 (USD3,000 thousand) | 57,000 (USD2,000 thousand) | - | 7.38% | 579,088 | Y | N | Y | |
| 0 | Tex Year Industries Inc. | Tex Year Fine Chemical (Guangzhou) Co., Ltd. | 2 | 347,452 | 86,680 (RMB20,000 thousand) | 86,680 (RMB20,000 thousand) | 70,159 (RMB 16,188 thousand) | - | 7.48% | 579,088 | Y | N | Y | |
| 0 | Tex Year Industries Inc. | Tex Year Europe Sp. z o. o. | 2 | 231,635 | 67,860 (EUR2,000 thousand) | 66,960 (EUR2,000 thousand) | 60,599 (EUR1,810 thousand) | - | 5.78% | 579,088 | Y | N | N | |
| 0 | Tex Year Industries Inc. | Tex Year Vietnam Co., Ltd. | 2 | 231,635 | 75,525 (USD2,650 thousand) | 75,525 (USD2,650 thousand) | 34,506 (USD1,211 thousand) | - | 6.52% | 579,088 | Y | N | N | |
| 0 | Tex Year Industries Inc. | Shanghai C&M Filtration Solutions Limited | 2 | 231,635 | 1,734 (USD400 thousand) | 1,734 (USD400 thousand) | 1,734 (USD400 thousand) | - | 0.15% | 579,088 | Y | N | Y | |

Note 1: The description of the number column is as follows:

(1) Fill in 0 for the issuer.

(2) Investee companies are numbered in sequence in each company type starting from Arabic numeral 1.

Note 2: There are 7 kinds of relations between the endorsement guarantor and the endorsed/guaranteed indicated as follows:

(1) A company with business contacts.

(2) A company with more than 50% of its voting shares held by the Company.

(3) A company directly or indirectly holding more than 50% of the voting shares of the Company.

(4) Companies directly or indirectly holding more than 90% of the voting shares of each other.

(5) A company with mutual guarantees in accordance with the contract which is in the same industry or a joint producer for the purpose of contracting the project.

(6) A company that has been endorsed/guaranteed by all the contributing shareholders in accordance with their shareholding ratios due to a joint investment relationship.

(7) Joint and several guarantees for the performance of a contract for the sale of pre-sold houses among companies in the same industry in accordance with the provisions of the Consumer Protection Act.

Note 3: According to the Company's "Measures on Endorsements/guarantees," the total amount of external endorsements/guarantees shall not exceed 50% of the Company's net value, and the limit of endorsements/guarantees for a single enterprise shall not exceed 20% of the Company's net value. However, for subsidiaries directly or indirectly owned by the Company, the limit shall not exceed 30% of the Company's net value.

Note 4: The maximum balance of endorsements/guarantees for others in the current year.

Note 5: The amount approved by the board of directors’ meeting shall be filled in. However, if the board of directors’ meeting authorizes the chairman of the board to make a decision in accordance with paragraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies, it refers to the amount decided by the chairman of the board.

Note 6: The actual amount of the Company's disbursement within the range of using the balance of the endorsements/ guarantees shall be entered.

Note 7: Y is required only for those which are endorsements/guarantees of a listed parent company to subsidiaries, endorsements/guarantees of subsidiaries to a listed parent company, and endorsements/guarantees in mainland China.

Note 8: Among them, RMB20,000 thousand is the bank credit line of E.Sun Bank shared by Tex Year Fine Chemical (Guangzhou) Co., Ltd. and Tex Year Technology (Jiangsu) Co., Ltd.

Tex Year Industries Inc. and Subsidiaries

Securities held at the end of the period

March 31, 2021

Schedule 3

Unit: NT$1000 unless otherwise noted

| Holding company | Types and names of securities (note 1) | Relationship with the securities issuer (note 2) | Ledger account | End of period | | | | Remarks |
|---|---|---|---|---|---|---|---|---|
| | | | | Unit/share (1000 shares) | Carrying amount (note 3) | Shareholding ratio (%) | Fair value | |
| Tex Year Industries Inc. | Acute Touch Technology Co., Ltd | - | Financial assets measured at fair value through other comprehensive income – non-current | 1,500 | $ - | 3 | $ - | note 4 |

Note 1: The term "securities" in this table refers to the stocks, bonds, beneficiary certificates and securities derived from the above items within the scope of IFRS 9 "Financial instruments."

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

Note 3: If measured at fair value, the book amount is the book balance after adjustment of fair value evaluation and deduction of loss provision; if not measured at fair value, the book amount is the book balance of cost after amortization (after deduction of loss provision).

Note 4: There is no pledge.

Note 5: Please refer to attached Schedules 5 and 6 for information on investment in subsidiaries, affiliated enterprises and equity joint ventures.

Tex Year Industries Inc. and Subsidiaries

Business relations and important transactions between the parent company and the subsidiaries and the amounts

January 1 to March 31, 2021

Schedule 4

Unit: NT$1,000
unless otherwise specified

| Serial No. (note 1) | Name of transaction party | Transaction counterparty | Relationship with the counterparty (note 2) | Transaction situation | | | |
|---|---|---|---|---|---|---|---|
| | | | | Accounting subject | Amount (note 4) | Terms of transaction | Ratio to total consolidated revenue or total assets (notes 3 and 5) |
| 0 | Tex Year Industries Inc. | Tex Year (Hong Kong) Ltd. | 1 | Operating revenue | $ 13,189 | Cost markup | 1.6% |
| 0 | Tex Year Industries Inc. | Tex Year (Hong Kong) Ltd. | 1 | Accounts receivable | 21,226 | - | 0.7% |
| 0 | Tex Year Industries Inc. | Tex Year Vietnam Co., Ltd. | 1 | Accounts receivable | 7,870 | - | 0.3% |
| 0 | Tex Year Industries Inc. | Tex Year Vietnam Co., Ltd. | 1 | Operating revenue | 3,725 | Cost markup | 0.4% |
| 0 | Tex Year Industries Inc. | Tex Year Vietnam Co., Ltd. | 1 | Accounts payable | 10,835 | - | 0.3% |
| 0 | Tex Year Industries Inc. | Tex Year Vietnam Co., Ltd. | 1 | Purchase | 9,068 | Cost markup | 1.1% |
| 0 | Tex Year Industries Inc. | Wuxi Tex Year International Trading Co., Ltd. | 1 | Operating revenue | 7,558 | Cost markup | 0.9% |
| 0 | Tex Year Industries Inc. | Wuxi Tex Year International Trading Co., Ltd. | 1 | Accounts receivable | 10,265 | - | 0.3% |
| 0 | Tex Year Industries Inc. | Tex Year Fine Chemical (Guangzhou) Co., Ltd. | 1 | Accounts payable | 5,266 | - | 0.2% |
| 0 | Tex Year Industries Inc. | Tex Year Fine Chemical (Guangzhou) Co., Ltd. | 1 | Accounts receivable | 52,307 | - | 1.7% |
| 0 | Tex Year Industries Inc. | Tex Year Fine Chemical (Guangzhou) Co., Ltd. | 1 | Operating revenue | 33,858 | Cost markup | 4.0% |
| 0 | Tex Year Industries Inc. | Tex Year Fine Chemical (Guangzhou) Co., Ltd. | 1 | Purchase | 3,998 | Cost markup | 0.5% |
| 0 | Tex Year Industries Inc. | Tex Year Europe Sp. z o. o. | 1 | Accounts receivable | 10,735 | - | 0.3% |
| 0 | Tex Year Industries Inc. | Tex Year Europe Sp. z o. o. | 1 | Operating revenue | 10,871 | Cost markup | 1.3% |
| 0 | Tex Year Industries Inc. | Tex Year Technology (Jiangsu) Co., Ltd. | 1 | Accounts receivable | 10,411 | - | 0.3% |
| 0 | Tex Year Industries Inc. | Tex Year Technology (Jiangsu) Co., Ltd. | 1 | Operating revenue | 9,534 | Cost markup | 1.1% |
| 0 | Tex Year Industries Inc. | Tex Year Technology (Jiangsu) Co., Ltd. | 1 | Other receivables | 30,338 | - | 1.0% |
| 1 | Tex Year Fine Chemical (Guangzhou) Co., Ltd. | Tex Year (Hong Kong) Ltd. | 3 | Other payables | 37,050 | - | 1.2% |
| 1 | Tex Year Fine Chemical (Guangzhou) Co., Ltd. | Wuxi Tex Year International Trading Co., Ltd. | 3 | Accounts receivable | 35,593 | - | 1.1% |
| 1 | Tex Year Fine Chemical (Guangzhou) Co., Ltd. | Wuxi Tex Year International Trading Co., Ltd. | 3 | Operating revenue | 58,765 | Cost markup | 7.0% |
| 1 | Tex Year Fine Chemical (Guangzhou) Co., Ltd. | Tex Year Technology (Jiangsu) Co., Ltd. | 3 | Accounts payable | 19,269 | - | 0.6% |
| 1 | Tex Year Fine Chemical (Guangzhou) Co., Ltd. | Tex Year Technology (Jiangsu) Co., Ltd. | 3 | Accounts receivable | 2,747 | - | 0.1% |
| 1 | Tex Year Fine Chemical (Guangzhou) Co., Ltd. | Tex Year Technology (Jiangsu) Co., Ltd. | 3 | Purchase | 33,547 | Cost markup | 4.0% |
| 1 | Tex Year Fine Chemical (Guangzhou) Co., Ltd. | Tex Year Technology (Jiangsu) Co., Ltd. | 3 | Operating revenue | 2,428 | Cost markup | 0.3% |
| 1 | Tex Year Fine Chemical (Guangzhou) Co., Ltd. | Tex Year Vietnam Co., Ltd. | 3 | Accounts receivable | 2,068 | - | 0.1% |
| 1 | Tex Year Fine Chemical (Guangzhou) Co., Ltd. | Tex Year Vietnam Co., Ltd. | 3 | Operating revenue | 1,878 | Cost markup | 0.2% |

(To be continued)

(Continued)

| Serial No. (note 1) | Name of transaction party | Transaction counterparty | Relationship with the counterparty (note 2) | Transaction situation | | | |
|---|---|---|---|---|---|---|---|
| | | | | Accounting subject | Amount (note 4) | Terms of transaction | Ratio to total consolidated revenue or total assets (notes 3 and 5) |
| 1 | Tex Year Fine Chemical (Guangzhou) Co., Ltd. | Tex Year Europe Sp. z o. o. | 3 | Accounts receivable | $ 2,759 | - | 0.1% |
| 1 | Tex Year Fine Chemical (Guangzhou) Co., Ltd. | Tex Year Europe Sp. z o. o. | 3 | Operating revenue | 1,858 | Cost markup | 0.2% |
| 2 | Wuxi Tex Year International Trading Co., Ltd. | Tex Year Technology (Jiangsu) Co., Ltd. | 3 | Accounts payable | 50,252 | - | 1.6% |
| 2 | Wuxi Tex Year International Trading Co., Ltd. | Tex Year Technology (Jiangsu) Co., Ltd. | 3 | Operating revenue | 496 | Cost markup | 0.1% |
| 2 | Wuxi Tex Year International Trading Co., Ltd. | Tex Year Technology (Jiangsu) Co., Ltd. | 3 | Purchase | 76,231 | Cost markup | 9.1% |
| 2 | Wuxi Tex Year International Trading Co., Ltd. | Tex Year Vietnam Co., Ltd. | 3 | Accounts payable | 2,112 | - | 0.1% |
| 2 | Wuxi Tex Year International Trading Co., Ltd. | Tex Year Vietnam Co., Ltd. | 3 | Purchase | 2,110 | Cost markup | 0.3% |
| 3 | Shanghai C&M Filtration Solutions Limited | Tex Year Technology (Jiangsu) Co., Ltd. | 3 | Accounts payable | 2,639 | - | 0.1% |
| 3 | Shanghai C&M Filtration Solutions Limited | Tex Year Technology (Jiangsu) Co., Ltd. | 3 | Purchase | 4,667 | Cost markup | 0.6% |
| 3 | Shanghai C&M Filtration Solutions Limited | Jiangsu C&M Filtration Solutions Limited | 3 | Accounts payable | 29,653 | - | 0.9% |
| 3 | Shanghai C&M Filtration Solutions Limited | Jiangsu C&M Filtration Solutions Limited | 3 | Operating revenue | 3,295 | Cost markup | 0.4% |
| 3 | Shanghai C&M Filtration Solutions Limited | Jiangsu C&M Filtration Solutions Limited | 3 | Purchase | 11,308 | Cost markup | 1.4% |
| 4 | Tex Year Technology (Jiangsu) Co., Ltd. | Tex Year Technology Corp. | 3 | Other payables | 15,169 | - | 0.5% |

Note 1: The business information between the parent company and the subsidiaries shall be indicated in the number column, and the number shall be filled in as follows:

1. Fill in 0 for the parent company.
2. Subsidiaries are numbered in sequence in each company type starting from Arabic numeral 1.

Note 2: There are three types of relationship between transaction parties, which can be indicated as follows:

1. Parent company and subsidiary company.
2. Subsidiary company and parent company.
3. Subsidiary company and subsidiary company.

Note 3: For the calculation of the ratio of the transaction amount to the total consolidated revenue or total assets, if it belongs to the account of assets and liabilities, it shall be calculated in the way that the ending balance accounts for the total consolidated assets; if it belongs to the account of income, it shall be calculated in the way that the accumulated amount in the period accounts for the total consolidated revenue.

Note 4: The related transactions have been written off in the consolidated financial statements.

Note 5: Other transactions account for less than 0.1% of the total assets or consolidated revenue, and are therefore not disclosed.

Tex Year Industries Inc. and Subsidiaries

Related information such as name of investee company, location, etc.

January 1 to March 31, 2021

Schedule 5

Unit: NT$1000 unless otherwise noted

| Name of investment company | Name of investee | Location | Main business items | Original investment amount (note 1) | | Holding at the end of the period | | | Current profit (loss) of the investee company | Investment profit (loss) recognized in the current period | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | End of the period | End of last year | Number of shares (1000 shares) | Percentage % | Carrying amount (note 2) | | | |
| Tex Year Industries Inc. | Tex Year International (Samoa) Corp. | Samoa | Holding company | $ 782,923 (USD 24,500 thousand) | $ 782,923 (USD24,500 thousand) | - | 100.00 | $ 882,614 | $ 8,045 | $ 8,045 | |
| | Tex Year (Hong Kong) Ltd. | Hong Kong | Sales of hot melt adhesive, adhesive and various appliances | 33,735 (USD 1,000 thousand) | 33,735 (USD 1,000 thousand) | 8,010 | 100.00 | 78,914 | ( 1,311 ) (HKD(362) thousand) | ( 1,311 ) (HKD(362) thousand) | |
| | Tex Year Vietnam Co., Ltd. | Vietnam | Manufacturing and trading of hot melt adhesives and water adhesives | 44,920 (USD 1,440 thousand) | 44,920 (USD 1,440 thousand) | - | 80.00 | 75,191 | 318 (VND264,824 thousand)) | 254 (VND 211,859 thousand)) | |
| | Tex Year Industrial Adhesives Pvt. Ltd. | India | Hot melt adhesive manufacturing and trading; trading of adhesives and various equipment | 15,029 (USD500 thousand) | 15,029 (USD 500 thousand) | 72 | 50.00 | 26,497 | 1,677 (INR 4,355 thousand) | 839 (INR 2,178 thousand) | |
| | Tex Year Europe Sp. z o. o. | Poland | R&D, production, and sales of hot melt adhesives | 145,537 (PLN 17,600 thousand) | 145,537 (PLN 17,600 thousand) | 17.6 | 80.00 | 131,339 | 742 (PLN100 thousand) | 594 (PLN80 thousand) | |
| Tex Year International (Samoa) Corp. | Tex Year Technology (Samoa) Corp. | Samoa | Holding company | 782,923 (USD 24,800 thousand) | 782,923 (USD 24,800 thousand) | - | 96.08 | 919,644 | 8,045 | 8,045 | (note 3) |
| Tex Year (Hong Kong) Ltd. | Tex Year Technology (Samoa) Corp. | Samoa | Holding company | 34,501 (USD 1,000 thousand) | 34,501 (USD 1,000 thousand) | - | 3.92 | 37,034 | 8,045 | - | (note 3) |

Note 1: It is calculated according to the original investment cost.

Note 2: The unrealized gross profit of goods sold has been deducted.

Note 3: The total net profit of this period of Tex Year Technology (Samoa) Co., Ltd. is recognized under Tex Year International (Samoa) Co., Ltd.

Note 4: Please refer to Schedule 6 for information about reinvested companies in mainland China.

Tex Year Industries Inc. and Subsidiaries

Information about investment in mainland China.

January 1 to March 31, 2021

Schedule 6

Unit: NT$1,000
unless otherwise specified

| Name of reinvested company in mainland China | Main business items | Paid-in capital (note 1) | Investment mode | Accumulated investment amount remitted from Taiwan at the beginning of the period | Amount of investment repatriated or recovered in the current period | | Accumulated investment amount remitted from Taiwan at the end of the period | Current profit or loss of the investee company | Shareholding ratio of direct or indirect investment of the Company | Investment profit or loss recognized in the current period (note 10) | Investment book amount at the end of the period | Investment income repatriated as of the current period | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Repatriation | Recovery | | | | | | | |
| Wuxi More Tex Technology Co., Ltd. | Development, production and sales of hot melt adhesives and lubricants | $ 100,581 (USD 3,000 thousand) | note 4 | $ 50,291 (USD1,500 thousand) | $ - | $ - | $ 50,291 (USD1,500 thousand) | ($ 2,606 ) (RMB (602) thousand) | 50% | ($ 2,276 ) (RMB (526) thousand) | $ 68,119 | $ 108,323 (Note 2) | notes 9 and 10 |
| Deyuan Chemical Technology (Shenzhen) Co., Ltd. | Development, production and sales of hot melt adhesives and lubricants | - | - | 34,507 (USD1,000 thousand) | - | - | 34,507 (USD1,000 thousand) | - | - | - | - | None. | note 8 |
| Deyuan Business Machine (Shenzhen) Co., Ltd. | Development and production of laminators, shredders, and manufacturing and trading of various appliances. | - | - | 34,726 (USD1,000 thousand) | - | - | 34,726 (USD1,000 thousand) | - | - | - | - | None. | note 8 |
| Tex Year Fine Chemical (Guangzhou) Co., Ltd. | R&D, production, and sales of hot melt adhesives | 389,798 (USD 12,000 thousand) | note 5 | 389,798 (USD12,000 thousand) | - | - | 389,798 (USD12,000 thousand) | 8,800 (RMB2,033 thousand) | 100% | 8,606 (RMB 1,988 thousand) | 548,620 | None. | note 10 and note 13 |
| Wuxi Tex Year International Trading Co., Ltd. | Sales of chemical products and adhesives | 14,265 (RMB 3,000 thousand) | note 6 | - | - | - | - | 1,026 (RMB237 thousand) | 100% | 1,026 (RMB 237 thousand) | 62,206 | None. | note 10 |
| Tex Year Technology (Jiangsu) Co., Ltd. | R&D, production, and sales of hot melt adhesives | 308,108 (USD 10,000 thousand) | note 7 | 308,108 (USD10,000 thousand) | - | - | 308,108 (USD10,000 thousand) | 1,422 (RMB329 thousand) | 100% | 1,792 (RMB 414 thousand) | 284,339 | None. | note 10 and note 14 |
| Shanghai C&M Filtration Solutions Limited | R&D and sales of environmental protection materials | 124,839 (RMB 27,298 thousand) | note 6 | - | - | - | - | 3,770 (RMB871 thousand) | 50.10% | 1,345 (RMB 316 thousand) | 90,205 | None. | notes 10 and 11 |
| Jiangsu C&M Filtration Solutions Limited | R&D and manufacturing of non-gauze filter materials | 107,160 (RMB 23,340 thousand) | note 12 | - | - | - | - | 1,579 (RMB365 thousand) | 100% | 1,579 (RMB 365 thousand) | 113,655 | None. | note 10 |

| Accumulated amount of investment remitted from Taiwan to mainland China at the end of the period | Investment amount approved by the Investment Commission of the Ministry of Economic Affairs | In compliance with the mainland China investment limit set by the Investment Commission of the Ministry of Economic Affairs |
|---|---|---|
| NTD817,430 thousand (USD25,500 thousand) | NTD894,394 thousand (USD27,500 thousand) | (note 3) |

Note 1: It is calculated based on the original investment cost.

Note 2: As of March 23, 2021, the board meeting of Wuxi MoreTex Technology Co., Ltd. passed the resolution to distribute a cash dividend of NT$64,839 thousand (RMB14,899 thousand), and then repatriate it to the Company through Tex Year Technology; it has not been remitted as of March 3, 2021 (recorded as other receivables).and a total of NT$108,323 thousand has already been repatriated.

Note 3: In accordance with the provisions of the letter of the Ministry of Economic Affairs referenced Jing-Shen Zi No. 09704604680, the value is calculated on the basis of 60% of the net value of the Company as of March 31, 2020, except for the Taiwan subsidiary of an enterprise or multinational enterprise which is approved by the Industrial Development Bureau of the Ministry of Economic Affairs and a certificate of compliance on the headquarters' operation scope issued. The Company obtained the certificate of compliance on the headquarters' operation scope (letter referenced Jing-Shou-Gong Zi No. 10820409330) issued by the Industrial Development Bureau of the Ministry of Economic Affairs on April 17, 2019. The period of validity is from April 11, 2019 to April 10, 2022, so it is not subject to the limit.

Note 4: The Company invested NT$50,291 thousand through Tex Year International (Samoa) Co., Ltd., a third-region investment enterprise, and then indirectly invested in Wuxi MoreTex Technology Co., Ltd. through Tex Year Technology (Samoa) Co., Ltd.

Note 5: The Company invested NT$389,798 thousand through Tex Year International (Samoa) Co., Ltd., a third-region investment enterprise, and then indirectly invested in Tex Year Fine Chemical (Guangzhou) Co. through Tex Year Technology (Samoa) Co., Ltd.

Note 6: Tex Year Fine Chemical (Guangzhou) Co., Ltd. directly invested in Wuxi Tex Year International Trading Co., Ltd. and Shanghai C&M Filtration Solutions Limited, for NT$14,265 thousand and NT$80,975 thousand.

Note 7: The Company invested NT$308,108 thousand through Tex Year International (Samoa) Co., Ltd., a third-region investment enterprise, and then indirectly invested in Tex Year Technology (Jiangsu) Co., Ltd. through Tex Year Technology (Samoa) Co., Ltd.

Note 8: As the operation of Deyuan Chemical Technology (Shenzhen) Co., Ltd. was incorporated into Tex Year Fine Chemical (Guangzhou) Co., Ltd. and the liquidation was completed in December 2012; Deyuan Business Machine (Shenzhen) Co., Ltd. completed the liquidation in September 2014.

Note 9: The remaining balance after the NT$322 thousand (RMB74 thousand) unrealized net loss of the adjusted side-flow transactions recognized and the NT$1,295 thousand (RMB299 thousand) impairment loss in the current period).

Note 10: For the investment profit or loss, except Wuxi MoreTex Technology Co., Ltd., Tex Year Technology (Jiangsu) Co., Ltd., Shanghai C&M Filtration Solutions Limited and Jiangsu C&M Filtration Solutions Limited, which are calculated according to the financial statements that independent auditors have not verified, the rest are calculated according to the financial statements that have been verified by independent auditors.

Note 11: According to the shareholding ratio, the investment gains recognized in the current period are the balance after deducting NT$544 thousand of investment premium amortization.

Note 12: Tex Year Fine Chemical (Guangzhou) Co., Ltd. directly invests in Shanghai C&M Filtration Solutions Limited and indirectly invests in Jiangsu C&M Filtration Solutions Limited through Shanghai C&M Filtration Solutions Limited

Note 13: The realized net profit of the adjusted side-flow transaction recognized in the current period is NT$194 thousand (RMB 45 thousand). The book value of the investment at the end of the period is the balance after deducting the unrealized side-flow transactions and downstream transactions at the end of the period.

Note 14: The unrealized net loss of the adjusted side-flow transactions recognized in the current period is NT$370 thousand (RMB85 thousand). The book value of the investment at the end of the period is the balance after deducting the unrealized side-flow transactions and downstream flow transactions at the end of the period.

Tex Year Industries Inc. and Subsidiaries

Information of major shareholders

March 31, 2021

Schedule 7

| Name of major shareholders | Equity | |
|---|---|---|
| | Number of shares held | Shareholding ratio |
| Chin-Tsung Hsiao | 15,646,012 | 17.20% |
| Tex Yard Investment Co., Ltd. | 6,611,215 | 7.27% |
| Tex Yuan Investment Co., Ltd. | 6,774,987 | 7.45% |

Note: The major shareholder information in this schedule is based on the Central Depository's record of common shares and special shares of the Company (including treasury shares) held by shareholders, which reached 5% or more on the last business day at the end of the quarter. There may be a difference between the number of shares recorded in the Company's consolidated financial statements and the number of shares actually delivered for scripless registration due to a different calculation basis.