

Stock Code: 1315

Tahsin Industrial Corporation

2020 Annual Report

Prepared by Tahsin Industrial Corp.

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This Annual Report can be found on the websites below:

Market Observation Post System: <http://mops.twse.com.tw>

The Company's website: www.tahhsin.com.tw

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III. Stock Transfer Handling Agency:

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Website: www.ctbcbank.com

TEL: (02)66365566

IV. The Name of the CPA, the Name, Address, Website Address and the Telephone Number of the Accounting Firm of the Most Recent Annual Financial Report

CPAs: CHANG FU LANG and CHIU, KUEI-LING

Accounting Firm: Crowe Horwath (TW) CPAs

Address: 10F., No. 369, Fuxing N. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)

E-mail: www.crowehorwath.tw

TEL: (02) 87705181 (Operator)

V. The name of Overseas Trade Places for Listed Negotiable Securities: None.

The way to inquire about the overseas securities information: None.

VI. The Company's Website: www.tahhsin.com.tw

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Chapter 1. Letter to Shareholders

I. 2020 Business Report

Dear shareholders, ladies and gentlemen,

We present here the Company's 2020 business performance report. It is as follows:

In 2020, the Company's operating revenue was NT\$2.23354 billion, a decline of 8.48% compared with that in 2019. The operating profit was NT\$ 38.03 million, a decrease of NT\$3.66 million compared with that in 2019. The net income before tax was NT\$5.93317 billion, an increase of NT\$5.19862 billion compared with that in 2019. The net income after tax was NT\$5.43021 billion, an increase of NT\$4.73207 billion compared with that in 2019.

The sales analysis of the Group by product and by region in the most recent two fiscal years is as follows:

By Product, Sales					Unit: NT\$ thousand	
Product Category	2020		2019		Increased (Decreased) from previous year	
	Amount	%	Amount	%	Amount	%
Rainwear Department	1,042,574	46.68	1,186,586	48.62	(144,012)	(12.14)
Garment	512,973	22.97	592,893	24.29	(79,920)	(13.48)
New Products	187,288	8.38	263,998	10.82	(76,710)	(29.06)
PP	317,336	14.21	290,149	11.89	27,187	9.37
Others	173,369	7.76	106,973	4.38	66,396	62.07
Total	2,233,540	100.00	2,440,599	100.00	(207,059)	(8.48)

By Region Sales					Unit: NT\$ thousand	
Region	2020		2019		Increased (Decreased) from previous year	
	Amount	%	Amount	%	Amount	%
Taiwan	423,151	18.95	424,593	17.40	(1,442)	(0.34)
Americas	283,647	12.70	522,447	21.41	(238,800)	(45.71)
Europe	641,551	28.72	614,817	25.19	26,734	4.35
Japan	646,701	28.95	573,171	23.48	73,530	12.83
Others	238,490	10.68	305,571	12.52	(67,081)	(21.95)
Total	2,233,540	100.00	2,440,599	100.00	(207,059)	(8.48)

Analysis of consolidated operating income, profitability and return on investment for the most recent two years is as follows:

(1) Consolidated Operating Income and Earnings Statement for the Most Recent Two Years

Unit: NT\$ thousand

Item	2020		2019	
	Amount	%	Amount	%
Net operating revenue	2,233,540	100.00	2,440,599	100.00
Gross operating profit	382,200	17.11	405,917	16.63
Operating profit	38,033	1.70	41,698	1.71
Net profit before taxes	5,933,174	265.64	734,556	30.10
Net Income after Tax	5,430,211	243.12	698,140	28.61

(2) Profitability

Item		2020	2019
Profitability	Return on Assets (%)	47.26 %	7.10 %
	Return on Equity (%)	52.73 %	8.66 %
	As a Percentage in Operating Profit	2.74 %	2.11 %
	Paid-in Capital (%) Income before Tax	428.08 %	37.10 %
	Net Profit Margin (%)	243.12 %	28.61 %
	Earnings Per Share (NT\$)	NT\$31.97	NT\$3.65

(3) Return on Investment

Item	2020	2019
Price-earnings (P/E) Ratio	1.73	9.07
Price-dividend (P/D) Ratio	6.91	9.07
Cash Dividend Yield	14.48%	11.02%

II. 2021 Business Plan Overview

(I) Impact from Competition, Legislation and Overall Business Environment

The emergence of a new coronavirus from the "factory of the world," China, in 2020 has sent financial markets into a tailspin, devastating economies, and stagnating production and consumption. With a handful of countries as exceptions, the global market has entered a recession as all economies have plunged to zero growth, while Europe and the US faced negative growth.

Under the efforts of all countries, the COVID-19 vaccine has been developed. However, with the concerns over the vaccine, the vaccination progress has been at a slow pace. Due to cities' lockdowns and border controls among major economies, interest rate cuts and shell-out are used to rescue the market and the economy, and the trend of currency affects the trend of international fund flows.

Internationally, the US-China disputes have escalated in terms of trade, policies, and values. In addition, with manufacturing companies leaving China, anti-government demonstrations and protests in emerging markets, the coup in Myanmar, BREXIT, unrest in Hong Kong triggered by the Fugitive Offenders amendment bill, extreme changes in global climate, etc. global economic activities are affected by risks from multiple fronts.

Domestically, although friction between US and China has attracted industries and capital back to Taiwan for investments, confidence in consumers took a blow from the pandemic. Weakened domestic demands, currency appreciation of New Taiwan Dollars, the tumble in international oil prices, changes to environmental protection laws and labor regulations, etc. are all major variables of potential impact that will continue to be of concern in the future.

(II) Summary of 2021 Business Plan:

1. Operating Strategies:

[Improve staff living standards]

[Technical innovation, Attaches great importance to the quality]

[Stimulate employees' potential to create profits]

[Serve customers at reasonable prices]

2. Estimated targets for sales:

The sales target for the Company in 2021 is NT\$ 1.9 billion and NT\$ 2.28 billion for the Group. We will also acquire new customers, ensure steady orders, balance production capacity, and win more lucrative orders to improve our business performance and profits.

The anticipated sales for major products of the Group in 2021 is as follows:

Unit: NT\$1 million

Product Category	Anticipated sales for the Company			Anticipated sales for the Group		
	Import	Export Sales	Anticipated sales	Import	Export Sales	Anticipated sales
Raincoat	121	815	936	145	978	1,123
Garment	102	362	464	122	434	556
Stationery	—	71	71	—	87	87
Binder	—	11	11	—	13	13
Laminator	—	168	168	—	202	202
PP Corrugated Board	199	51	250	238	61	299
Total of Anticipated Sales	422	1,478	1,900	505	1,775	2,280

3. Important Production and Marketing Policies:

- (1) To actively develop long-term customers, adequately allocate domestic sales orders, balance between low and high seasons, expand the scope of cooperation with existing key customers, respond to orders received in a timely manner, adjust production capacity of the plants

in Myanmar, Vietnam, and mainland China to ensure an effective production rate.

- (2) To actively introduce orders for G Series and production technologies for improvements.
- (3) In response to the US-China trade tariff barriers, the Company will continue to expand existing plant in Vietnam, and establish Phu My Kim Ahn shares to increase production capacity, and improve production flexibility of the plant.
- (4) Cooperate with customers in developing large laminators, expand production lines, and establish standard operating procedures for production and quality control. In addition, the Group aggressively developed new products and new models to improve its performance.
- (5) To continuously develop new types of PP corrugated boards to conform to the trend of environmental protection, develop new products and machine equipment, accelerate the replacement of old with new ones, and expand the customer base at home and abroad.
- (6) To reallocate some of the orders to other appropriate overseas factories for production in response to the political instability in Myanmar and the customers' order requirements.

(III) Future Development Strategies:

1. To expand markets and win orders:

Deepen cooperation with high quality customers; continuously acquire new customers; strengthening product development and fortifying domestic and export sales channels; maintaining presence at international trade shows to stay abreast with the latest market trends, improving communications and information sharing with overseas marketing channels; responding flexibly to low volume diversified markets.

2. To manage production and control quality:

Balance production and capacity of Vietnam and Burma factories to meet customers' delivery needs; strengthen the operations of the technical center, as well as outsourcing and quality inspection center in the Vietnam factory; strengthen production management and technical guidance of each product, improve quality management; and upgrade the production line with replacement of old equipment by new and increase automation to increase efficiency.

3. To expand production and scope of operations:

Introduction of new equipment for PP corrugated board and replacement of old equipment with new ones to increase production capacity attuned with sales expansion; refining space utilization of factory to increase production capability as orders for machinery equipment scales progressively; Use sluggish materials to develop products and strengthen online sales channels.

4. Logistics support and operations management:

Enhance local procurement of raw materials, supply materials in accordance with production schedule; build a quality integration platform for factories at home and abroad; implement rotation and strengthen competency of personnel to improve their technical and management abilities; cultivate outstanding foreign colleagues and implement the localization of overseas cadres; recruit and attract new-generation management talent with foreign- language skills; improve management procedures and implementation; create a healthy and safe working environment; and continue the work on environmental protection.

5. Assets activation and application scope:

Using the factories and land adequately and investing in financial assets appropriately.

Looking forward to 2021, the Company will continue to uphold the business philosophy of "pragmatic and integrity," strengthen internal management and aggressively develop the market externally. We hope our professional management team will lead all employees, adhere to the boundaries, improve innovation, improve quality management, and

create operating performance, and continue to create better investment efficiency for new shareholders. At the same time, we will also fulfill our corporate social responsibilities and work together towards a new and prosperous future.

Chapter 2 Company Profile

I. Date of Establishment

October 24, 1966.

II. Company History

In 1958, the company was established and named Tahsin Rainwear, engaging in the production of raincoat with a registered capital of NT\$ 60,000.

In 1960, the company renamed as Tahsin Plastics Co., added plastic tarp and school bag products.

In 1961, the company renamed as Tahsin Plastics Manufacturing Co., Ltd. Added wardrobe products, established relevant business offices and a domestic sales network.

In 1966, the company renamed as Tahsin Plastics Co., Ltd., relocated to a new built plant at Taichung Port Rd., added production equipment, and committed to new product development.

In 1968, Export Sales Division was set up to expand export business.

In 1969, the textile garment production line was established.

In 1970, the company renamed as Tahsin Industrial Corp.

In 1978, the Nantou plant was built.

In 1979, the company founded its associate enterprise Tahsin Shoji Co., Ltd. in Japan and started to establish sales outlet overseas.

In 1982, PU coating products were added to the production line.

In 1983, product lines of plastic folder rings and stapling devices were established.

- In 1984, the company issued stocks to the public.
- In 1985, the company founded its associate enterprise Tahsin Industrial Corp., USA, established sales outlet in America.
- In 1987, the company invested in West Germany and founded its associate enterprise Pro Rainer Trading GMBH in Germany, established sales outlet in Europe.
- In 1992, the total capital amounted to NT\$ 800 million.
Company stocks were approved by Taiwan Stock and Exchange Commission for public trading on 9th May 1992.
The Chungkan plant was set up to produce PP corrugated cardboards.
- In 1993, the headquarter and Taichung plant of the Company were relocated to Taichung Industrial Park, in response to the land re-planning policies of the Taichung City Government.
Its business scope has expanded to construction outsourcing, and the lease and sales of commercial properties.
Invested capital in Hong Kong Link Fund Co., Ltd. to establish the overseas processing plant Fujian Putian DAFU Plastic Industry Co., Ltd.
- In 1994, the company invested and founded TAH VIET CO., LTD. in Vietnam.
- In 1996, the company obtained ISO-9002 certification.
- In 1999, laminating film and laminator production lines were added.
The company made investment and set up the processing plant Myanmar Tahsin in Myanmar.
- In 2001, Dong-Guan Tahsin plant was set up in Guang Dong, Mainland China.
- In 2005, the company bought back treasury stocks to reduce capital reduction, with the total paid-in capital of NT\$ 2,295,000,000.

- In 2008, the company bought back treasury stocks to reduce capital reduction, with the total paid-in capital of NT\$ 2,200,000,000. Shutting down its Nantou plant due to the industry's moving offshore.
- In 2011, the idle land of the Nantou plant (Nanshi Section) was disposed.
- In 2012, PRO-RAINER in Germany that the company invested in was dissolved.
- In 2013, the idle land of the Nantou plant (Nanxiang Section) was disposed.
- In 2014, the company decreased the share value by NT\$ 1 per share in order to increase the rate of return on shareholders' equity and the company's profitability per share.
Upon capital reduction, the paid-in capital amounted to NT\$ 1,980,000,000.
- In 2017, the production of PU coating products were discontinued in response to environmental policies and partial industrial transformation.
In the same year, the company participated in the Formosa Plastics Building Renovation Project.
- In 2019, in order to change its operation model and adjust the uncompetitive production line, the company ceased the investment in its subsidiary in Mainland China, Dong-Guan Tahsin Plant.
In order to activate and increase the benefit of real estate, the company has disposed of its land at Huilaicuo Section, Xitun District, Taichung City.
- In 2020, in order to activate and increase the benefit of real estate, the company has disposed of its land at Huiguo Section, Xitun District, Taichung City.
The company decreased the share value by NT\$ 3 per share so

as to adjust the capital structure and improve the return on shareholders' equity and profit per share.

Upon capital reduction, the paid-in capital amounted to NT\$ 1,386,000,000.

In 2021, the company decreased the share value by NT\$ 2.85 per share so as to adjust the capital structure and improve the return on shareholders' equity and profit per share.

After capital reduction, the capitals amounted to NT\$ 990,990,000.

Chapter 3. Corporate Governance Report

I. Organization System

股東大會	董事會	審計委員會	薪酬委員會	稽核室
Shareholders' Meeting	Board of Directors	Audit Committee	Remuneration Committee	Audit Office
董事長	副董事長	總經理	廠務執行長	海外關係企業執行長
Chairman of the Board	Vice Chairman of the Board	General Manager	CEO of Factory Affairs	CEO of Overseas Affiliated Business
台北行政管理	外銷業務管理	外銷營業部	內銷業務管理	內銷營業部
Taipei Administration Management	Export Business Management	Export Sales Department	Domestic Sales Business Management	Domestic Sales Department
網路業務管理	網路營業部	生產管理	雨衣部	海外生產部
Online Sales Business Management	Online Sales Department	Production Management	Rainwear Department	Overseas Production Department
新機部	PP 板部	行政管理	資材部	管理部
New Apparatus Department	PP Cardboard Department	Administration Management	Procurement Department	Management Department
人力資源部	經營資訊處	財務管理	財務部	
Human Resource Department	Business Information Division	Financial Management	Finance Department	

Business Activities of Main Divisions

Units		Business Scope
Board of Directors	Audit Committee	Supporting Board of Directors to oversee the Company and ensure that the power granted by Company Act, Securities and Exchange Act, and other related laws and regulations are effectively exercised.
	Remuneration Committee	Establish and periodically review the performance evaluation and remuneration policy, system, standards and structure for the Board of Directors and managerial officers, and regularly evaluate and define the remuneration of directors and managerial officers.
	Audit Office	To audit the internal regulations and systems of the group, and to propose suggestions for improvements.
General Manager		To set out the operational targets of the group, coordinate the execution of the overall business, and to instruct and supervise the businesses of each department.
Taipei Administration Management		Operations of Administration and General Affairs in Taipei
Business Administration Department	Export Sales Department	Responsible for the promotion and development of overseas sales business.
	Domestic Sales Department	Responsible for the promotion and development of domestic sales business.
	Online Sales Department	Responsible for the promotion and development of online sales business.
	Rainwear Department	Responsible for production operations such as production management and technical control and the development of new products.
Production Management	Overseas Production Department	Responsible for the production of apparel such as rainwear, leisure wear, work and professional outfits, etc..
	New Apparatus Department	Responsible for research and development, design OF new products, and production of new apparatus.
	PP Cardboard Department	Production of PP corrugated cardboards.
	Procurement Department	Procuring all sorts of raw materials.
Administration Management	Management Department	Responsible for operations in administration, GA, and finished products.
	Human Resource Department	Responsible for personnel affairs.
	Business Information Division	Responsible for the company's business management and information related business.
	Finance Department	Responsible for accounts, costs, finance, tax affairs, stock affairs, etc.

II. Information About Directors, General Manager, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Branches

1. Directors (I)

April 13, 2021

Title (Note 1)	Nationality or Place of Registration	Name	Gender	Elected Date	Terms	First Elected Date (Note 2)	Shares held when being elected		Shares currently held		Shares currently held by spouse and/or minor children		Shares held in the Name of Other Persons		Main Education and Experience (Note 3)	Position(s) Held Concurrently in the company and/or in Any Other Company	Other Managers, Directors and Supervisors Roles Held by Spouse or Second-degree Relations			Remarks (4)
							Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Names	Relationships	
Chairman of the Board	Taiwan	Tah Quan Investment Co., Ltd. (representative) WU, ZI-CONG	Male	06.05.2020	three years	05.20.2005	18,460,000	9.32%	13,028,000	9.40%	466,200	0.34%	0	0	Director, Tahsin Industrial Corp.	Chairman of the Board	Director	HU, PO-YI HU, PAO-TSE	Brother-In- Law Brother-In- Law	None
Vice Chairman	Taiwan	HU, PO-YI	Male	06.05.2020	three years	06.22.1999	6,000,000	3.03%	4,200,000	3.03%	1,046,790	0.76%	0	0	Director, Tahsin Industrial Corp.	Vice Chairman of the Board of the company, Chairman of the Board of Tah Cheng Investment Co. Ltd., Tah Quan Investment Co., Ltd., Tah Fa Investment Co. Ltd. and T.H. USA	Director Chairman of the Board	HU, PAO-TSE WU, ZI- CONG	Brothers Brother-In- Law	None
Directors	Taiwan	Daxinchang Investment Co., Ltd. (representative) HU, PEI-TUAN	Male	06.05.2020	three years	06.20.2014	5,088,300	2.57%	3,561,810	2.57%	0	0	0	0	Director, Tahsin Industrial Corp.	Good Harvest Machinery Industrial Co., Ltd. Chairman of the Board	Director	LIU, WAN- CHENG	Brother-In- Law	None
Directors	Taiwan	Ping Fang Investment Co., Ltd. LIU, WAN- CHENG	Male	06.05.2020	three years	06.05.2020	3,000,000	1.52%	2,100,000	1.52%	1,266,186	0.91%	2,100,000	1.52%	General Manager, Tahsin Industrial Corp. Director, Tahsin Industrial Corp.	Ping Cheng Investment Co. Ltd. Chairman of the Board	Director	HU, PEI-TUAN	Brother-In- Law	None
Directors	Taiwan	HU, BOR-CHON	Male	06.05.2020	three years	06.06.2008	2,700	0	2,100	0	6,300	0	0	0	Director, Tahsin Industrial Corp.	Chief Executive Office, Tahsin Industrial Corp. and Chairman of the Board, Chang Cai Co. Ltd.	None	None	None	None
Directors	Taiwan	HU, PAO-TSE	Male	06.05.2020	three years	05.20.2005	1,960,255	0.99%	1,372,178	0.99%	20,790	0.02%	0	0	General Manager, Tahsin Industrial Corp. Director, Tahsin Industrial Corp.	Chief Executive Officer, Overseas Business Division, and Chairman of the Board, Tahsin Shoji Co., Ltd.	Director Chairman of the Board	HU, PO-YI WU, ZI- CONG	Brothers Brother-In- Law	None
Independent Director	Taiwan	LIN, KO-WU	Male	06.05.2020	three years	06.23.2017	0	0	0	0	0	0	0	0	Partner, First Horwath & Company CPAs	Convener of the Remuneration Committee and the Audit Committee	None	None	None	None
Independent Director	Taiwan	YANG, TE-WANG	Male	06.05.2020	three years	06.23.2017	19	0	13	0	0	0	0	0	Division Chief	Member of the Remuneration Committee and the Audit Committee	None	None	None	None
Independent Director	Taiwan	YANG, KUO-SHU	Male	06.05.2020	three years	06.05.2020	0	0	0	0	0	0	0	0	Deputy Division Chief	Member of the Remuneration Committee and the Audit Committee	None	None	None	None

Note 1: For juristic person shareholders, their names and representatives shall be stated (for representatives, the names of juristic person shareholders they represent shall be indicated respectively), and filled in Table 1.

Note 2: Any disruption of duty as a Director or Supervisor after he/she is elected for the first time shall be included in a separate note.

Note 3: Work experiences of anyone in the table above that are related to their current roles, such as previous employment at CPA firms or employment in affiliated companies, shall be disclosed along with job titles and responsibilities.

Note 4: Where the Chairman of the Board of Directors and the General Manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (for example, increase the number of independent directors, and there be a majority of the members of the Board of Directors who are not employees or managers, etc.).

Remarks: 1. On June 5, 2020, directors were re-elected: 1) elected as independent director: Mr. YANG, KUO-SHU

2) Retired as representatives of corporate directors: Tah Cheng Investment Co. Ltd.: Mr. LAI, KEN-MIN and supervisor Mr. HU, PO-TE; representative of Tah Fa Investment Co. Ltd.: supervisor Mr. CHANG, YU-HSIUNG.

The audit committee is composed of all independent directors to replace the function of supervisors.

Table 1: Major Shareholders of the Corporate Shareholders

On April 13, 2021

Name of corporate shareholders	Major Shareholders of the Corporate Shareholders and their Shareholding Ratio (Note)
Tah Quan Investment Co., LTD.	1. Tah Fa Investment Co., Ltd. (44.39%) 2. WU, ZI-CONG (13.90%) 3. HU, PO-YI (20.41%) 4. HU, PAO-TSE (10.20%) 5. CHEN, RUI-ZHEN (7.4%) 6. HU, JING-ZI (3.70%)
Daxinchang Investment Co., Ltd.	1. HU, PEI-TUAN (31.25%) 2. HSIEH, CHUN-CHUN (42.81%) 3. SHEN, MEI-ZHU (3.13%) 4. HU, NAI-TING (18.75%) 5. HU, NAI-WEN (4.06%)
Ping Fang Investment Co., Ltd.	1. LIU, WAN-CHENG (49.71%) 2. HU, CHUN-FANG (49.71%) 3. LIU, WEI-PING (0.58%)
Tah Fa Investment Co., Ltd.	Tahsin Industrial Corp. (100%)

Note: fill in the name of key shareholder of the corporate shareholder and their shareholding ratio.

If the key shareholders are a corporate shareholder, please proceed to fill in more details in Table 2 below.

Table 2: In Case the Major Shareholders in Table 1 are Corporate Shareholders.

On April 13, 2021

Name of corporate shareholders	Major Shareholders of the Corporate Shareholders and their Shareholding Ratio
Tah Fa Investment Co., Ltd.	Tahsin Industrial Corp. (100%)

Information on Directors (II)

Criteria	Has more than 5 years of work experience and the following professional qualifications			Independent status (Note)												Number of Other Taiwanese Public Companies Concurrently Serving as an Independent director
	Serving in lecturer roles or above in public or private college institutions in one of the following departments : business administration, law, finance, accounting, or another discipline relevant to the company's operations	Judges, prosecutors, lawyers, CPA or other professionals and technicians who have passed the national examination and obtained certificates necessary for the business of the company	Work experience necessary for business administration, legal affairs, finance, accounting, or business sector of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Name																
Tah Quan Investment Co., Ltd. (representative) WU, ZI-CONG			✓			✓			✓	✓	✓	✓		✓		0
HU, PO-YI			✓						✓	✓	✓	✓		✓	✓	0
Daxinchang Investment Co., Ltd. (representative) HU, PEI-TUAN			✓			✓		✓	✓	✓	✓	✓		✓		0
Ping Fang Investment Co., Ltd.: LIU, WAN-CHENG			✓	✓		✓		✓	✓	✓	✓	✓		✓		0
HU, BOR-CHON			✓		✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	0
HU, PAO-TSE			✓		✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	0
Independent Director LIN, KO-WU		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Independent Director YANG, TE-WANG			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Independent Director YANG, KUO-SHU			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Remark: For any Director or Supervisor who fulfills the relevant condition(s) for two fiscal years before being elected to the office or during the term of office, please provide the "✓" sign in the field next to the corresponding conditions.

Note: 1. June 5, 2020, re-electing Directors:

- 1) Elected as independent director: Mr. YANG, KUO-SHU.
- 2) Retired as representatives of corporate directors: Tah Cheng Investment Co. Ltd.: Mr. LAI, KEN-MIN and supervisor Mr. HU, PO-TE; representative of Tah Fa Investment Co. Ltd.: supervisor Mr. CHANG, YU-HSIUNG.

2. The elected 19th Board of Directors establishes an audit committee under the Board. The audit committee is composed of all independent directors to replace the function of supervisors.

1. Neither an employee of the company nor its affiliates.
2. Neither a Director or Supervisor of the Company or any of its affiliates. Not applicable in cases where an Independent Director of the Company has served as an Independent Director of the Company or any of its affiliates, or of a specified company or institution that has a financial or business relationship with the Company.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.
5. Neither a Director, Supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a Director or Supervisor of the Company under Article 27, paragraph 1 or 2 of the Company Act. Not applicable in cases where an Independent Director of the Company has served as an Independent Director of the Company or any of its affiliates, or of a specified company or institution that has a financial or business relationship with the Company.
6. If a majority of the Company's Director seats or voting shares and those of any other company are controlled by the same person, neither a Director, Supervisor, or employee of that other company. Not applicable in cases where an Independent Director of the Company has served as an Independent Director of the Company or any of its affiliates, or of a specified company or institution that has a financial or business relationship with the Company.
7. If the Chairperson, General Manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses, neither a Director (or governor), Supervisor, or employee of that other company or institution. Not applicable in cases where an Independent Director of the Company has served as an Independent Director of the Company or any of its affiliates, or of a specified company or institution that has a financial or business relationship with the Company.
8. Neither a Director, Supervisor, Officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. Not applicable in cases where a specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the Company, and where an independent Director of the Company has served as an Independent Director of the Company or any of its affiliates, or of a specified company or institution that has a financial or business relationship with the Company.
9. Not a professional individual who, or an owner, partner, Director, Supervisor, or Officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$ 500,000, or a spouse thereof; Not a spouse or a relative within the second degree of kinship under the Securities and Exchange Act or with any director.
10. Not a spouse or a relative within the second degree of kinship with any Director.
11. Any of the matters under Article 30 of the Company Act.
12. No government, legal person or its representative has been elected as provided in Article 27 of the Company Act.

2. General Manager, Vice President, Assistant General Manager, Managerial Officers, and Supervisors of Departments and Branches

On April 13, 2021

Title (Note 1)	Nationality	Name	Gender	Tenure date	Shares Held		Shares held by spouse, or minor children		Shares Held in the Name of Other Persons		Major Education and Work Experience (Note 2)	Position(s) Held Concurrently in Any Other Company	Managers who have spousal or second-degree family relationships within the Company		Remarks (Note 3)
					Shares	Shareholding ratio:	Shares	Shareholding ratio:	Shares	Shareholding ratio:			Title	Name	
General Manager	Taiwan	HUANG, CHUN- JIA	Male	01.01.2018	2,425	0.00	3,842	0.00	0	0.00	Vice President, Tahsin Industrial Corp.	Supervisor, Tah Fa Investment Co., Ltd.	None	None	None
CEO of Overseas Affiliated Business	Taiwan	HU, PAO- TSE	Male	01.01.2018	1,372,178	0.99	20,790	0.02	0	0.00	General Manager, Tahsin Industrial Corp.	Chairman of the Board, Tahsin Shoji Co., Ltd.	None	None	None
Chief Executive Officer	Taiwan	HU, BOR- CHON	Male	04.01.2004	2,100	0.00	6,300	0.00	0	0.00	Director, Tahsin Industrial Corp.	Chairman of the Board, Chang Cai Corp., Ltd.	None	None	None
Vice President	Taiwan	LAI, KEN-MIN	Male	08.10.2017	17,010	0.01	48,300	0.03	0	0.00	Vice President, Tahsin Industrial Corp.	None	None	None	None
Assistant General Manager	Taiwan	DAVID CHEN	Male	08.10.2017	0	0.00	0	0.00	0	0.00	Manager, Tahsin Industrial Corp.	Director, Tah Fa Investment Co., Ltd.	None	None	None
Manager	Taiwan	LIN, ZHEN- FENG	Male	01.01.2018	244	0.00	0	0.00	0	0.00	Vice President, Tahsin Industrial Corp.	None	None	None	None
Manager	Taiwan	CHEN, YI- CHEN	Male	04.01.2020	0	0.00	0	0.00	0	0.00	Vice President, Tahsin Industrial Corp.	None	None	None	None

Note 1: Shall include information regarding General Manager, Deputy General Manager, Assistant General Manager, Supervisors of Departments, and Branch Agencies. Persons who hold positions equivalent to General Manager, Deputy General Manager, or Assistant General Managers shall also be disclosed.

Note 2: Work experiences of anyone in the table above that are related to their current roles, such as previous employment at CPA firms or employment in affiliated companies, shall be disclosed along with job titles and responsibilities.

Note 3: Where the Chairperson of the Board of Directors and the General Manager or person of an equivalent post (the highest level manager) of the Company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (for example, increase the number of independent directors, and there shall be more than half of the directors who do not concurrently serve as employees or managers).

3. Remuneration of Directors (including Independent Director), General Manager, and Vice President (1) Remuneration of Directors (including Independent Director)

Unit: NT\$ thousands December 31, 2020

Title	Name	Remuneration of Directors						Remuneration Paid to Part-Time Employees				Ratio of total remuneration (A+B+C+D) to net income after tax (Note 10)		Ratio of total remuneration (A+B+C+D+E+F+G) to net income after tax (Note 10)				Remuneration paid to directors from an invested company other than the company's subsidiary (Note 11)		
		Base Remuneration (A) (Note 2)		Retirement Pension (B)		Directors' remuneration (C) (Note 3)		Allowances (D) (Note 4)		Salaries, bonus and special subsidies (E) (Note 5)		Retirement pension (F)		Employees' compensation (G) (Note 6)		Ratio of total remuneration (A+B+C+D+E+F+G) to net income after tax (Note 10)				
		Tahsin Industrial Corp.	All Companies Included in the Consolidated Financial Reports (Note 7)	Tahsin Industrial Corp.	All Companies Included in the Consolidated Financial Reports (Note 7)	Tahsin Industrial Corp.	All Companies Included in the Consolidated Financial Reports (Note 7)	The company	All Companies Included in the Consolidated Financial Reports (Note 7)	Tahsin Industrial Corp.	All Companies Included in the Consolidated Financial Reports (Note 7)	The company	All Companies Included in the Consolidated Financial Reports (Note 7)	Cash	Stock	Tahsin Industrial Corp.	All companies listed in this financial report (Note 7)			
																			amount	amount
Chairman of the Board	Tah Quan Investment Co., Ltd. (representative) WU, ZI-CONG																			
Vice Chairman of the Board	HU, PO-YI Daxinliang Investment Co., Ltd.																			
Directors	(representative) HU, PEI-TUAN LIU, WAN-CHENG, Ping Fang Investment Co., Ltd.	3,800	0	0	0	25,823	25,823	0	0	0.55	0.55	18,882	22,782	0	0	510	0	0.90	0.97	None
Directors	HU, BOR-CHON																			
Directors	HU, PAO-TSE LAI, KEN-MIN, Tah Cheng Investment Co. Ltd.,																			
Independent Director	LIN, KO-WU																			
Independent Director	WANG, TE-WANG	1,550	0	0	0	0	0	0	0	0.03	0.03	420	420	0	0	0	0	0.04	0.04	None
Independent Director	YANG, KUO-SHU																			

Remark: directors were re-elected on June 5, 2020: 1) Elected as an independent director: Mr. YANG, KUO-SHU 2) Retired as representatives of corporate directors: Tah Cheng Investment Co. Ltd.: Mr. LAI, KEN-MIN and supervisor Mr. HU, PO-TE, supervisor Mr. CHANG, YU-HSIUNG.

Table of Remuneration Ranges

Remuneration Ranges for Directors	Name of Directors			
	Total Remuneration for the First Four Items (A+B+C+D)		Total Remuneration for the First Seven Items (A+B+C+D+E+F+G)	
	Tahsin Industrial Corp. (Note 8)	All companies included in the financial report (Note 9)H	Tahsin Industrial Corp. (Note 8)	All companies included in the financial report (Note 9)I
Less than NT\$ 1,000,000	LIN, KO-WU, YANG, TE-WANG, YANG, KURO-SHU, Tah Cheng Investment Co., Ltd. (representative) LAI, KEN-MIN	LIN, KO-WU, YANG, TE-WANG, YANG, KURO-SHU, Tah Cheng Investment Co., Ltd. (representative) LAI, KEN-MIN	LIN, KO-WU, YANG, TE-WANG, KURO-SHU	LIN, KO-WU, YANG, TE-WANG, KURO-SHU
NT\$1,000,000 (inclusive)~NT\$2,000,000 (exclusive)	None	None	None	None
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)	None	None	Tah Cheng Investment Co., Ltd. LAI, KEN-MIN	Tah Cheng Investment Co., Ltd. LAI, KEN-MIN
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)	Tah Quan Investment Co., Ltd. (representative) WU, ZI-CONG, HU, PO-YI, Daxinchang Investment Co., Ltd. (representative) HU, PEI-TUAN, LIU, WAN-CHENG, HU, BOR-CHON, HU, PAO-TSE	Tah Quan Investment Co., Ltd. (representative) WU, ZI-CONG, HU, PO-YI, Daxinchang Investment Co., Ltd. (representative) HU, PEI-TUAN, LIU, WAN-CHENG, HU, BOR-CHON, HU, PAO-TSE	LIU, WAN-CHENG	LIU, WAN-CHENG
From NT\$ 5,000,000 (inclusive) to 10,000,000(exclusive)	None	None	Tah Quan Investment Co., Ltd. (representative) WU, ZI-CONG, HU, PO-YI, Daxinchang Investment Co., Ltd. (representative) HU, PEI-TUAN, HU, BOR-CHON, HU, PAO-TSE	Tah Quan Investment Co., Ltd. (representative) WU, ZI-CONG, HU, PO-YI, Daxinchang Investment Co., Ltd. (representative) HU, PEI-TUAN, HU, BOR-CHON, HU, PAO-TSE
NT\$ 10,000,000 (inclusive) ~ NT\$ 15,000,000 (exclusive)	None	None	None	None
NT\$ 15,000,000 (inclusive) ~ NT\$ 30,000,000 (exclusive)	None	None	None	None
NT\$ 30,000,000 (inclusive) ~ NT\$ 50,000,000 (exclusive)	None	None	None	None
NT\$ 50,000,000 (inclusive) ~ NT\$ 100,000,000 (exclusive)	None	None	None	None
Over NT\$ 100,000,000	None	None	None	None
Total	10	10	10	10

Remark: 1. On June 5, 2020, directors were re-elected: 1) elected as independent director: Mr. YANG, KURO-SHU 2) Retired as representatives of corporate directors: Tah Cheng Investment Co. Ltd.: Mr. LAI, KEN-MIN

2. Director Mr. HU, BOR-CHON, transferred more than half of the company's shares held at the time of election during his term of office, thus was discharged in accordance with the regulations. The date of leaving office is March 23, 2020, and the date of taking office is June 5, 2020.

- Note 1: The name of directors shall be listed separately (for corporate shareholders, the name of corporate shareholders and representatives shall be listed separately), and the payments shall be disclosed collectively. Directors who also serve as General Manager or Vice President shall be listed in the table and the table below (3).
- Note 2: Remuneration of directors in the most recent year (including salaries, job remuneration, severance, bonuses, and performance fees).
- Note 3: Remuneration paid to directors in the most recent fiscal year upon the approval of the Board of Directors.
- Note 4: Business expenses paid out to directors in the most recent year (including transport, special expenses, various allowances, accommodation, vehicles, and provision of physical goods and services). When expenditures, such as housing, cars, and other transportation, or dedicated personal expenses, the nature and cost of the assets, actual rental fee or assumed rental fee based on fair market rate, petrol cost, and other payout should be disclosed. If a personal driver has been given, please explain in a footnote as to the salary of the driver. Yet the driver's salary will not be included in the remuneration.
- Note 5: Salary, job-related allowances, separation pay, various bonuses, incentives, transportation allowance, special allowance, various allowances, accommodation allowance, and driver allowance received by directors who concurrently serve as employees (including General Manager, Vice Presidents, other managerial officers, and employees) in the most recent fiscal year. When expenditures, such as housing, cars, and other transportation, or dedicated personal expenses, the nature and cost of the assets, actual rental fee or assumed rental fee based on fair market rate, petrol cost, and other payout should be disclosed. If a personal driver has been given, please explain in a footnote as to the salary of the driver. Yet the driver's salary will not be included in the remuneration. Any compensations recognized under IFRS 2 Share-Based Payment, including issuance of employee option certificates, new restricted employee shares, and cash capital increase by stock subscription shall also be included.
- Note 6: For directors concurrently holding positions in the company in the most recent fiscal year (including the General Manager, Vice Presidents, other managerial officers, or employees) and receiving the remuneration (including stock and cash), the employees' remuneration paid in the most recent fiscal year upon the approval of the Board of Directors shall be disclosed. If such remuneration cannot be estimated, the remuneration to be distributed in the most fiscal year shall be based on the proportion of the remuneration distributed last year and filled in Schedule 1-3.
- Note 7: Total remuneration in the various items paid out to the Company's directors by all companies (including this Company) listed in the consolidated statement shall be disclosed.
- Note 8: For the total remuneration in various items paid out to the company's directors, the name of each director shall be disclosed in the corresponding range of the remuneration. For the total remuneration in various items paid out to the company's directors, the name of each director shall be disclosed in the corresponding range of the remuneration.
- Note 9: Total remuneration in various items paid to every director of this Company by all companies (including this Company) listed in the consolidated statement shall be disclosed. The name of the director shall also be disclosed in the proper remuneration range.
- Note 10: Net profit refers to the after-tax net income for the most recent fiscal year; for those that have already adopted the IFRS principles, net profit refers to the after-tax net income in individual or consolidated financial reports for the most recent fiscal year.
- Note 11: a. The amount of remuneration received from subsidiaries other than investment companies by the company's directors should be stated clearly in this column.
b. If a director of the Company receives any remuneration from investment companies other than subsidiaries, the said remuneration shall be incorporated into column I in the Table of Remuneration Ranges, and the name of the column shall be changed to "All Investments in Other Companies".
c. Remuneration in this case shall refer to compensation, reward, employee bonuses, expenses of business execution, and other related payments received by the company's director for being a director, supervisor, or managerial officer of investment companies other than subsidiaries of the company.
- * The content of remuneration disclosed in this table is derived based on a concept different from the concept of income stipulated in the Income Tax Act. The purpose of the table is for the disclosure of information, instead of taxation.

(2) Remuneration to supervisors (names and remuneration thereof to be disclosed individually) Unit: NT\$ thousands December 31, 2020

Title	Name	Remuneration of the Supervisor						Whether or not the person receives remuneration from other non-subsidiary companies that this company has invested in (Note 9)	Remarks
		Base Remuneration (A) (Note 2)		Remuneration (B) (Note 3)		Allowances (C) (Note 4)			
		The company	All companies listed in this financial report (Note 5)	The company	All companies listed in this financial report (Note 5)	The company	All Companies Included in the Consolidated Financial Reports (Note 5)		
Supervisors	HU, PO-TE	360	360	2,038	2,038	0	0	0.04	None
Supervisors	Tah Fa Investment Co., Ltd. (representative): CHANG, YU- HSIUNG	360	360	2,038	2,038	0	0	0.04	None

Table of Remuneration Ranges

Remuneration by Range for supervisors	Name of Supervisor	
	Total Remuneration for the First Three Items (A+B+C)	
	The company (Note 6)	All companies listed in this financial report (Note 7) D
Less than NT\$ 1,000,000	None	None
NT\$ 1,000,000 (inclusive) ~ NT\$ 2,000,000 (exclusive)	None	None
NT\$ 2,000,000 (inclusive) ~ NT\$ 3,500,000 (exclusive)	HU, PO-TE, CHANG, YU-HSIUNG (representative) of Tah Fa Investment Co., Ltd.	HU, PO-TE, CHANG, YU-HSIUNG (representative) of Tah Fa Investment Co., Ltd.
NT\$ 3,500,000 (inclusive) ~ NT\$ 5,000,000 (exclusive)	None	None
NT\$ 5,000,000 (inclusive) ~ NT\$ 10,000,000 (exclusive)	None	None
NT\$ 10,000,000 (inclusive) ~ NT\$ 15,000,000 (exclusive)	None	None
NT\$ 15,000,000 (inclusive) ~ NT\$ 30,000,000 (exclusive)	None	None
NT\$ 30,000,000 (inclusive) ~ NT\$ 50,000,000 (exclusive)	None	None
NT\$ 50,000,000 (inclusive) ~ NT\$ 100,000,000 (exclusive)	None	None
Over NT\$ 100,000,000	None	None
Total	2	2

Remarks: 1. For the full re-election on June 5, 2020, Mr. HU, PO-TE, the supervisor, and Mr. CHANG, YU-HSIUNG, the representative of Tah Fa Investment Co. Ltd., retired.

2. The elected 19th Board of Directors establishes an audit committee under the Board. The audit committee is composed of all independent directors to replace the function of supervisors.

- Note 1: The name of supervisors shall be listed separately (for corporate shareholders and representative shall be listed separately) and payments shall be disclosed collectively.
- Note 2: Supervisor's remuneration in the most recent fiscal year (including supervisor's salary, job remuneration, severance pay, various bonuses, and performance fees).
- Note 3: The remuneration paid to supervisors in the most recent fiscal year upon the approval of the Board of Directors.
- Note 4: Business expenses paid out for supervisors in the most recent fiscal year (including transport, special expenses, various allowances, accommodation, vehicles, and provision of physical goods and services). When expenditures, such as housing, cars, and other transportation, or dedicated personal expenses, the nature and cost of the assets, actual rental fee or assumed rental fee based on fair market rate, petrol cost, and other payout should be disclosed. If a personal driver has been given, please explain in a footnote as to the salary of the driver. Yet the driver's salary will not be included in the remuneration.
- Note 5: Total remuneration in various items paid out to this Company's supervisors by all companies (including this Company) listed in the consolidated statement shall be disclosed.
- Note 6: The name of each supervisor shall be disclosed in the range of remuneration corresponding to the amount of all the remuneration paid to each supervisor by the company.
- Note 7: Total remuneration in various items paid to every supervisor of the company by all companies (including the company) listed in the consolidated statement shall be disclosed. The name of the supervisor shall also be disclosed in the proper remuneration range.
- Note 8: Net profit refers to the after-tax net income for the most recent fiscal year; for those that have already adopted the IFRS principles, net profit refers to the after-tax net income in individual or consolidated financial reports for the most recent fiscal year.
- Note 9: a. Compensations which the company's supervisors receive from other non-subsidary invested by the Company shall be disclosed in this column.
b. If the supervisor receives remuneration from investments in other companies that are not subsidiaries of this company, the said remuneration shall be included in Column D in the remuneration range table. The name of the column shall also be changed to "All investments in other companies".
c. Remuneration in this case shall refer to compensation, consideration (including employees, directors, and supervisors), employee benefits, expenses of business execution, and other related payments received for being a director, supervisor, or managerial officer of other non-subsidary companies that this company has invested in.
- * The content of remuneration disclosed in this table is derived based on a concept different from the concept of income stipulated in the Income Tax Act. The purpose of the table is for the disclosure of information, instead of taxation.

2. Remuneration to General Manager and Vice President (Summarized in accordance with the Range of Remuneration disclosed)

Unit: NT\$ thousand December 31, 2020

Title	Name	Salary (A) (Note 2)		Retirement Pension (B)		Bonuses and special expenses (C) (Note 3)		Employees' Remuneration (D) (Note 4)			Ratio of A, B, C, D Total Remuneration to Net Income (%) (Note 8)		Whether or not the person receives remuneration from other non-subsidiary companies that this company has invested in (Note 9)
		The company	All companies listed in this financial report	The company	All companies listed in this financial report	The company	All companies listed in this financial report	The company	Cash amount	Stock amount	The company	All companies listed in this financial report	
General Manager	HUANG, CHUN-JIA												
Chief Executive Officer	HU, BOR-CHON												
CEO of Overseas Affiliated Business	HU, PAO-TSE	3,527	5,447	0	0	19,743	19,743	409	0	0	0.44	0.47	None
Vice President	LAI, KEN-MIN												

* Regardless of title, any position equivalent to general manager, vice president (e.g., President, CEO, director...) shall be disclosed.

Table of Remuneration Ranges

Ranges of Remuneration paid to General Manager and Vice President of the Company	Names of General Managers and Deputy General Managers	
	The company (Note 6)	All Companies Included in the Consolidated Financial Reports (Note 7) E
Less than NT\$ 1,000,000	None	None
NT\$ 1,000,000 (inclusive) ~ NT\$ 2,000,000 (exclusive)	None	None
NT\$ 2,000,000 (inclusive) ~ NT\$ 3,500,000 (exclusive)	None	None
NT\$ 3,500,000 (inclusive) ~ NT\$ 5,000,000 (exclusive)	HUANG, CHUN-JIA	None
NT\$ 5,000,000 (inclusive) ~ NT\$ 10,000,000 (exclusive)	HU, PAO-TSE, HU, BOR-CHON, LAI, KEN-MIN	HUANG, CHUN-JIA
NT\$ 10,000,000 (inclusive) ~ NT\$ 15,000,000 (exclusive)	None	HU, PAO-TSE, HU, BOR-CHON, LAI, KEN-MIN
NT\$ 15,000,000 (inclusive) ~ NT\$ 30,000,000 (exclusive)	None	None
NT\$ 30,000,000 (inclusive) ~ NT\$ 50,000,000 (exclusive)	None	None
NT\$ 50,000,000 (inclusive) ~ NT\$ 100,000,000 (exclusive)	None	None
Over NT\$ 100,000,000	None	None
Total	4	4

Note: The names of the general manager and deputy general managers shall be listed separately, and the payments shall be disclosed collectively. If a director concurrently serves as a general manager or deputy general manager, his/her name and the amount of remuneration paid to him/her shall be listed in Table (1-1) or (1-2) above.

Note 2: General manager and deputy general manager's compensations in the most recent fiscal year (including salary, professional compensation, and severance).

Note 3: Cash and non-cash compensations to the general manager and deputy general manager in the most recent year, including bonus, reward, reimbursement of expenses, special allowances, various subsidies, housing, and use of vehicle. When expenditures, such as housing, cars, and other transportation, or dedicated personal expenses, the nature and cost of the assets, actual rental fee or assumed rental fee based on fair market rate, petrol cost, and other payout should be disclosed. If a personal driver has been given, please explain in a footnote as to the salary of the driver. Yet the driver's salary will not be included in the remuneration. Any compensations listed under IFRS 2 Share-Based Payment, including issuance of employee stock options, new restricted employee shares, and cash capital increase by stock subscription shall also be included.

Note 4: The amount of employee compensation of General Managers and Deputy General Managers in the most recent fiscal year, which has been approved and assigned by the Board of Directors (including share bonus and cash). If the amount cannot be estimated, the amount for the current fiscal year should be calculated pro rata, based on the actual amount of the previous fiscal year. Net profit refers to the after-tax net income for the most recent fiscal year; for those that have already adopted the IFRS principles, net profit refers to the after-tax net income in individual or consolidated financial reports for the most recent fiscal year. NIAT refers to the net profit after tax in the most recent year; in cases where international financial reporting standards are adopted, the NIAT represents the net profit after tax of individuals or respective financial statements in the most recent year.

Note 5: Total compensations of various items paid out to this Company's General Managers and Deputy General Managers by all companies (including this Company) listed in the consolidated statement shall be disclosed.

Note 6: Names of the Company's general managers and deputy managers shall be disclosed in the range corresponding to the total of compensations paid to them.

Note 7: Total compensation of various items paid to every general manager and deputy general manager of the company by all companies (including the company) listed in the consolidated statement shall be disclosed. The name of the general manager and deputy general manager shall also be disclosed in the proper compensation range.

Note 8: Net profit refers to the after-tax net income for the most recent fiscal year; for those that have already adopted the IFRS principles, net profit refers to the after-tax net income in individual or consolidated financial reports for the most recent fiscal year.

Note 9: a. The amount of remuneration received from subsidiaries other than investment companies by the Company's general managers and deputy general managers should be stated clearly in this column.

b. If the company's General Managers or Deputy General Managers receive remuneration from investments in other companies that are not subsidiaries of the company, the said remuneration shall be included in column E in the remuneration bracket table. The name of the column shall also be changed to "All investments in other companies".

c. Remuneration in this case shall refer to remuneration, compensation (including remuneration as a company employee, director, or supervisor), business expenses, and other related payments received by the General Managers or Deputy General Managers of this Company for being a director, supervisor, or managerial officer of other non-subsidiary companies that this company has invested in.

* The content of compensation disclosed in this table is derived based on a concept different from the concept of income stipulated in the Income Tax Act. The purpose of the table is for the disclosure of information, instead of taxation.

(4) Distribution of Employee Compensation and Names of Distribution Managers

Unit: NT\$ thousands December 31, 2020

	Job Title (Note 1)	Name (Note 1)	Stock amount	Cash amount	Total	Total Amount as A Proportion of Net Income After Tax(%)
Managers	CEO of Overseas Affiliated Business	HU, PAO-TSE	0	409	409	0.0075
	Chief Executive Officer	HU, BOR-CHON				
	General Manager	HUANG, CHUN-JIA				
	Vice President	LAI, KEN-MIN				

Note 1: Names and job titles should be disclosed individually, but the earning distributions can be disclosed on an aggregate basis.

Note 2: Remuneration paid to managers in the most recent fiscal year upon the approval of the Board of Directors (including stock dividends and cash), If such remuneration cannot be estimated, the remuneration to be distributed shall be based on the amount paid in the previous year. Net profit after tax refers to net income after tax of the most recent year.

Where IFRS has been adopted, the net profit after tax refers to net income after tax in the consolidated or individual financial reports for the most recent fiscal year.

Note 3: Applicability of managers is based on the Ministry of Finance Securities & Futures Commission Letter No. Taiwan-Finance-Securities-(3)-0920001301 issued on March 27, 2003, which is as follows:

(1) General Managers or their equivalents; (2) Vice Presidents or their equivalents; (3) Assistant Vice Presidents or their equivalents; (4) chief financial officer; (5) chief accounting officer; and (6) other persons authorized to manage affairs and sign documents on behalf of a company

Note 4: If directors, general manager, or deputy general manager have received employee compensations (including shares and cash), this form shall be filled out in addition to Table 1-2.

4. Separately compare and describe total remuneration, as a percentage of net income, as paid by the Company and by each other company included in the consolidated financial statements during the past 2 fiscal years to Directors, Supervisors, General Manager, and Assistant General Managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

(1) Analysis of Total Remuneration of Directors, Supervisors, General Manager, and Vice Presidents as a Percentage of NIAT:

Unit: %

Item/Year	2019	2020
Directors	4.56	1.01
Supervisors	0.33	0.09
General Manager and Assistant General Manager	2.54	0.47

(2) Description of the policy for payment of remuneration, the procedures for setting remuneration, and the relationship with business performance and future risks:

1. The remuneration of Directors (including Independent Directors) and

Supervisors of the Company is divided into three categories:

- 1) Fixed monthly compensation 2) remuneration distribution agreed by the Board of Directors for directors and supervisors 3) travel expenses for the attendance of functional committees.
2. For remuneration of General Manager and Vice Presidents, in addition to fixed monthly salary in accordance with corporate standards, year-end bonus and festive bonuses are issued based on the operation of the company.
3. In accordance with Article 27 of the company's Articles of Incorporation: If the company makes profits annually, profits distributed as employee compensation shall be no less than 5% of the total profits and that distributed as remuneration to directors and supervisors shall be no more than 5% of the total profits. provided that the company's accumulated losses shall have been covered. The resolution on the compensation of the employees and the remuneration of directors and supervisors in the preceding paragraph shall be approved and adopted by a special resolution of the Board of Directors and submitted to the shareholders' meeting.
The employees' compensation shall be distributed in the form of shares or in cash, qualification requirements of employees, including the employees of parents or subsidiaries of the Company meeting certain specific requirements, are entitled to receive shares or cash.
4. Remuneration Committee of the Company held two meetings on November 2, 2020, and March 11, 2021, to review the remuneration structure of Directors and managers, and standards for year-end bonus distribution. The conclusion was submitted to the Board of Directors for discussion and approval.
5. On March 22, 2021, the Board of Directors adopted a resolution to distribute the remuneration of NT\$ 3.65 million for employees and NT\$ 3.64 million for directors and supervisors, all of which were paid by cash.

III. Status of Corporate Governance

1. Information on Operation of the Board of Directors

A total of 9 (A) Board meetings were held in 2020. The attendance of the Directors was as follows:

Title	Name (Note 1)	Times of attending in person B	Times of attending by proxy	Rate of Actual Presence (Attendance) [B/A] (Note 2)	Remarks
Chairman of the Board	Tah Quan Investment Co., Ltd. (Representative): Wu, ZI-CONG	9	0	100	Reappointed Re-election Date: June 5, 2020
Vice Chairman of the Board	HU, PO-YI	9	0	100	Reappointed Re-election Date: June 5, 2020
Directors	Tah Quan Investment Co., LTD.: HU, PAO-TSE	3	0	100	Previously-elected Re-election Date: June 5, 2020
Directors	HU, PAO-TSE	6	0	100	Newly-elected Re-election Date: June 5, 2020
Directors	HU, BOR-CHON	4	2	57	Reappointed Re-election Date: June 5, 2020
Directors	Daxinchang Investment Co., Ltd. (Representative): HU, PEI-TUAN	9	0	100	Reappointed Re-election Date: June 5, 2020
Directors	LIU, WAN-CHENG	3	0	100	Previously-elected Re-election Date: June 5, 2020
Directors	Ping Fang Investment Co., Ltd.: LIU, WAN-CHENG	6	0	100	Newly-elected Re-election Date: June 5, 2020
Directors	Tah Cheng Investment Co., Ltd.(Representative): Lai, Ken-Min	3	0	100	Previously-elected Re-election Date: June 5, 2020
Independent Director	LIN, KO-WU	9	0	100	Reappointed Election date: June 5, 2020
Independent Director	YANG,TE-WANG	9	0	100	Reappointed Election date: June 5, 2020
Independent Director	YANG, KUO-SHU	6	0	100	Newly-elected Election date: June 5, 2020

Other matters that shall be reported:

I. Where one of the following circumstances apply for the operations of the Board of Director meetings, the date, session, proposal contents, opinions of all Independent Directors, and the company's actions in response to the opinions of the Independent Directors shall be stated:

(1) Matters referred to in Article 14-3 of the Securities and Exchange Act:

In the year 2020 and up to the date of publication of the annual report, a total of nine board meetings were convened. For the resolution of the meeting is as listed on pages 67-70 of the annual report, three independent directors expressed no objection to the matters listed in Article 14-3 of the Securities and Exchange Act and adopted the resolution accordingly.

- (2) Except for the aforementioned matters, any other resolutions from the Board of Directors where an independent director has a dissenting or qualified opinion that is on record or stated in a written statement: None.

II. During the execution process where the Director avoids interested proposal, the name of the Director, the content of the proposal, the reason for the avoidance, and the results of the voting should be stated:

(1) The 5th meeting of the 19th Board of Directors: (November 11, 2020)

- 1) Parties recused: Chairman WU, ZI-CONG, Vice Chairman HU, PO-YI, Director HU, PAO-TSE, Director HU, BOR-CHON, and attending supervisors, i.e. General Manager HUANG, CHUN-JIA and Vice President LAI, KEN-MIN, for a total of 6 persons.
- 2) Content of the proposal: Distribution plan of remuneration to executive directors and managers.
- 3) Reasons for recusal and voting participation:

The executive directors and the manager should recuse themselves from the discussion and not participate in the vote because they had their own interests at stake.

(2) The 6th meeting of the 19th Board of Directors: (March 22, 2021)

- 1) Parties recused: Director HU, PAO-TSE, attending supervisors, General Manager HUANG, CHUN-JIA and Vice President LAI, KEN-MIN for a total of 3 persons.
- 2) Content of the proposal: Distribution plan of remuneration to managers in 2020.
- 3) Reasons for recusal and voting participation:
Interested party should be recused from discussion and voting due to his managerial position in the Company.

III. TWSE/TPEX listed companies shall disclose the information of self-evaluation (or peer evaluation) of the Board of Directors, such as evaluation cycle, period, scope, method and contents, and the implementation of the evaluation.

(1) Cycle, period, scope, method and contents of the evaluation

Evaluation cycle (Note 1)	Period (Note 2)	Scope (Note 3)	Method (Note 4)	Evaluation Content (Note 5)
Once a year	01.01.2020~ 12.31.2020	1. Board of Directors 2. Board members	1. Internal evaluation of the Board of Directors 2. Self-evaluation by board members	Six aspects are included

(2) The implementation status of the board members' evaluation:
2020

1. The Company formulated the Measures for the Evaluation of the Board of Directors' Performance, which was adopted by the Board of Directors on November 11, 2016.
2. Conduct the annual performance evaluation of the Board of Directors and board members in December of each year.
 - 1) The criteria for evaluating the performance of the board members of the company, shall cover the following six aspects:
 - I. Alignment of the goals and missions of the company;
 - II. Awareness of the duties of a director;
 - III. Participation in the operation of the company;
 - IV. Management of internal relationship and communication;
 - V. The director's professionalism and continuing education; and
 - VI. Internal control.
 - 2) The criteria for evaluating the performance of the company's Board of Directors, shall cover the following five aspects:
 - I. Participation in the operation of the company;
 - II. Improvement of the quality of the Board of Directors' decision making;
 - III. Composition and structure of the Board of Directors;
 - IV. Election and continuing education of the directors; and
 - V. Internal control
3. During the period from December 1 to December 31, 2020, the board members and the executive units evaluated themselves and the Board of Directors. There were 30 self-evaluation indicators for the board members and 45 evaluation indicators for the Board of Directors. The evaluation results were divided into five grades: excellent, well, good, fair and to be strengthened. The executive unit was responsible for the overall consolidation at the end of December and submitted to the Chairman. The evaluation results shall be reported to the latest board meeting in the next year.

4. According to the above measures, the evaluation results of 2020 have been submitted to the Board of Directors for report on March 22, 2021, and the evaluation results were disclosed on the website of that month. 5. According to the law, the performance appraisal results should be reported to the TWSE before the end of the first quarter of the next year starting from 2020. The report has been completed on March 22, 2021. In addition, the implementation is fully disclosed in the annual report and the company's website for reference. (3) The results of the 2020 annual self-evaluation of the Board of Directors and directors are summarized as follows: The self-assessment questionnaire was answered by 9 board members of the company. The assessment results are analyzed as follows: 1. Evaluation year: 2020 2. Evaluation period: from January 1 to December 31, 2020 3. Self-evaluation period: from December 1 to December 31, 2020 4. Directors conducted the self-evaluation: 1) Chairman: WU, ZI-CONG 2) Vice Chairman: HU, PO-YI 3) Directors: HU, PEI-TUAN, LIU, WAN-CHENG, HU, BOR-CHON, HU, PAO-TSE 4) Independent directors: LIN, KO-WU, YANG, TE-WANG, YANG, KUO-SHU 5. Evaluation results: 1) Board members There were 9 self-evaluation questionnaires with 30 items. The evaluation results of 2020 were 95.73 points as "well". 2) Board of Directors Performance evaluation covers five aspects, with 45 items in total. The evaluation results of 2020 were 92 points as "well." 6. Chairman's comments: We have implemented the business philosophy of honesty and faithfulness. We all have a clear understanding of our responsibilities and also actively devote and effectively play the role of directors. The attendance rate of directors this year is 94%; In addition to paying attention to laws and regulations and abiding by directors' obligations, we also abide by the company system; Both internal communication and external interaction are good, and we have fulfilled the duties of directors. 7. Comments of Independent Director LIN, KO-WU Relevant laws and regulations, discussion procedures, business operation, financial status, risk control, etc. are fully understood and properly judged, and the directors have objectively exercised the functions and powers to do the supervisory duties well. Note 1: The execution cycle of the Board of Directors' evaluation. Note 2: The period of the performance evaluation of the Board of Directors. Note 3: The scope of evaluation covers the performance evaluation of the board, individual directors, and functional committees. Note 4: Methods of evaluations include the internal evaluation of the board, self-evaluation by individual board members, peer evaluation, and evaluation by appointed external professional institutions, experts, or other appropriate methods. Note 5: Contents of the evaluation shall cover the following aspects: (1) Performance evaluations of the Board of Directors: At least including participation in the operation of the company, decision quality of the Board of Directors, composition and structure of the Board of Directors, election/appointment and continuing education of the directors and internal control. (2) Performance evaluations of individual board members: At least including alignment of the goals and mission of the company, awareness of the duties of a director, participation in the operation of the company, management of internal relationships and communication, professionalism and continuing education of the directors, and internal control. (3) Performance evaluation of the functional committee: participation in the operation of the company, awareness of the duties of the functional committee, improvement of quality of decisions made by the functional committee, makeup of the functional committee and election of its members and internal control. IV. Communication between Independent Directors, Supervisor of internal audit and CPA: 1. In accordance with the law, the company established independent directors by the 18th (2017) Board of Directors, with 9 directors (including 2 independent directors) elected through a candidate nomination system; and 9 directors (including 3 independent directors) went through an overall re-election in the 19th (2020) Board of Directors in order to enhance the operational efficiency of the Board of Directors, strengthen the independence and management functions of the directors, and establish a good governance system.	

2. The company's internal audit managers and CPAs may directly contact Independent Directors as necessary so as to maintain good mutual communication.
3. The company's internal audit managers should periodically (1~2 months) report to Independent Directors on audit matters to fully express and communicate on audit operation and effectiveness.
4. The company's CPAs should regularly (quarterly) report to Independent Directors as well on results of review of financial statements and internal control audits.
5. Summary of communications between Independent Directors and internal audit managers:
Independent Directors of the Company had a good communication with internal audit managers on implementation and effectiveness of the audits.

Summary of the significant discussion for the year and the most recent year is as follows:

Date	Communication Focus
01.17.2020	Review of the audit and assessment report for October to November 2019.
03.05.2020	Review of the audit and assessment report for December 2019 to January 2020.
05.13.2020	Review of the audit and assessment report for February to March 2020.
06.05.2020	Review of the audit and assessment report for April 2020.
07.21.2020	Review of the audit and assessment report for May 2020.
08.12.2020	Review of the audit and assessment report for June 2020.
09.15.2020	Review of the audit and assessment report for July to August 2020.
11.02.2020	Review of the audit and assessment report for September 2020.
11.11.2020	Review of the audit and assessment report for October 2020.
02.03.2021	Review of the audit and assessment report for November to December 2020.
03.04.2021	Review of the audit and assessment report for January 2021.
03.22.2021	Review of the audit and assessment report for February 2021.

6. Summary of communications between independent directors and CPAs

The two-way interaction and communication between Independent Directors and CPAs of the Company were in good condition.

Summary of the significant discussion for the year and the most recent year is as follows:

Date	Communication Focus
03.05.2020	1. Results of the review of stand-alone and consolidated financial statements for the fourth quarter of 2019. 2. Internal control audit report. 3. Discussion and communication on the impact of new amendments.
05.13.2020	1. Results of the review of consolidated financial statements for the first quarter of 2020. 2. Internal control audit report.
08.12.2020	1. Results of the review of consolidated financial statements for the second quarter of 2020. 2. Internal control audit report.
11.11.2020	1. Results of the review of consolidated financial statements for the third quarter of 2020. 2. Internal control audit report.
12.21.2020	Governance matters of financial report audit, internal control, and planning in 2020.
03.04.2021	1. Results of the review of standalone and consolidated financial statements for the 4th quarter of 2020. 2. Internal control audit report.

- V. An evaluation of objectives (e.g. setting up audit committee, enhancing information transparency, etc.) and implementation status in the area of strengthening the functions of the Board of Directors for current and most recent fiscal year:

(1) The Company established the Remuneration Committee at the 3rd meeting of the 16th Session of the Board of Directors on December 28, 2011.

1. The Remuneration Committee held at least one meeting every half a year according to the regulations, on March 5, 2020, November 2, 2020 and March 11, 2021.

2. During the meetings, salary structure of Directors, Supervisors, and managers, and standards for awarding year-end bonuses were reviewed in order to implement corporate governance. The declaration of internal audit was completed on February 26, 2021 in compliance with regulations.
- (2) Adopted at the 5th meeting of the 19th Board of Directors on November 11, 2020:
Regular assessment of independence of CPAs to ensure reliability of the company's financial statements.
- (3) The 6th meeting of the 19th session of Board of Directors on March 22, 2021 passed:
 1. Amendment to the "Rules of Procedure for Shareholders' Meetings":
In accordance with the Taiwan Stock Exchange Letter Tai-Zheng-Zhi-Li No. 1100001446 dated January 28, 2021, amendments to the Company's "Rules of Procedure for Shareholders' Meeting" are made to improve corporate governance and protect the rights and interests of shareholders.
 2. Amendments to the company's "Rules of Procedures for Board Meeting": According to laws and regulations and practical operation requirements.
- (4) The 6th meeting of the 19th session of Board of Directors on March 22, 2021:
Performance self-evaluation of 9 directors in 2020:
Evaluation results is "well".
- (5) Information on actual operation of the Board of Directors has been published on Tahsin's website (www.tahhsin.com.tw)

Note 1. Where a director or supervisor is a legal person, the name of the legal person shareholder and the name of its representative shall be disclosed.

Note 2. (1) Before the end of the year, should any director or supervisor leave the position, departure dates should be indicated in Notes. Actual presence (attendance) rate (%) shall be calculated using the number of Directors' Meetings convened and actual presence (attendance) during the term of service.

(2) Before the end of the year, if there is any re-election of director or supervisor, the newly and previously- elected director or supervisor should both be listed, with the status as to whether they are previously-elected, newly- elected, or re-elected and the re-election date stated in remarks. Actual presence (attendance) rate (%) shall be calculated using the number of Directors' Meetings convened and actual times of presence (attendance) during the term of service.

2. Operation of the Audit Committee or Supervisors' participation in Directors' Meetings:

(1) Audit Committee

1. Re-election of directors on June 5, 2020:

Retired as representatives of corporate directors: Tah Cheng Investment Co. Ltd.: Mr. LAI, KEN-MIN, and supervisor HU, PO-TE; representative of Tah Fa Investment Co. Ltd.: supervisor Mr. CHANG, YU-HSIUNG.

2. The elected 19th Board of Directors establishes an audit committee under the Board. The audit committee is composed of all independent directors to replace the function of supervisors.

3. Material resolutions of the Board of Directors in 2020 and up to the date of publication of the annual report:
In the year 2020 and up to the date of publication of the annual report, the company has convened four board meetings in total, with the material resolutions as follows:

(I) The 1st meeting of the 1st Audit Committee: (June 15, 2020)

- 1) The proposal for nomination of the convener of this Committee has been adopted by resolution.
- 2) The proposal for the guarantee of credit financing of JPY 300 million extended by Shalu Branch of Yuanta Bank to the investee, TAHSIN SHOJI CO., LTD. has been adopted by resolution.
- 3) The proposal to draw up plans for the use of long-term, medium-term and short-term funds has been adopted by resolution.

Dealing with the opinion from the Audit Committee: submitted to the Board Meeting for resolution.

(II) The 2nd meeting of the 1st Audit Committee: (August 12, 2020)

- 1) Proposed report: the company's consolidated financial statements for the first half of 2020 have been prepared and handled in accordance with Article 36 of the Securities and Exchange Act.
- 2) The proposal for the base date on the return of cash for the cash reduction on August 19, 2020, has been adopted by resolution.
- 3) The proposal for the change of the chief auditor has been adopted by resolution.

Dealing with the opinion from the Audit Committee: submitted to the Board Meeting for resolution.

(III) The 3rd meeting of the 1st Audit Committee: (November 11, 2020)

- 1) The proposal of the company's 2021 Internal Audit Plan has been adopted by resolution.
- 2) The proposal of the company's business report and financial statements for the first half of 2020 has been adopted by resolution.
- 3) The proposal for the earning distribution of the first half of 2020 has been adopted by resolution.

Dealing with the opinion from the Audit Committee: submitted to the Board Meeting for resolution.

(IV) The 4th meeting of the 1st Audit Committee: (March 22, 2021)

- 1) The proposal for the company's 2020 business report and financial statements (including consolidated financial statements) have been prepared and has been adopted by resolution.
- 2) The proposal for the earning distribution of the second half of 2020 has been adopted by resolution.
- 3) The proposal for the statement on self-evaluation of internal control system in 2020 has been adopted by resolution.

Dealing with the opinion from the Audit Committee: submitted to the Board Meeting for resolution.

(2) Supervisors' Participation in Meetings of the Board of Directors

A total of 3 (A) meetings of the Board of Directors were held in the most recent year. The attendance was as follows:

Title	Name	Times of attending in person (B)	Actual attendance rate (%) (B/A) (Note)	Remarks
Supervisors	HU, PO-TE	3	100	Previously-elected Re-election Date: June 5, 2020
Supervisors	Tah Fa Investment Co., Ltd. (representative): Chang, Yu-Hsiung	3	100	Previously-elected Re-election Date: June 5, 2020

Other matters that shall be reported:

I. Composition and Duties of Supervisors:

- (I) Communications between supervisors and employees/shareholders (e.g. channel and method of communication):
Communications between supervisors and employees/shareholders are made possible through the spokesperson of the company, which have been working smoothly and reinforcing the functions of supervisors for years.
- (II) Communication between supervisors and internal audit supervisor and CPAs:
(e.g. matters, methods and results of communication on the company's financial and business status) :
 - 1) Supervisors are invited to attend the meetings of the Board of Directors of the Company. Therefore, the audit supervisor is able to understand the financial and business reports of the Company or internal audit results given by the audit supervisor at the board meetings, and express their opinions in the meeting.
 - 2) Financial statements are sent to supervisors for approval after being audited by CPAs. When opinions are expressed by supervisors during the review of the financial report, a detailed explanation will be given by the accounting officer while further discussion with CPAs can also be held.
 - 3) The CPAs have been appointed to audit the consolidated financial reports of the company and its subsidiaries for the first quarter of 2020 and the communication with the governance units:
During the supervisor's term of office (June 23, 2017 ~ June 5, 2020), both parties determined governance items through discussions, including the reliability of financial information disclosure of the company and job responsibilities of auditors, and ascertained significant risks faced by the company and risk-reducing measures of the management. The discussion was effective and without objections.
 - 4) The Audit Committee was set up under this (19) Board of Directors and composed of all independent directors to replace the function of supervisor; after the approval of the Audit Committee on March 22, 2021, the stand-alone and consolidated financial statements of 2020 are submitted to the Board of Directors for approval.

II. If a Supervisor stated any opinions while attending the Board of Directors' meetings, the date, session, content of the case discussed, and resolution of the meeting, as well as the company's disposition of opinions stated by the Supervisor shall be described: None.

- Note:
1. If any supervisor leaves the position before the end of the year, the departure date should be specified in the remarks. Actual presence (attendance) rate (%) shall be calculated with the number of Meetings of the Board of Directors convened and actual presence (attendance) during the term of service.
 2. If any re-election of Supervisors takes place before the end of the year, the newly-elected and previously-elected supervisors should both be listed with the status of whether they are previously-elected, newly-elected, or re-elected and election date clarified in Notes. Actual presence (attendance) rate (%) shall be calculated with the number of actual presence (attendance) during the term of service.

3. State of corporate governance implementation and differences From the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and reasons

Evaluation Items	Operational Situation			Deviations and Causes
	Yes	No	Summary	
I. Does the Company set and disclose corporate governance code of practice according to the Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies?		V	Although the Company has yet to formulate Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, the Company and its subsidiaries comply with Tahsin Social Responsibility Policies set forth by the Company. In the meantime, corporate governance is incorporated in the Company's internal control system and various management procedures.	To be evaluated.
II. Ownership Structure and Shareholders' Equity		V		
(I) Has the company set internal operating procedures to deal with shareholder proposals, doubts, disputes, and litigation matters, and does it implement these in accordance with its procedures?		V	The Company has set up a hotline, e-mail address, and a stakeholders' section on its website to deal with related issues. The Company's website: www.tahhsin.com.tw	There are no material differences.
(II) Does the Company hold a register of major shareholders and persons exercising ultimate control over those major shareholders?		V	The company, through stock transfer agency of CTBC Bank, manages related matters, gets hold of major shareholders along with persons exercising ultimate control in the register of shareholders, and files changes in internal shareholdings regularly.	There are no material differences.
(III) How does the company establish its risk management mechanism and firewalls involving related enterprises?		V	Provisions have been formulated for the control and management of related operational procedures on financial business between the company and its affiliates, and related party transaction management, endorsements/guarantees, lending funds to others. In addition, Operation Management of Subsidiaries is stipulated in the Guidelines for Internal Control System to implement the risk control mechanism of subsidiaries.	There are no material differences.
(IV) Has the Company stipulated internal rules that prohibit company insiders from trading securities using information not yet disclosed to the market?		V	The Board of Directors of the company has passed the amendments to the "Ethical Corporate Management Best Practice Principles," "Ethical Corporate Management Procedures and Guidelines for Conduct," "Measures for Preventing Insider Trading," etc. on March 16, 2020, which are proposed to the shareholders' meeting scheduled on June 5, 2020, stipulating that all Company personnel shall adhere to the provisions of the	There are no material differences.

Evaluation Items	Operational Situation			Deviations and Causes
	Yes	No	Summary	
			laws and regulations, and may not take advantage of their position and of undisclosed information of which they have learned to engage in insider trading. Personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other party from using such information to engage in insider trading.	
III. Organization and responsibilities of the Board of Directors	V		In accordance with the Act and to implement the practical operation of the Board of Directors, the Audit Committee was established at the 19th (June 5, 2020) Board of Directors. All independent directors from the Audit Committee replaced supervisors. Improve and strengthen corporate governance, establish a good governance system.	Directors of the board are equipped with the experience and knowledge required to operate the company while acting in good faith. There are no material differences.
(I) Has a policy of diversity been established and implemented for the composition of the Board of Directors?				
(II) In addition to Remuneration Committee and Audit Committee established according to law, has the Company voluntarily formed other functional committees?	V		The company sets up an internal implementation committee: 1) 5S/TPM (organize, integrate, cleanse, cultivate, and fully all production management). 2) CSR (Corporate Social Responsibility Policy).	There are no material differences.
(III) Has the Company set performance assessment rules and methods for the Board of Directors and does it perform this evaluation every year, report the results of the performance appraisal to the Board of Directors and apply them to the remuneration of individual Directors and their nomination for reappointment?	V		1) On November 11, 2016, the Board of Directors of the company passed the "the Measures for the Evaluation of the Board of Directors' Performance". 2) The results of the self-evaluation of the Board of Directors and board members in 2020 are all good. It has been provided to the Remuneration Committee for reference and also submitted to the Board of Directors on March 22, 2021 and the declaration has been completed. In addition, the evaluation measures, methods, implementation, and evaluation results are simultaneously disclosed on Tahsin's website.	There are no material differences.
(IV) Does the company regularly evaluate the independence of the CPA?	V		The Company regularly evaluates the independence of CPAs on an annual basis and has reported the results to the Board of Directors for deliberation and approval on November 11, 2020. In the annual assessment, CPAs CHANG FU LANG and CHIU, KUEI-LING of Crowe Horwath (TW), both met standards for independence assessment of the Company (Note 1) and were eligible to serve as CPAs for the Company. The accounting firm also issued statements of independence (Note 2).	There are no material differences.

Evaluation Items	Operational Situation			Deviations and Causes
	Yes	No	Summary	
IV. Does the TWSE/TPEX listed company have a dedicated eligible and appropriate number of personnel for corporate governance and appointed a Supervisor in charge of the company's corporate governance affairs (including but not limited to providing information required for Director/Supervisor's operations, assisting Directors and Supervisors to comply with laws and regulations, convening board/shareholder meetings in compliance with the law, and producing meeting minutes of board/shareholder meetings)?	V		The share affairs division of the finance department is responsible for the execution of the corporate governance related affairs: 1) Handle the meeting related matters of the Board of Directors, the Audit Committee, the Remuneration Committee, and the shareholders' meeting in accordance with the law. 2) Prepare the minutes and annual report. 3) Assist each director to complete the training according to the regulated hours (6 hours). 4) Provide data for directors, Audit Committee and Remuneration Committee to carry out business. 5) Other matters stipulated in the Articles of Incorporation or laws.	There are no material differences.
V. Has the company set up channels of communication for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), appointed a section of the Company's website for stakeholder affairs, and adequately responded to stakeholders' inquiries on significant corporate social responsibility issues?	V		The company has kept good communication channels respectively with investors, employees, customers, end users, suppliers, and distributors through Labor Management Meetings, General Affair Department, Procurement Department, Finance Department, and other responsible units. A section of the Company's website is designated for stakeholder affairs to adequately respond to stakeholders' inquiries on significant corporate social responsibility issues and has been working smoothly.	There are no material differences.
VI. Has the Company commissioned professional shareholder services agency to hold Shareholders' Meeting and other relevant events?	V		The Company not only has set up a dedicated share officer but also commissioned stock transfer agency of CTBC Bank to deal with the affairs of the shareholders.	There are no material differences.
VII. Information Disclosure (I) Has the company established a website to disclose information on financial status and corporate governance?	V		Information on financial status and corporate governance has been disclosed in the investor section on the Company's website. Website: www.tahhsin.com.tw	There are no material differences.
(II) Has the company adopted other measures (such as English website, a designated person responsible for the collection and disclosure of information, implementation of the spokesman system, the legal entities announcements uploaded to website, etc.) to disclose information?	V	V	1) The Company has a spokesperson and an acting spokesperson. 2) Dedicated persons are assigned to gather and disclose related information on the website in a timely manner. 3) The website also provides business related information in Chinese and English, and the English version of the annual financial information is also disclosed to enhance the transparency of corporate information.	There are no material differences.
(III) Does the Company announce and declare its annual financial reports within two months after			According to the law, the company shall, within three months after the end of each fiscal year, announce and	The company has filed the financial reports within the deadlines

Evaluation Items	Operational Situation			Deviations and Causes
	Yes	No	Summary	
the end of the fiscal year, and announce and declare the financial reports for the first, second and third quarter and the operation situation of each month earlier than the prescribed period?			report the annual financial report approved by the Board of Directors after being audited and certified by CPAs and reviewed by the Audit Committee. Within 45 days after the end of the first, second, and third quarters of each fiscal year, publicly announce the financial reports reviewed by a certified public accountant and reported to the Audit Committee (half year) and Board of Directors.	prescribed by law
VIII.Has the company disclosed other information to facilitate a better understanding of its corporate governance (including but not limited to the rights and interests of employees, employee care, investor relations, supplier relations, rights of stakeholders, professional development of the Directors and Supervisors, implementation of risk management policies and risks assessment, and purchasing liability insurance for the Directors and Supervisors)?	V		(1) Employee Rights: 1) The company always values opinions from its employees. Aside from suggestion boxes, designated persons are appointed to learn and respond to the comments. Meetings with new employees are held from time to time to open up channels of communication. 2) In response to government's advocating for breastfeeding policy, nursery rooms have been set up for female staff members. The company also provides childcare services for children under compulsory school age of its employees through outsourcing. Designated parking spaces for pregnant women have been provided. 3) Labor Management Meetings are held every quarter to reach consensus, ensuring sustainable development of the company through harmonious labor management relations. 4) Procedures of "one mandatory day off and one flexible rest day" have been put into action in compliance with the government's policy.	There are no material differences.
	V		(2) Employee Care: 1) From November 2020, we provided health consultation channels for employees in accordance with the regulations of the labor inspection, and allocate one doctor and one nurse through a professional consulting company; Nurses enter the company 6 times a month, 2 hours each time, and doctors 6 times a year, 2 hours each time, to assist employees in self health check-up, prevention, and precautions. 2) In order to take care of employees' health, the company allocates budget for medical check-up for the staff members every 2 years to help them know their physical conditions better so as to prevent diseases and make improvements. 3) As for catering, designated persons	There are no material differences.

Evaluation Items	Operational Situation			Deviations and Causes
	Yes	No	Summary	
VIII. Has the company disclosed other information to facilitate a better understanding of its corporate governance?			are appointed to control and manage ingredients, water used and environment of the company's cafeterias. Food warming devices were installed to ensure food safety for employees. 4) Smoking is prohibited in factories and dormitories. Furthermore, fire drills are held twice a year to recognize actual workplace surroundings of the employees and conduct exposure assessment of risk factors. Alarm systems have been introduced in appropriate locations and workplace assessments are made regularly, which also forms the basis for workplace improvement plans. Training courses on firefighting are offered periodically to enhance awareness of fire safety and improve common understanding of the operation of various firefighting equipment, aiming to better employees' response to crisis and ensure the safety of all. The number of trainees in Taiwan was 187 on April 17 and 180 on October 16, 2020; In order to prevent cluster infection, the fire drill was postponed overseas due to the spread of COVID-19. 5) For staff welfare measures, please refer to Labor Relations section under Chapter 5 Operational Overview of this annual report.	
	V		(3) Investor Relations: The company has adopted a spokesman system to serve as a focal point for shareholders and institutional investors. On the company's website, a section for "Stakeholders" and "Investor Zone" is available to offer investor related information.	There are no material differences.
	V		(4) Supplier Relations: The company has established procurement mechanism to strive for normalized purchase transactions in hopes of not only creating a fair competitive environment but also securing the company's foothold in the business. Procurement policy of the company is as follows: 1) Right time, right quality, right quantity, right price, timely supply, and costs reduction are highlighted. 2) Practices of purchasing from multiple suppliers will be continued so as to compare quality and prices at any time needed. 3) Bulk orders are handled as projects	There are no material differences.

Evaluation Items	Operational Situation			Deviations and Causes
	Yes	No	Summary	
VIII. Has the company disclosed other information to facilitate a better understanding of its corporate governance?			to negotiate for favorable prices. 4) Grasp the supply and demand conditions of the market and dynamic changes in a timely manner to facilitate flexible procurement. 5) Pursue development of new materials and enhance product structure and quality	
	V		(5) The rights of stakeholders: 1) Through diversified channels of communication and information disclosure, the company maintains good dialogue and communication with investors, employees, customers, suppliers and consumers, thus understanding the reasonable expectations and needs of stakeholders. All the internal and external issues such as questions, complaints, impeaches and suggestions, no matter economically, socially, or environmentally, are to be handled in good faith or to propose improvement plans for effective communication. 2) Website for the Company's Stakeholders: www.tahhsin.com.tw	There are no material differences.
	V		(6) Professional development of Directors and Supervisors: (Note 3)	There are no material differences.
	V		(7) Implementation of risk management policies and risk evaluation measures 1. Management mechanism: • General Audit Office Auditors examine the effectiveness and suitability of hedging transactions of finance department from time to time and produce audit reports to submit to the Board of Directors while continuing to follow up on improvements. Besides, auditors formulate annual audit plan depending on the risk assessment result in order to duly supervise and control risk management. Internal audit managers, likewise, report to Independent Directors regularly (1~2 months) on audit assessments to maintain a good two-way communication. The audit plan for 2021 was reported on December 16, 2020; the audit implementation for 2020 was reported on February 26, 2021 as scheduled. • Finance Department Derivative transactions of the company are wholly managed by finance department. In accordance with internal regulations, the General	There are no material differences.

Evaluation Items	Operational Situation			Deviations and Causes
	Yes	No	Summary	
VIII.Has the company disclosed other information to facilitate a better understanding of its corporate governance?			Manager of the company is authorized with decision making power and has obligations to enforce risk management in this regard. The internal regulations also stipulate that personnel shall not concurrently engage in both trading and settlement of financial derivatives transactions. 2. Formulation of trading strategies: The President Office of the company is in charge of the development and revision of trading strategies, coordination with relevant department, and verification of budget for foreign exchange activities. The President Office should submit the actual variance and resulted profit and loss to President in written form. 3. Operational strategy: Finance department collects the company's budget, foreign exchange income and expenses, gathers and analyzes domestic and international financial information, performs short-term and long-term foreign exchange buying and selling in advance, reviews profit and loss occurred, and strictly controls risk positions and effectiveness of risk management through written credit assessment.	
	V		(8) Implementation of Customer Policies: 1) Export: Besides ensuring product quality and on-time delivery, we strive to provide our customers with stable and reasonable prices. 2) Domestic sales: The Company has appointed designated persons to deal with customer complaints and provide user guidance, delivering excellent after sales services to safeguard customers' rights.	There are no material differences.
	V		(9) Status of liability insurance purchased for Directors, Supervisors, and persons of important positions by the Company: 1) To reduce the risks associated to directors, key employees and the company and establish a comprehensive corporate governance mechanism, the company submitted the matters related to insurance to the Board of Directors on August 12, 2020. 2) Information regarding the liability insurance purchased, including the amount, period, cover, and premium rate, etc. 3) The insurance amounted to US\$5	There are no material differences.

Evaluation Items	Operational Situation			Deviations and Causes
	Yes	No	Summary	
			million, and is effective from July 1, 2020 until July 1, 2021. 4) The supervisor's insurance liability is proposed to be applied before the 15th day of the month following the policy effective date of the same year.	
IX. Has the Company used corporate governance self-assessments or commissioned other professional agencies or companies to assess the Company's corporate governance efforts and generate relevant reports? (If yes, please describe the opinions of the company's Board of Directors, results of the self-assessment or commissioned assessments, as well as significant gaps, recommendations, and improvements)	V		Self-assessment Report of the Company: 1) Based on the scope of information and evaluation indicators of the corporate governance evaluation system established by the Corporate Governance Center, most of the self-evaluation results are in compliance with corporate governance regulations, and the company has strengthened the relevant deficiencies that have not been achieved. 2) The self-evaluation questionnaire of the Board of Directors and board members have 9 copies, with the assessed items of 45 and 30, respectively. In 2020, despite the severe pandemic of COVID-19, all directors still cooperate with the regulations to take courses related to corporate governance, and designated personnel are responsible for arranging courses (including online), all of which are completed according to the regulated hours. The evaluation results have been submitted to the Board of Directors on March 22, 2021, and completed on the same day.	There are no material differences.
X. Please state the improvements as well as priority enhancements and measures for the unimproved aspects based on the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange Co., Ltd. in the most recent year. (Leave blank if your company was not evaluated.)			Corporate governance assessment results in 2020 (7th Session) of the company indicated the improvement status, and measures for matters yet to be improved: (Note 4)	There are no material differences.

Note 1: Evaluation standards for the independence of CPAs.

Evaluation Items	Evaluation Results	Are the standards fulfilled?
1. Do CPAs have direct or significant indirect financial interests with the Company?	No	Yes
2. Are there any financing or guarantee activities between CPAs and Directors of the Company?	No	Yes
3. Do CPAs have a close business relationship and potential employment relationship with the Company?	No	Yes
4. Have CPAs and members in the audit team held positions of Directors, managers, or posts that impose critical impact on audits currently or in the last two years?	No	Yes
5. Have CPAs provided non-audit services to the Company that may directly affect audits?	No	Yes
6. Do CPAs hold shares issued by the company?	No	Yes

Evaluation Items	Operational Situation		Deviations and Causes
	Yes	No	
7. Does the CPA act as the defender of the company or on behalf of the company to coordinate conflicts with other third parties?		No	Yes
8. Are CPAs family members or relatives of the Company's Directors, Supervisors, or other individuals in positions that could seriously impact audits?		No	Yes
9. Do CPAs receive any commission related to the business?		No	Yes
10. Has CPAs' tenure lasted for more than seven consecutive years?		No	Yes

LETTER OF INDEPENDENCE

Recipient: Tahsin Industrial Corp.

We have been commissioned to audit the FY 2020 financial statement of Tahsin Industrial Corp. We confirm that our firm, affiliated companies, partners of our firm and their relatives, members of the audit engagement team, and their relatives will comply with the independence requirements governed by No. 10 of the Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China.

Crowe Horwath (TW) CPAs

CPA: Chang, Fu-Lang

CPA: Chiu, Kuei-Ling

October 30, 2020

Note 3: Professional development of Directors

Title	Name	Attendance Date	Organizer	Course Title	Hours of Study
Chairman of the Board	WU, ZI-CONG	2020.07.24	Taiwan Academy of Banking and Finance	Corporate Governance and Sustainable Management Workshop	3H
		2020.11.12	Taiwan Stock Exchange	Promotions of Board Supervision on Corporate Governance and Ethical Corporate Management	3H
Vice Chairman of the Board	HU, PO-YI	2020.09.04	Securities and Futures Institute	Publicity and explanation meeting on preventing insider trading and insider equity trading for 2020	3H
		2020.11.12	Taiwan Stock Exchange	Promotions of Board Supervision on Corporate Governance and Ethical Corporate Management	3H
Director and CEO	HU, PAO-TSE	2020.07.24	Taiwan Academy of Banking and Finance	Corporate Governance and Sustainable Management Workshop	3H
		2020.09.04	Securities and Futures Institute	Publicity and explanation meeting on preventing insider trading and insider equity trading for 2020	3H
Director and CEO	HU, PAO-TSONG	2020.07.24	Taiwan Academy of Banking and Finance	Corporate Governance and Sustainable Management Workshop	3H
		2020.09.24	Securities and Futures Institute	Publicity and explanation meeting on preventing insider trading and insider equity trading for 2020	3H
Directors	HU, PEI-TUAN	2020.10.16	Taiwan Stock Exchange	Promotions of Board Supervision on Corporate Governance and Ethical Corporate Management	3H
		2020.12.11	Accounting Research and Development Foundation	Tracking of "Fund Flow" in the Case of Financial Report Fraud and Discussion on Related Legal Liability	3H
Directors	LIU, WAN-CHENG	2020.10.16	Taiwan Stock Exchange	Promotions of Board Supervision on Corporate Governance and Ethical Corporate Management	3H
		2020.12.04	Accounting Research and Development Foundation	Analysis on Common Corporate Governance Deficiencies	3H
Independent Director	LIN, KO-WU	2020.07.15	Securities and Futures Institute	Audit Committee Related Regulations and Operational Practices	3H
		2020.09.21	Taiwan Stock Exchange	Corporate Governance - A Blueprint for Sustainable Development	3H
		2020.10.13	Securities and Futures Institute	Advanced Business Training Course for Corporate Governance Executives	3H
		2020.10.21	Securities and Futures Institute	Publicity and explanation meeting on preventing insider trading and insider equity trading for 2020	3H
Independent Director	YANG, TE-WANG	2020.10.14	Securities and Futures Institute	Publicity and explanation meeting on preventing insider trading and insider equity trading for 2020	3H
		2020.10.22	Taiwan Stock Exchange	Promotions of Board Supervision on Corporate Governance and Ethical Corporate Management	3H
Independent Director	YANG, KUO-SHU	2020.09.21	Taiwan Stock Exchange	Corporate Governance - A Blueprint for Sustainable Development	3H
		2020.09.30	Securities and Futures Institute	Publicity and explanation meeting on preventing insider trading and insider equity trading for 2020	3H
		2020.10.22	Taiwan Stock Exchange	Promotions of Board Supervision on Corporate Governance and Ethical Corporate Management	3H
		2020.12.30	Accounting Research and Development Foundation	Analysis on Common Corporate Governance Deficiencies	3H

Note 4:		
X. Please state the improvements as well as priority enhancements and measures for the unimproved aspects based on the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange Co., Ltd. in the most recent year.		
1.6	Has the Company held the regular shareholders' meeting by the end of May?	The status quo will be maintained for now.
2.1	Has the company formulated the Corporate Governance Best Practice Principles that is adopted by the Board of Directors?	The policy will not be established for now.
2.2	Has the Company established and disclosed a policy regarding diversity of board members?	The policy will not be established for now.
2.4	Does the Company have no more than two directors with a spousal relationship or a familial relationship within the second degree of kinship?	There is no such plan for now.
2.6	Is the Company's Board of Directors formed with at least one female Director?	There is no such plan for now.
2.7	Will the Company set up more seats for Independent Directors than the legal requirements voluntarily?	There is no such plan for now.
2.9	Does the company develop succession plans for board members and key management levels and disclose the operation status on the company's website or in its annual report?	There is no such plan for now.
2.14	Has the company set up functional committees other than statutory committees, and do such functional committees have no less than three members, with at least half of the members being independent Directors, and does the company disclose the organization, responsibility, and operations of such committees?	There is no such plan for now.
2.23	Will the company's regulations or procedures of the Board of Directors' performance evaluation specify that an external evaluation should be performed at least once every three years? If there is, will the company disclose the results of the evaluation on the company's website or annual report?	There is no such plan for now.
3.30	Do the company's internal auditors have at least one person with the certificates like testamur as an international internal auditor, an international computer auditor, or a certified public accountant?	The status quo will be maintained for now.

3.4	Does the company announce the annual financial report within two months after the end of the fiscal year?	There is no such intention for now.
3.6	Has the Company's website or MOPS disclosed mid-term financial reports (including financial statements and notes) in English?	There is no such intention for now.
3.8	Does the company voluntarily announce the financial forecast report for each quarter?	There is no such intention for now.
3.13	Has the Company's annual report voluntarily disclosed individual Directors' and Supervisors' remuneration?	There is no such intention for now.
3.20	Has the Company been invited (voluntarily) to hold at least two roadshows?	There is no such intention for now.
4.4	Has the Company referred to the internationally accepted guidelines for reports and prepared corporate social responsibility reports and other reports that disclose the Company's non-financial information?	There is no such plan for now.
4.5	Has the company's reports like the Corporate Social Responsibility Report that disclose its non-financial information verified by the third party?	There is no such plan for now.
4.6	Does the Company adopt protect human rights policies and relevant management procedures referring to the International Bill of Human Rights and disclose the information on its website or annual report?	There is no such plan for now.
4.7	Has the company signed a collective agreement with the labor Union in accordance with the Collective Agreement Law?	There is no such plan for now.
4.13	Is the company certified by ISO14001, ISO50001 or similar environmental or energy management systems?	There is no such plan for now.
4.17	Does the company develop a supplier management policy that requires any matters on environmental protection, safety, or hygiene shall be in compliance with relevant standards and disclosed on the company's website?	There is no such plan for now.

4. Remuneration Committee:

(1) Information on the Members of the Remuneration Committee

Identity (Note 1)	Condition	Has more than 5 years of work experience and the following professional qualifications			Independent status (Note 2)										Concurrent compensation committee position in other publicly listed companies	Remarks
		Lecturer or above in business, legal, finance, accounting, or corporate business related to public or private universities	Judges, prosecutors, lawyers, CPA, or other professionals and technicians who have passed the national examinations and obtained certificates necessary for the business of the company	Work experience necessary for business, legal affairs, finance, accounting, or the business of the Company.	1	2	3	4	5	6	7	8	9	10		
Others	LIN, KO-WU		v	v	v	v	v	v	v	v	v	v	v	v	2	
Others	YANG, TE-WANG			v	v	v	v	v	v	v	v	v	v	v	0	
Others	YANG, KUO-SHU			v	v	v	v	v	v	v	v	v	v	v	0	

Note 1: Please fill in the "Title" field as Director, Independent Director, or otherwise.

Note 2: For any members who fulfill the relevant condition(s) for two fiscal years before being elected to the office or during the term of office, please provide the [✓] sign in the field next to the corresponding conditions.

1. Not employed by the company or an affiliated company.
2. Neither a director nor supervisor of the company or any of its affiliates. If he/she is the company's, its parent company's, or subsidiaries' Independent Director appointed in compliance with the laws or local regulations, this condition is not applicable.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship in the three preceding items.
5. Neither a Director, Supervisor, nor employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the

Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a Director or Supervisor of the Company under Article 27, paragraph 1 or 2 of the Company Act. Not applicable in cases where an Independent Director of the Company has served as an Independent Director of the Company or any of its affiliates, or of a specified company or institution that has a financial or business relationship with the Company.

6. If a majority of the company's Director seats or voting shares and those of any other company are controlled by the same person, neither a Director, Supervisor, nor employee of that other company (same description as item 5).
7. If the Chairperson, General Manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses, neither a Director (or governor), Supervisor, or employee of that other company or institution. (same description as item 5).
8. Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with Aurora (except for a specific company or institution holding more than 20% but less than 50% of the total issued shares of Aurora and concurrently serving as an independent director, as appointed in accordance with the Act or the laws and regulations of the local country, at Aurora and its parent or subsidiary or a subsidiary of the same parent).
9. Not a professional individual who, or an owner, partner, Director, Supervisor, or Officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$ 500,000, or a spouse thereof; provided, this restriction does not apply to a member of the Remuneration Committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
10. Any of the matters under Article 30 of the Company Act.

(2) Operations of the Remuneration Committee

- I. There are 3 members in the company's Remuneration Committee.
- II. Current Term: From June 5, 2020, to June 4, 2023. The Remuneration Committee held two meetings (A) in recent year, the qualifications and attendance of the committee members are shown as follows:

Title	Name	Attendance in Person	Times of Entrust	Actual Presence (%) (Note 1)	Remarks
Convener	LIN, KO- WU	2	0	100	Reappointed The re-election date is on the same date as the 19th Board of Directors.
Members	YANG, TE- WANG	2	0	100	Reappointed The re-election date is on the same date as the 19th Board of Directors.
Members	YANG, KUO- SHU	2	0	100	Reappointed The re-election date is on the same date as the 19th Board of Directors.

Other matters that shall be reported:

- I. If the Board of Directors does not adopt or amend recommendations proposed by the Remuneration Committee, the date, session, proposal contents and resolutions of the Board of Directors, and the company's actions in response to the opinions of the Audit Committee shall be stated (also, where the remuneration approved by the Board of Directors is superior to that recommended by the Remuneration Committee, the differences and reasons shall be stated): None.
- II. Where resolutions of the Remuneration Committee include dissenting or qualified opinion which is on record or stated in a written statement, the date, session, proposal contents, opinions from every member, and actions in response to the opinions of the members shall be stated: None.

Note 1: Where members of the Remuneration Committee resign before the end of the year, the date of resignation shall be indicated in the Remarks column. Actual presence rate (%) shall be calculated by the number of Remuneration Committee meetings convened and times of actual presence during the term of service.

Note 2: Before the end of the year, if there is Remuneration Committee member re-selection, the newly elected and previously elected Remuneration Committee members shall be recorded, and an old/new member, or the date of reappointment and re-selection shall be indicated in the remarks

column. His or her attendance rate (%) will be calculated on the basis of the number of Remuneration Committee meetings held during his or her tenure and the number of such meetings attended.

III. Important Resolutions of the Remuneration Committee in 2020 and up to the Date of Publication of the Annual Report:

In the year 2020 and up to the date of publication of the annual report, the company has convened three (3) meetings of the Remuneration Committee, with important resolutions as follows:

- (1) The 6th meeting of the 3rd Board of Directors: (March 5, 2020)
 - 1) Pursuant to Financial Supervisory Commission Order No. 10803619346 issued on January 15, 2020. To provide independent directors with neutral and objective opinions of the Board of Directors, it is stipulated that within the scope of execution of business, a Remuneration Committee Member of the company shall maintain independence, and may not have any direct or indirect interest relationship with the company.
 - 2) The proposal of the company's 2019 remuneration payment for the Board of Directors has been adopted by resolution.
 - 3) The proposal of the company's 2019 distribution plan of remuneration to managerial officers has been adopted by resolution.
Handling method of the opinions of the Remuneration Committee of the company was submitted to the Board of Directors of the company for review and approval.
- (2) The 1st Board Meeting of the 4th Board of Directors: (November 2, 2020)
 - 1) The proposal of the distribution of annual bonuses to the company's executive directors and managerial officers has been adopted by resolution.
 - 2) The proposal of the monthly travel expenses of the company's directors in 2021 has been adopted by resolution.
 - 3) The proposal of assessment of 2021 remuneration payment for the company's executive directors and managerial officers has

been adopted by resolution.

Handling method of the opinions of the Remuneration Committee of the company was submitted to the Board of Directors of the company for review and approval.

(3) The 2nd Board Meeting of the 4th Board of Directors: (March 11, 2021)

- 1) The 2020 self-assessment report of the company's Board of Directors and board members has been submitted and approved.
- 2) The proposal for the remuneration and payment of directors and supervisors of the company in 2020 has been adopted by resolution.
- 3) The proposal for the remuneration distribution of managers of the company in 2020 has been adopted by resolution.

Handling method of the opinions of the Remuneration Committee of the company was submitted to the Board of Directors of the company for review and approval.

5. Performance of Social Responsibility:

Evaluation Items	Operational Situation			Differences in the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
I. Does the company conduct risk evaluation on environmental, social, and corporate governance issues related to the company's operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies?	V		The Company complies with the Business Policy and other relevant operating regulations and internal regulations (production management, materials management, marketing management, administrative management, operation management) formulated by itself, and implements the internal control system and related regulations in accordance with the spirit of the Corporate Social Responsibility Best Practice Principles.	There are no material differences.
II. Does the company set up exclusively (or concurrently) dedicated units to promote corporate social responsibility, and authorize high level Managers to handle and report to the Board of Directors?	V		The Company established a CSR Implementation Committee in 2016 with the General Manager as the Chairman of the Committee, leading the formulation of CSR policies and performance monitoring. The Committee members and safety, health, and environmental protection units are collectively responsible for promoting various CSR programs and	There are no material differences.

Evaluation Items	Operational Situation			Differences in the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
			report to the Board of Directors on a regular basis.	
III. Environmental matters				
(I) Does the company establish proper environmental management systems based on the characteristics of its industries?	V		To implement employee safety and health awareness and provide a quality work environment, the Company continues promoting the 5S movement.	There are no material differences.
(II) Does the company endeavor to utilize all resources more efficiently and uses renewable materials which have a low impact on the environment?	V		The Company's Polypropylene plastic corrugated board products are environmentally friendly, recyclable, and reusable. Hazardous waste will not be produced in the process and the products will not cause environmental damage.	There are no material differences.
(III) Does the company evaluate the present and future potential risks and opportunities of climate change to the company, and taken measures to respond to climate-related issues?	V		As extreme climate is increasingly normal, in the face of climate change caused by environmental pollution, the company has stopped production of products that produce toxic gases in the production process and cannot be optimized to improve the pollution situation, so as to	There are no material differences.

Evaluation Items	Operational Situation			Differences in the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
(IV) Does the company calculate greenhouse gas emissions, water consumption, and total waste weight over the past two years, and formulate policies for energy conservation and carbon emissions reduction, greenhouse gas emissions reduction, water consumption reduction or other waste management?	V		reduce pollutant emissions and ensure low-carbon homes. 1. The company promotes energy conservation and carbon reduction, and implements the reduction strategy: 1) Lighting power: lighting in the work environment of factories is switched to T5 power-saving lighting devices, reducing electricity consumption by more than 40%. 2) Air-conditioning power consumption: the indoor temperature reaches 28 degrees, and the time periods of turning on air conditioners are adjusted flexibly. 3) Green energy roof: In conjunction with environmental protection planning for renewable energy, solar panels are installed on the factory roofs to reduce electricity consumption and carbon emissions. 4) Greening environment:	There are no material differences.

Evaluation Items	Operational Situation			Differences in the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
			green plants are planted in the complex to reduce carbon dioxide and release oxygen to improve air quality through photosynthesis. 5) Electronic invoices: Implement energy conservation and carbon reduction and change daily consumer behaviors to protect the environment. 2. The company has established a recycling management system to reduce waste generation, promote material recycling, reduce environmental load, and established methods for storing, cleaning and selling recycled materials.	
IV. Social matters (I) Has the company developed relevant management policies and procedures based on relevant laws and international human rights instruments?	V		1) The Company abides by the relevant labor laws and regulations, and has formulated the Correction, Complaint, and Punishment of Sexual Harassment at Workplace to prevent bullying and harassment of human rights violations to protect the legitimate rights and interests of employees.	There are no material differences.

Evaluation Items	Operational Situation			Differences in the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
(II) Does the company establish and implement reasonable employee benefits measures (including remuneration, leave, and other benefits, etc.) and reflect the corporate business performance or achievements appropriately in the employee remuneration?	V		2) Established the Work Rules for Labor Safety to provide and maintain a safe, hygienic, and healthy working environment for employees. 1) Provisions have been clearly prescribed on all levels of responsibility and salary, year-end bonus assessment, staff promotion, training, reward and punishment system, etc. 2) Special leave will be granted to those who have served in the Company for more than 6 months (inclusive); For more than ten years, one day shall be added to each year until the thirtieth day. 3) Scholarships for employees and employees' children, three-festival gifts, birthday gift, labor day gift, travel subsidy, club subsidy, emergency assistance, etc. are provided for employees and their children. 4) Organize sports and recreation activities, movie appreciation, mountain	There are no material differences.

Evaluation Items	Operational Situation			Differences in the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
(III) Has the company provided employees with a safe and healthy work environment as well as regular classes on health and safety?	V		climbing, and hiking from time to time. 5) Provide single dormitory. 6) Cafeterias that cater three meals a day. 7) Medical check-ups every two years. 8) Coverage under National Labor and National Health Insurance programs. 9) Cash for weddings/ funerals and relief payment for employees.	There are no material differences.
	V		1) Safety starts from sorting, ends with sorting and reorganizing, in this spirit to continue to promote the 5S movement of all staff, let good habits at ordinary times naturally formed. 2) Newly recruited employees receive pre-employment training, and safety and health knowledge is promoted every year. 3) A work environment test is held every six months; special operators have health checkups annually while general employees receive health	

Evaluation Items	Operational Situation			Differences in the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
(IV) Does the company establish effective career development training programs for its employees?			checkups every two years. 4) Fire drills are held twice a year, and regular self-defense fire training classes are held on a regular basis. 5) COVID-19 virus continues raging, in addition to strengthening the promotion of staff at home and abroad to take care of personal hygiene and wash their hands frequently, wearing masks, and reducing group socialization, measuring the forehead temperature and wearing masks throughout the whole process when entering into the factory, dining division, partition and separate sitting have been taken to ensure the safety of employees.	There are no material differences.
	V		The company establishes a complete talent cultivation system from the perspective of practical and sustainable management: 1) Foreign language awards to enhance professional functions and overall competitiveness. 2) Various internal	

Evaluation Items	Operational Situation			Differences in the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
(V) Is the company in compliance with relevant laws and regulations as well as international standards when it comes to customer health and safety, customer privacy, marketing and labeling of products and services, and make relevant policies and			educational training seminars are organized from time to time to provide employees with rich learning resources and diverse workplace environments. 3) Through job rotation and overseas experience, employees are assigned important tasks and challenges to expand their horizons and vision for the cultivation of professional and leadership talents. 4) Training courses consist of general and professional courses offered internally and externally as well as welfare courses and legal courses.	There are no material differences.
			1) The company complies with the relevant provisions of government decrees. Process from receiving orders to procurement and production process are all in accordance with the standard operating procedures, to ensure the safety of products. 2) With transparent service marketing information, the	

Evaluation Items	Operational Situation			Differences in the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
appeal procedures on the protection of consumer rights and interests? (VI) Does the Company has established a supplier management policy that requires suppliers to comply with the relevant standards on issues such as environmental protection, occupational safety and health, or labor and human rights? And the implementation status.			company has set up its website in Chinese, English, and Japanese, providing consumers with a special section for comments and complaints. 1) When conducting evaluations of suppliers, the purchasing department shall review in accordance with the evaluation methods in the company regulations. 2) The content of the Company's external contract includes a clause that the parties who signed the contract shall abide by the principle of good faith and that if infidelity is involved, the parties may terminate the contract or rescind terms of the contract at any time. 3) Considering the impact on the social and natural environment, the company promotes CSR to the suppliers annually and requires them to develop eco-friendly materials. With the materials certified by BLUESIGN, the suppliers will be listed as priority collaborators.	There are no material differences.

Evaluation Items	Operational Situation			Differences in the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
V. Does the company adopt internationally widely recognized standards or guidelines when producing corporate social responsibility report and other reports that disclose non-financial information of the company? Whether assurance or guarantee opinions have been obtained for the aforementioned reports by a third party certification unit?	V		1) The subsidiary Dafu Plastic Industry Co., Ltd. has been awarded a certificate for meeting the ISO 9001: 2008 GB/T 19001-2008 standards, issued by China Quality Certification Center. The scope of the certificate ranges from windproof, waterproof casual wear, sportswear, design, development, and production of rainwear. 2) The subsidiary Myanmar Tah Hsin Industrial Co., Ltd. has been awarded a social responsibility certificate for meeting the SA 8000:2008 standards, issued by TQCSI.	There are no material differences.
VI. If the Company makes its own corporate social responsibilities principles according to the Rules of Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies, please state the differences: Description: 1. The Company follows the self-developed Tahsin Social Responsibility Policy, and continues promoting and improving corporate governance, environmental and human rights protections, and public welfare. Therefore, there are no major differences. 2. The Company's subsidiaries also operate in accordance with the				

Evaluation Items	Operational Situation			Differences in the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
Company's own Tahsin Social Responsibility Policy and implement the policy in the internal control system and relevant supervision measures.				
3. The company has established an environmental policy: To fully fulfill the company's responsibility for society and goal of sustainable development, all the company's employees have striven to promote environmental protection and improvement, and an environmental protection policy has been established: (1) Compliance with environmental regulations and continuous improvement. (2) Paying attention to pollution prevention and control to improve anti-pollution management. (3) Cherishing limited resources and practice resource recycling. (4) Encouraging all employees to participate in energy conservation and carbon reduction.				
VII. Other key information useful for explaining the status of corporate social responsibility practices: Description: 1. The company introduced the first non-toxic, fully recyclable, and reusable polypropylene plastic corrugated board with the characteristics of pressure resistance, impact resistance, heat resistance, low-temperature resistance, water resistance and corrosion resistance in the domestic market to replace paper, wood, non-eco-friendly plastics, or other similar materials to reduce environmental pollution damage that end products may cause. 2. The lighting of the factories' work environment is switched to the T5 power-saving lighting devices, reducing electricity consumption by more than 40% and achieving the effect of energy saving and carbon reduction. 3. In conjunction with environmental protection planning for renewable energy, solar panels are installed on the factory roofs to reduce electricity consumption and carbon emissions. 4. The company responds to charity blood donation activities from time to time every year, which has been suspended temporarily due to the impact				

Evaluation Items	Operational Situation			Differences in the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons																							
	Yes	No	Summary																								
of COVID-19.																											
5. The company continues donating supplies to social welfare organizations to help take care of the vulnerable groups in rural areas.																											
<table><tr><th>Name of Organization</th><th>Quantity</th><th>Amount (NT\$)</th></tr><tr><td>New Taipei Asian Educational, Scientific and Cultural Organization</td><td>10,000</td><td>120,000</td></tr><tr><td>Down Syndrome Foundation R.O.C</td><td>40</td><td>11,120</td></tr><tr><td>Guoxing Township Office of Nantou County</td><td>48</td><td>12,012</td></tr><tr><td>Eden Social Welfare Foundation</td><td>16,419</td><td>4,837,337</td></tr><tr><td>Private Christian Joy Care Institute of Zhanghua County</td><td>403</td><td>36,420</td></tr><tr><td></td><td></td><td>450,000</td></tr><tr><td>Total</td><td></td><td>5,466,889</td></tr></table>					Name of Organization	Quantity	Amount (NT\$)	New Taipei Asian Educational, Scientific and Cultural Organization	10,000	120,000	Down Syndrome Foundation R.O.C	40	11,120	Guoxing Township Office of Nantou County	48	12,012	Eden Social Welfare Foundation	16,419	4,837,337	Private Christian Joy Care Institute of Zhanghua County	403	36,420			450,000	Total	
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6. Implementation of Ethical Corporate Management:

<u>Evaluation Items</u>	Current Operations (Note 1)			Any Variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	<u>Yes</u>	<u>No</u>	<u>Summary</u>	
I. Formulation of policies and plans for ethical corporate management (I) Has the Company formulated its ethical management policy approved by the Board of Directors, clarified it in its regulations and external documents and the commitment of Board of Directors and senior Managers to active implementation?	V		1) The Company has formulated the Ethical Corporate Management Best Practices which was adopted by the Board of Directors on December 28, 2010, and took effect, announced, and implemented. 2) Has formulated the Ethical Corporate Management Procedures and Behavior Guidelines which was adopted by the Board of Directors to take into effect and promulgated to implement on December 28, 2011. 3) The company issued a	There are no material differences.

<u>Evaluation Items</u>	Current Operations (Note 1)			Any Variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	<u>Yes</u>	<u>No</u>	<u>Summary</u>	
			notice that its external contracts shall include the explicitly stated principle of good faith that the parties must abide by on October 5, 2011. 4) On March 16, 2010, in accordance with laws and regulations and operational requirements, the Company made amendments to the Ethical Corporate Management Best Practices and the Ethical Corporate Management Procedures and Behavior Guidelines, which to be disclosed on the Market Observation Post System and the Company's website after reporting to the shareholders' meeting,	

<u>Evaluation Items</u>	Current Operations (Note 1)			Any Variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	<u>Yes</u>	<u>No</u>	<u>Summary</u>	
(II) Does the company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include those specified in Paragraph 2, Article 7 of the "Ethical	V		stipulating that directors, supervisors and management shall abide by the rules and regulations in good faith and shall not be involved in any unethical conduct. 1) The company has established the code of conduct of ethical corporate management and code of ethics in relevant rules and regulations, as well as the relevant reward and punishment provisions, specifying that directors, supervisors, managers, employees or attorney or substantial controller of the company are strictly prohibited to offer, promise, demand or accept any improper benefits directly or	There are no material differences.

<u>Evaluation Items</u>	Current Operations (Note 1)		<u>Summary</u>	Any Variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	<u>Yes</u>	<u>No</u>		
Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?			indirectly in the process of engaging in business activities, or be involved in any unethical conduct such as breach of integrity, illegal or breach of fiduciary duty, so as to prevent the occurrence of various kinds of malpractices. 2) On March 16, 2020, the Company made amendments to the Ethical Corporate Management Procedures and Behavior Guidelines and the relevant internal regulations of the Company. Standards for the punishment and complaint systems for violations are available and implemented one by one.	

<u>Evaluation Items</u>	Current Operations (Note 1)			Any Variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	<u>Yes</u>	<u>No</u>	<u>Summary</u>	
(III) Has the company in the prevention programs for unethical conduct clearly prescribed the operation procedures, conduct guidelines and disciplinary and appeal system for violations of the ethical corporate management rules and implemented them, and conducted review and amendment on the aforementioned programs on a regular basis?	V		1) The company has established punishment, appeal, reward and penalty systems for relevant violations. 2) Internally, the financial personnel complies with the accounting system and the auditors follows the internal control system; the auditors govern and execute the audits, and the certified public accountants (CPA) conduct external checks.	There are no material differences.
II. Implementing integrity operation (I) Has the company evaluated its counterparts' ethical records? Does the contract signed by the company and its	V		Before conducting business activities, the Company has evaluated its counterparts' necessary ethical records. The external contract shall include clauses that stipulate	There are no material differences.

<u>Evaluation Items</u>	<u>Current Operations (Note 1)</u>		<u>Summary</u>	Any Variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	<u>Yes</u>	<u>No</u>		
counterparts clearly provide terms on ethical conduct?			conformity with ethical business operations as well as clauses regarding the termination or dissolution of the contract if the counterparts are involved in any dishonest behavior.	
(II) Has the company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?	V		1) The audit office of the company is responsible for supervising the implementation of the corporate ethical management policy and preventive plan. 2) The audit supervisor conducts regular (1~2 months) two-way communication with the independent director on audit matters. 3) Report on its implementation at the quarterly meeting of the Board of Directors	There are no material differences.
(III) Has the company established and	V		1) The company has established a box and	There are no material

<u>Evaluation Items</u>	Current Operations (Note 1)			Any Variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	<u>Yes</u>	<u>No</u>	<u>Summary</u>	
implemented policies preventing a conflict of interest and providing proper channels for suggestions and complaints?			website for complaints as a channel for suggestions and complaints, and required the company's relevant divisions to implement it. 2) Before proposals and discussion at the Board of Directors meetings, the moderator reads the motion and the parties who are involved in a conflict of interest shall leave. 3) The Board of Directors has been convened for 8 times in 2020 in accordance with the "Rules of Procedures for Board Meeting."	differences.
(IV) Has the company established an effective accounting system, internal control system to put ethical corporate	V		1) The company has established an effective accounting system, internal control system to put integrity operation into practice.	There are no material differences.

<u>Evaluation Items</u>	Current Operations (Note 1)			Any Variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	<u>Yes</u>	<u>No</u>	<u>Summary</u>	
management into practice. The internal auditors shall draw up the relevant audit plan to audit the compliance of the prevention programs for unethical conduct according to the risk valuation results of the unethical conduct, or audited by CPAs? (V) Does the company organize internal or external trainings on the ethical corporate management regularly?	V		2) Internal audit shall be conducted by the audit office on a regular basis and on an irregular basis as well. 3) The external audit is entrusted to the accountants annually. In 2020, there were 75 classes of self-organized or external training courses, with 629 personnel being trained and 3,387 training hours.	There are no material differences.
III. Operation of the company's whistle-blowing mechanism (I) Has the company set specific report and reward system to facilitate the reporting	V		1) The whistle-blower can report complaint in person, through e-mail box, and other	There are no material differences.

<u>Evaluation Items</u>	Current Operations (Note 1)			Any Variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	<u>Yes</u>	<u>No</u>	<u>Summary</u>	
channel and assign appropriate specialist accepting to spot the reported object?			statement channels, and the dedicated personnel of the responsible unit can properly handle and improve the response mode of each stakeholder, so as to achieve effective communication. 2) The Company has established systems for employee complaints, whistle-blowing, and rewards and penalties, which are all disclosed on the company's website. 3) Up to the date of publication of the annual report, no complaints have been filed.	
(II) Has the company stipulated standard operating procedures (SOP) and relevant systems of	V		The Company has established systems for employee complaints, whistle-blowing, and rewards and penalties.	There are no material differences.

<u>Evaluation Items</u>	<u>Current Operations (Note 1)</u>		<u>Summary</u>	Any Variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	<u>Yes</u>	<u>No</u>		
confidentiality for investigating the case being exposed by the whistle-blower? (III) Has the company taken measures to protect whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing?	V		The Company handles complaints or reported cases in a confidential manner, and the employees who file a complaint or report shall not be dismissed or subject to other unfavorable penalties; therefore, the employees who file a complaint or report will not be subject to any retaliation or other unfavorable treatment.	There are no material differences.
IV. Strengthening of information disclosure Does the company disclose the information of implementation and results of integrity management on its	V		1) Internal: The relevant regulations and education training concerning ethical corporate management are launched and implemented through	There are no material differences.

<u>Evaluation Items</u>	Current Operations (Note 1)			Any Variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	<u>Yes</u>	<u>No</u>	<u>Summary</u>	
website and the MOPS?			the company's internal network system. 2) External: The Company has disclosed the relevant content of the ethical corporate management best practices and effectiveness of the implementation on the Company's website and MOPS.	
V. Where the company has stipulated its own ethical corporate management best practices according to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe any differences between the prescribed best practices and the actual activities taken by the company: Description: 1) The Ethical Corporate Management Best Practices established by the Company are in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies issued by the Taiwan Stock Exchange, requiring the relevant divisions of the Company to implement and incorporate the best practices into day-to-day operations and management, and there are no differences between the prescribed best practices and the actual activities taken. 2) The company's subsidiaries have implemented the internal control system				

<u>Evaluation Items</u>	Current Operations (Note 1)		<u>Summary</u>	Any Variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	<u>Yes</u>	<u>No</u>		
and relevant supervision measures based on the company's spirit of ethical corporate management.				
VI. Other important information for better understanding of the ethical management: (such as review and amendment of the regulations on ethical management)				
Description:				
1) On March 16, 2020, the Company made amendments to the Ethical Corporate Management Best Practice Principles and the Procedures for Ethical Management and Guidelines for Conduct.				
2) Internally, the company has stipulated that the directors, supervisors, and management shall abide by the regulations in good faith and shall not involve in any unethical conduct, as well as the relevant reward and punishment provisions, specifying that directors, supervisors, managers, employees or attorney or substantial controller of the company are strictly prohibited to offer, promise, demand or accept any improper benefits directly or indirectly in the process of engaging in business activities, or be involved in any unethical conduct such as breach of integrity, illegal or breach of fiduciary duty, so as to prevent the occurrence of various kinds of malpractices.				
3) Externally, the company has stipulated that contracts shall include clauses that stipulate conformity with ethical business operations as well as clauses regarding the termination or dissolution of the contract if the counterparts are involved in any dishonest behavior. Meanwhile, the division in charge of contract signing is requested to inform the counterparts to comply with the clauses.				
4) It has been disclosed on the Market Observation Post System and the company's website after reporting to the shareholders' meeting on June 5, 2020.				

7. If the Corporate Governance Best Practice Principles and relevant regulations are established by the Company, the consulting methods shall be disclosed:

1. The company has established the following rules:

1) <u>Articles of Incorporation</u>	2) <u>Procedures of Acquisition or Disposal of Assets</u>
3) <u>Procedures of Loaning Funds to Others</u>	4) <u>Procedures of Endorsements/Guarantees</u>
5) <u>Rules of Procedures of Shareholders' Meeting</u>	6) <u>Procedures of Election of Directors</u>
7) <u>Rules of Procedures for Board Meeting</u>	8) <u>Measures for the Evaluation of the Board of Directors' Performance</u>
9) <u>Codes of Ethical Conduct for Directors, Supervisors, and Managers</u>	
10) <u>Ethical Corporate Management Procedures and Guidelines for Conduct</u>	11) <u>Ethical Corporate Management Best Practice Principles</u>
12) <u>Remuneration Committee Charter</u>	13) <u>Audit Committee Charter</u>
14) <u>Measures for Preventing Insider Trading</u>	
15) <u>Procedures for Halt and Resumption Applications</u>	
16) <u>Standard Operating Procedures for the Handling of Directors' Requests</u>	
17) <u>Code of Ethical Conduct for Employees</u>	18) <u>Whistle-blowing Measures for Employees</u>
19) <u>Occupational Safety and Hygiene Management Measures</u>	20) <u>Tahsin Social Responsibility Policies (CSR)</u>
21) <u>Objectives, Responsibilities, and Rules of the Internal Audit Unit</u>	

22) Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises

2. All rules have been disclosed in the Investor Section of the company's website.
(The Company's website: www.tahhsin.com.tw)
8. Other important information to facilitate better understanding of the Company's corporate governance shall be all disclosed.
 - (1) The Company has established the Codes of Ethical Conduct for Directors, Supervisors, and Managers

**Code of Ethical Conduct for Directors and Managers"
of Tahsin Industrial Corp.**

(Amended by the Board of Directors on March 16, 2020)

Chapter I General Provisions

Article 1: For directors and managers of the company (including General Managers, Vice Presidents, Assistant Vice Presidents, chief financial and chief accounting officers, and other persons authorized to manage affairs and sign documents on behalf of a company) to conduct business activities based on their authority and to behave in an ethical manner, the guidelines are set to prevent unethical behavior and behaviors that would harm the interests of the company and its shareholders.

Chapter II Content of the Codes of Ethical Conduct

Article 2: Directors and managers shall treat the company's affairs in disciplined manners which are in honesty, in compliance with laws, and in fairness and justice.

Article 3: Directors and managers shall avoid conflicts of interest when personal interests are involved or may be involved in the company's overall interests, including but not limited to the fact that the officer cannot handle the company's affairs in an

objective and efficient manner; or based on their position in the company, to get improper benefits for themselves, their spouses, parents, children or relative within the second degree of kinship. To prevent conflicts of interest, the Company's loans of funds, provisions of guarantees, and major asset transactions involving the aforesaid persons or their affiliated enterprise at which a Director, Supervisor, or Managerial Officer works shall be reviewed by the Board of Directors in advance, and if any purchase (or sale) of goods, the best interests of the Company shall be taken into account.

Article 4: When the company is in the face of the opportunity of making profit, Directors and managers shall try their best to maintain the company's legitimate profitability and interest in such situations. The Directors, Supervisors, and Managerial Officers shall not obtain personal gains by using the Company's properties, information or take advantage of their positions in the Company, and unless otherwise permitted in accordance to the Company Act or the Company's Articles of Incorporation, they shall not engage in acts that compete with the Company.

Article 5: The directors and managerial officers of the company shall be bound by the obligation to maintain the confidentiality of any information regarding the company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the Company or customers.

Article 6: Directors and managerial officers shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

- Article 7: All directors, and managerial officers have the responsibility to safeguard company assets and to ensure that they can be effectively and lawfully used for official business purposes; any theft, negligence in care, or waste of the assets will all directly impact the company's profitability.
- Article 8: Directors and managers shall comply with regulations stipulated in various laws, and the company's rules and systems.
- Article 9: Employees of the company shall report to the independent director, direct manager, General Manager's office, and internal audit supervisor, or other appropriate personnel upon discovery of any activity in violation of a law or regulation or the code of ethical conduct with sufficient information. Once the information is confirmed, the company shall reward the whistle-blower according to the personnel management rules. The company shall properly handle the aforementioned reported information in a confidential and responsible manner, and use its best efforts to ensure the safety of informants and protect them from any form of reprisals.
- Article 10: Any violation of this Codes by a Director, supervisor, or manager shall be reported to the Board of Directors, in addition to the punishment under the personnel management rules after being ascertained. The person involved in the violation shall subject to all civil, criminal, or administrative liability, and the person's position, name, the date of the violation by the violator, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken shall be disclosed on MOPS without delay.

Chapter III Procedures for Exemption

- Article 11: Under special circumstances, the code of ethical conduct adopted by a company must require that any exemption for

directors or managerial officers from compliance with the code be adopted by a resolution by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, and that information on the position and name of persons to be exempted, the date on which the Board of Directors adopted the resolution for exemption, and the period of, reasons for, and principles behind the application of the exemption be disclosed without delay on the MOPS, in order that the shareholders may evaluate the appropriateness of the board resolution to safeguard the interests of the company.

Chapter IV Method of Information Disclosure

Article 12: The guidelines shall be disclosed on the company's official website, in the annual report, prospectus, and on the Market Observation Post System (MOPS) website. The same procedure applies to any amendment.

Chapter V Supplementary Provisions

Article 13: The Company's code of ethical conduct, and any amendments to it, shall enter into force after it has been adopted by the Board of Directors, delivered to each independent director, and submitted to a shareholders meeting.

- (2) The Financial officers, Accounting officers, Auditing officers, and the internal auditing staff also participate in the skill development and training courses in their respective professional areas every year. The training status is as below:

Job Title	Name	Date of receiving trainings	Training Course Provider	Name of training courses	Number of training hours
Financial Officer	LAI, KEN-MIN	09.25.2020	Tunghai University	Continuing Education Training for Chief Accounting Officers of Issuers, Securities Firms, and the Securities Exchange	12
		09.26.2020			
Substitute Staff for the Financial Officer	CHEN, MING-ZHE	12.21.2020	Accounting Research and Development Foundation	Issuers, Securities Firms, Stock Exchanges, and Accounting Supervisors' Continuing Education Course	12
		12.22.2020			
August 15, 2019	HO, WEN-DA	07.27.2020	Accounting Research and Development Foundation	Analysis of the Competent Authority's Policy of "Assisting Companies in Enhancing the Ability to Prepare Financial Reports" and Internal Control Practices	6
Audit Supervisor	LIU, LI-ZHEN	03.25.2020	Internal Audit Association of the Republic of China	Fraud Risk Audit Practice and Management	6
		04.16.2020	Internal Audit Association of the Republic of China	Labor Incident Act case analysis	6
Auditors	SHI, SU-KUAN	07.03.2020	Internal Audit Association of the Republic of China	Labor-Related Knowledge That should be known by Audit Personnel - From Recruitment to Dismissal	6
		07.27.2020	Accounting Research and Development Foundation	Analysis of the Competent Authority's Policy of "Assisting Companies in Enhancing the Ability to Prepare Financial Reports" and Internal Control Practices	6
Auditors	GUO, SU-CEN	11.09.2020	Internal Audit Association of the Republic of China	Pre-job training for corporate internal auditing personnel	18
		11.11.2020			

- (3) The Company has set out the Procedure for the Announcement of Major News for Spokespersons, in order to establish a mechanism for the Company's spokesperson to handle and disclose the Company's major internal news, and to ensure the Company adheres to information consistency and correctness when news is released to the public.
9. The following items related to the implementation of internal control systems shall be disclosed:
- (1) Internal Control Statement

Tahsin Industrial Corporation
Statement of Internal Control System

Date: March 22, 2021

Based on the self-assessment findings, the company states the following with regard to its internal control system from January 1 to December 31, 2020.

- I. The company's Board of Directors and management team understand their responsibilities of developing, implementing, and maintaining the company's internal control system, and such a system has been established. The purpose of establishing the internal control system is to reasonably ensure the achievement of the following aims: (a) The effectiveness and efficiency of business operation (including the aims of profit, achievement, and protection of asset security); (b) The reliability of financial reports; and (c) The compliance of the relevant laws/regulations.
- II. The internal control system has inherent constraints, and no matter how comprehensive its design may be, an effective internal control system is only capable of providing adequate assurance for achieving the above-mentioned three objectives. Moreover, the effectiveness of the internal control system may be altered as the environment changes and under different situations. Since the company's internal control system is provided with a self-monitoring mechanism, the company will take corrective actions once defects are identified.
- III. The company assesses the effectiveness of the internal control system's design and practices through the effectiveness of internal control system, as stated in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as "these Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) Control Environment; (2) Risk Assessment; (3) Control Activities; (4) Information and Communication; and (5)

Monitoring Activities. Each factor also includes several items. Please refer to "The Regulations" for the aforementioned categories.

- IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
- V. The examination result indicated that the company's internal control system (including subsidiary supervision and management) dated December 31, 2020, has effectively assured that the following objectives have been reasonably achieved during the assessing period: (a) The degree that effectiveness and efficiency of business operation; (b) The reliability of financial reports; (c) The compliance of the relevant laws/regulations.
- VI. This Statement will become an integral part of the Annual Report and the Prospectus of the Company, and will be made public. If any of the contents disclosed above is found to be falsehood, concealment, or other illegality will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
- VII. The company hereby declares that this statement had been approved by the Board of Directors on March 22, 2021. Among the 9 attending Directors (including proxy), no one raised any objection to the contents of this statement.

Tahsin Industrial Corporation

Chairman of the Board:
WU, ZI-CONG

General Manager:
HUANG, CHUN-JIA

- (2) Where a CPA is entrusted to carry out a special audit of the internal control system, furnish the CPA audit report: None.
- 10. Penalties imposed on the Company and its internal staff, penalties imposed on its internal staff by the Company for violation of internal control regulations, major deficiencies, and status of improvements made in the most recent fiscal year up to the publication date of this annual report: None.
- 11. Material resolutions of a shareholders meeting or a Board of Directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

1. Material resolutions of the Regular Shareholders' Meeting on June 5, 2020:

Directors attended:

6 Directors: WU, ZI-CONG, HU, PO-YI, HU, PEI-TUAN, LIU, WAN-CHENG, HU, PAO-TSE, LAI, KEN-MIN; 2 Independent directors: LIN, KO-WU, YANG, TE-WANG

2 Supervisors attended including HU, PO-TE and CHANG, YU-HSIUNG

Other attendees include Chang, Fu-Lang and Chiu, Kuei-Ling, CPAs of Crowe Horwath (TW)

- 1) The proposal of the company's Business Report and Financial Statements for 2019 has been adopted for ratification.
- 2) The proposal of the earnings distribution plan has been adopted for ratification.
- 3) The amendment to the Articles of Incorporation has been adopted for discussion.
- 4) The amendment to the Operational procedures for Acquisition and Disposal of Assets has been adopted for discussion.
- 5) The amendment to the Operational Procedures for Loaning of Company Funds has been adopted for discussion.
- 6) The amendment to the Operational Procedures for Endorsements and Guarantees has been adopted for discussion.
- 7) The amendment to the Rules of Procedures of Shareholders' Meeting has been adopted for discussion.
- 8) The amendment to the Company's Means for the Election of Directors and Supervisors has been adopted by resolution.
- 9) The proposal to reduce the company's capital in cash has been adopted by resolution.

- 10) The proposal for the re-election of directors has been adopted by discussion.
 - 11) The proposal to release the newly elected directors from non-competition restrictions has been adopted by discussion.
2. Execution of the resolutions made in the general shareholders' meeting on June 5, 2020, is as follows:
- 1) The 2019 business report and financial statements have been adopted for ratification.
The relevant reports and statements have been filed with the competent authority for future reference, disclosure, and declaration pursuant to the relevant laws and regulations.
 - 2) The proposal of the earnings distribution plan, with cash a dividend of NT\$3.65 per share has been adopted for ratification.
A cash dividend of NT\$3.65 per share has been paid on July 17, 2020.
 - 3) The amendments to the Articles of Incorporation, "Procedures of Acquisition or Disposal of Assets," "Procedures of Loaning Funds to Others," and "Procedures of Endorsements/Guarantees", "Rules of Procedures of Shareholders' Meeting" and "Means for the Election of Directors and Supervisors " have been adopted for discussion. Taken into effect upon the resolution made in the shareholders' meeting. The amended procedures have been executed accordingly.
 - 4) The proposal for cash capital reduction of NT\$594,000,000, with a capital reduction of NT\$3 per share, a capital reduction ratio of 30%, and a capital stock of NT\$1,386,000,000 after capital reduction has been adopted by discussion.
The capital reduction has been reported to the competent authority and the announcement has been made in accordance

with the regulations. The stock listing date was October 26, 2020, and the refund date was October 29, 2020.

5) The proposal for re-election of directors.

The list of directors elected on June 5, 2020:

Elected type	Name	Number of votes won by elected director
Directors	Tah Quan Investment Co., LTD. Representative: WU, ZI-CONG	160,502,436
Directors	HU, PO-YI	152,322,756
Directors	Daxinchang Investment Co., Ltd. Representative: HU, PEI-TUAN	152,230,936
Directors	HU, BOR-CHON	151,975,776
Directors	Ping Fang Investment Co., Ltd. Representative: LIU, WAN-CHENG	151,872,136
Directors	HU, PAO-TSE	151,637,436
Independent Director	LIN, KO-WU	151,522,951
Independent Director	YANG, TE-WANG	151,375,552
Independent Director	YANG, KUO-SHU	151,372,030

6) Proposal to release the newly elected directors from non-competition restrictions has been adopted.

Effective upon resolution in the shareholders meeting according to Article 209, Company Law

3. Material resolutions of the Board of Directors in 2020 and as of the date of publication of the annual report:

In the year 2020 and up to the date of publication of the annual report, the company has convened nine board meetings in total, with the material resolutions as follows:

(1) The 18th Board Meeting of the 18th Board of Directors:
(March 16, 2020)

- 1) The 2019 self-assessment report of the company's Board of Directors and board members has been submitted and approved.
- 2) The proposal of the company's Business Report and Financial Statements for 2019 has been adopted by resolution.
- 3) The proposal of distribution of cash dividends for 2019 with NT\$ 3.65 per share has been adopted by resolution.
- 4) The Self-evaluation Statement of Internal Control System for the Year 2019 has been adopted by resolution.
- 5) The proposal of the amendment to partial provisions of the company's Articles of Incorporation has been adopted by resolution.
- 6) The proposal of amendment to partial provisions of the Company's Procedures for Acquisition or Disposal of Assets has been adopted by resolution.
- 7) The proposal of amendment to partial provisions of the Company's Operational Procedures for Loaning of Company Funds has been adopted by resolution.
- 8) The proposal of amendment to partial provisions of the Company's Operational Procedures for Endorsements/Guarantees has been adopted by resolution.
- 9) The proposal of the amendment to partial provisions of the Company's Articles of Incorporation has been adopted by resolution.
- 10) The proposal of the amendment to partial provisions of the Company's Means for the Election of Directors and Supervisors has been adopted by resolution.
- 11) The proposal of the amendment to partial provisions of the Company's Measures of Board of Directors Meetings has been adopted by resolution.
- 12) The proposal of the amendment to partial provisions of the Company's Codes of Ethical Conduct for Directors, Supervisors, and Managers has been adopted by resolution.
- 13) The proposal of the amendment to partial provisions of the Company's Ethical Corporate Management Best Practices has been adopted by resolution.

- 14) The proposal of the amendment to partial provisions of the Company's Ethical Corporate Management Procedures and Behavior Guidelines has been adopted by resolution.
- 15) The proposal of amendment to partial provisions of the company's Remuneration Committee Charter has been adopted by resolution.
- 16) The proposal of the amendment to partial provisions of the Company's Codes of Ethical Conduct for Employees has been adopted by resolution.
- 17) The proposal of the amendment to partial provisions of the Company's Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises has been adopted by resolution.
- 18) The proposal of the amendment to partial provisions of the Company's Measures for Preventing Insider Trading has been adopted by resolution.
- 19) The proposal of amendment to partial provisions of the Company's Procedures for Halt and Resumption Applications has been adopted by resolution.
- 20) The proposal of formulation of the Company's Audit Committee Charter has been adopted by resolution.
- 21) The resolution was passed to extend the credit line that is due to expire.
- 22) The proposal of the maturity extension of the credit risk line of derivatives has been adopted by resolution.
- 23) The proposal of the company's 2019 remuneration payment for the Board of Directors has been adopted by resolution.
- 24) The proposal of the company's 2019 distribution plan of remuneration to managerial officers has been adopted by resolution.
- 25) Since the term of office of the directors and supervisors of the company is about to expire, it is proposed to be reelected in accordance with the law at the regular shareholders' meeting in the current year, which has been adopted by resolution.
- 26) The company submitted the slate of independent director candidates and reviewed the qualifications of the nominees, which has been adopted by resolution.

- 27) The regular shareholders' meeting of the company adopted the resolution on lifting the non-competition restrictions on new directors.
 - 28) The proposal of the company's cash reduction at NT\$ 3 per share has been adopted by resolution.
 - 29) The date of the regular meeting of the shareholders of the company in 2020 was set as June 5, 2020, and the period of accepting the shareholder's proposal and nomination of independent director candidate right started from March 27, 2019, to April 6, 2019, which has been adopted by resolution.
- (2) The 19th Board Meeting of the 18th Board of Directors: (April 14, 2020)
- The proposal of extending the term of customer accounts receivable by considering customer needs during the difficult times due to the impact of COVID-19 has been adopted by resolution.
- (3) The 20th meeting of the 18th Board of Directors: (May 13, 2020)
- 1) The proposal that the company's consolidated financial statements for the first quarter of 2020 have been prepared and handled in accordance with Article 36 of the Securities and Exchange Act has been adopted by reporting.
 - 2) The proposal for the addition and amendment of the procedures of company's internal control system has been adopted by resolution.
 - 3) The proposal to set the ex-dividend date on June 27, 2020, and the payment date on July 17, 2020, for the company's 2019 earning distribution has been adopted by resolution.
 - 4) The resolution was passed to extend the credit line that is due to expire.
 - 5) The proposal of the maturity extension of the credit risk line of derivatives has been adopted by resolution.
- (4) The 1st Board meeting of the 19th Board of Directors: (June 5, 2020) after the shareholders' meeting, the resolution was adopted: director WU, ZI-CONG was elected as the Chairman,

director HU, PO-YI as the Vice Chairman, and Mr. HUANG, CHUN-JIA as the General Manager.

- (5) The 2nd board meeting of the 19th Board of Directors: (June 15, 2020)
 - 1) The proposal of the maturity extension of the credit line has been adopted by resolution.
 - 2) The proposal for guarantee of credit financing of JPY 300 million extended by Shalu Branch of Yuanta Bank to the investee, TAHSIN SHOJI CO., LTD. has been adopted by resolution.
 - 3) The proposal of remuneration to directors and supervisors for NT\$3.64 million has been adopted by resolution.
 - 4) The proposal for the re-election of members of the Remuneration Committee upon the expiration of their term of office has been adopted by resolution.
 - 5) The proposal to draw up long-term, medium-term, and short-term plans for the use of funds has been adopted by resolution.
- (6) The 3rd board meeting of the 19th Board of Directors: (August 12, 2020)
 - 1) The Proposal for the company's consolidated financial statements for the first half of 2020 has been prepared and handled in accordance with Article 36 of the Securities and Exchange Act has been adopted by resolution.
 - 2) The proposal for the base date on the return of cash for the cash reduction on August 19, 2020, has been adopted by resolution (only for the purpose of applying to the Ministry of Economic Affairs for changes to the registration of capital reduction).
 - 3) The proposal for the change of the chief auditor has been adopted by resolution.
- (7) The 4th Board Meeting of the 19th Board of Directors: (September 15, 2020)
 - 1) The proposal to obtain TSMC common stock according to portfolio structure planning has been adopted by resolution.
 - 2) The proposal of the maturity extension of the credit line has been adopted by resolution.

- 3) The proposal of the maturity extension of the credit risk line of derivatives has been adopted by resolution.
 - 4) The proposal of changes and ratification of persons who are authorized to carry out derivatives transaction has been adopted by resolution.
 - 5) The proposal that the cash capital reduction in 2020 was approved by the FSC's Order No. 1090350493 on August 4, 2020, and the Ministry of Economic Affairs' Letter Jing-Shou-Shang-Zi No. 10901164140 on August 26, 2020, and the base date for capital reduction and full exchange of non-physical stocks and related matters were set in accordance with the law has been adopted by resolution.
 - 6) The proposal that the important subsidiary, Japan TAHSIN SHOJI CO., LTD., accepted the settlement agreement in the civil litigation compensation case has been adopted by resolution.
- (8) The 5th Board Meeting of the 19th Board of Directors: (November 11, 2020)
- 1) The proposal that the company's consolidated financial statements for the second quarter of 2020 before revision were reviewed and approved by the Board of Directors on August 12, 2020, with correction due to the reclassification of some accounts has been adopted by resolution.
 - 2) The proposal that the company's consolidated financial statements for the third quarter of 2020 have been prepared and handled in accordance with Article 36 of the Securities and Exchange Act has been adopted by resolution.
 - 3) The proposal of the company's 2021 Business Plan has been adopted by resolution.
 - 4) The proposal of the company's 2021 Internal Audit Plan has been adopted by resolution.
 - 5) The proposal of the company Business Report and Financial Statement for the first half of 2020 has been adopted by resolution.
 - 6) The proposal of the earning distribution for the first half of 2020 has been adopted by resolution.

- 7) The proposal to set the ex-dividend base date and payment date of the company's earnings distribution for the first half of 2020 has been adopted by resolution.
 - 8) The proposal for regular evaluation of the independence of external CPA has been adopted by resolution.
 - 9) The Company's proposal of the allocation of annual bonuses to executive directors and managerial officers has been adopted by resolution.
 - 10) The proposal of the monthly travel expenses of the company's directors and supervisors in 2021 has been adopted by resolution.
 - 11) The proposal of assessment of 2021 remuneration for the company's executive directors and managerial officers has been adopted by resolution.
- (9) the 6th board meeting the 19th Board of Directors: (March 22, 2021)
- 1) The 2020 self-assessment report of the company's Board of Directors and board members has been adopted by resolution.
 - 2) The proposal that the company's 2020 business report and financial statements (including consolidated financial statements) have been prepared has been adopted by resolution.
 - 3) The proposal of earning distribution for the second half of 2020 has been adopted by resolution.
 - 4) The proposal to set the ex-dividend base date on July 7, 2021, and payment date on July 28, 2021, for cash dividend of the company's earnings distribution for the second half of 2020 has been adopted by resolution.
 - 5) The proposal for the statement on self-evaluation of internal control system in 2020 has been adopted by resolution.
 - 6) The proposal for amendment to the company's Rules of Procedures of Shareholders' Meeting has been adopted by resolution.
 - 7) The proposal for amendment to the company's Rules of Procedures for Board Meeting has been adopted by resolution.

- 8) The proposal of the maturity extension of the credit risk line of derivatives has been adopted by resolution.
- 9) The proposal of the company's remuneration payment for directors and supervisors in 2020 has been adopted by resolution.
- 10) The proposal of remuneration distribution for the company's managerial officers for 2020 has been adopted by resolution.
- 11) The proposal of the company's cash reduction at NT\$2.85 per share has been adopted by resolution.
- 12) The proposal to set the date and place of the company's 2021 shareholders' meeting and to handle matters related to shareholders' right to propose has been adopted by resolution.

12. Recorded or written statements made by any director or supervisor which specified dissent to important resolutions passed by the Board of Directors during the most recent year and up to the date of publication of this annual report: None.

13. Summary of employment severance or dismissal of any personnel relevant to the Financial Statement up till the date this statement was published in this fiscal year (including Chairman of Board of Directors, General Manager, Accounting Officers, Financial Officers, Internal Audit Officers, and R&D Officers, etc.):

Title	Name	Entered Office Date	Elected Date	Reasons for Severance or Dismissal
Research and Development Officer	LAI, DE-HONG	09.29.1975	03.30.2020	Retirement

14. Whether there are cases when company personnel, whose work is related to transparency of financial information, have obtained relevant professional certification specified by competent authorities: None

Nevertheless, the Company's staff of internal audit, finance, and accounting takes part in relevant training related to their professional areas proactively every year.

15. Whether there are Code of Conduct or Code of Ethics set out in the most recent year and up till the date this report was published: yes.

Instead of Employee Reward and Punishment Policy and Measures of Prevention and Correction, Complaint, and Punishment of Sexual Harassment at Workplace that were set out previously, the Board resolved to pass the new Employee Code of Ethics and Conducts to regulate employees' daily behaviors and code of ethics at workplace.

16. Whether there are operational procedures set out for the handling of major information up till the date this report is reported in the most recent fiscal year.

- 1) On August 10, 2017, the resolution passed the drafted Measures for Preventing Insider Trading of the Company, and announced it on the Company's bulletin board to avoid any unintentional or intentional infringement of regulations related to insider trading by the Company or internal personnel due to not being familiar with the regulations and protocol. This policy is therefore to be complied with to safeguard the rights and interests of the Company and its investors.
- 2) The amendment was adopted by resolution of the Board of Directors on 16 March 2020, which stipulates that establishing an Audit Committee to perform functions and duties instead of supervisors.

IV. Information on Audit Fees of the CPAs

Name of Accounting Firm	Name of the CPAs	Audit Period	Remarks
Crowe Horwath (TW) CPAs	Chang, Fu-Lang	01.01.2020~12.31.2020	
Crowe Horwath (TW) CPAs	Chiu, Kuei-Ling	01.01.2020~12.31.2020	

Note 1: Where the company has replaced the CPA or accounting firm in this year, the period of the audit shall be listed respectively and the reason for the replacement shall be stated in the Remarks column. and the information of audit fee and non-audit fee paid to the former and successor CPA or accounting firm shall also be disclosed, respectively.

Range of CPA professional fees

Unit: NT\$1,000

Range of the Amount \ Category of Fees		Audit Fees	None-Audit Fee (Note 1)	Total
1	Less than NT\$ 2,000,000	1,852	55	1,907
2	NT\$ 2,000,000 (inclusive) ~ NT\$ 4,000,000			
3	NT\$ 4,000,000 (inclusive) ~ NT\$ 6,000,000			
4	NT\$ 6,000,000 (inclusive) ~ NT\$ 8,000,000			
5	NT\$ 8,000,000 (inclusive) ~ NT\$ 10,000,000			
6	Over NT\$10,000,000 (included)			

1. Disclosure of audit and non-audit fees as well as details of the non-audit services where the non-audit fees paid to the certified public accountants, the independent certified public accounting firm, and/or its affiliates account for 25% or more of the audit fees:

Name of Accounting Firm	Name of the CPAs	Audit Fees	Non-Audit Fees					Audit Period	Remarks
			System design	Commercial Registration	Human Resources	Misc. (Note 2)	Subtotal		
Crowe Horwath (TW) CPAs	Chang, Fu-Lang	1,852		55			55	01.01.2020~12.31.2020	
	Chiu, Kuei-Ling							01.01.2020~12.31.2020	

2. When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the reduction in the amount of audit fees, reduction percentage, and reasons therefore shall be disclosed: Not applicable.

3. When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 15 percent or more, the reduction in the amount of audit fees, reduction percentage, and reasons therefore shall be disclosed: Not applicable.

4. The CPA is independent:

Based on Article 23 of Certified Public Accountant Act, Article 11 of No. 2 and No. 10 of the Code of Ethics for Professional Accountants, the CPAs appointed by the Company shall maintain independence when conducting auditing tasks and writing reports. In addition, CPAs shall issue Statement of Independence in every fiscal year to ensure that they meet the requirements of independence in practice and by formality.

V. Information on Replacement of CPAs: Not Applicable.

VI. Description of whether the Company's Chairman, General Manager, or Managers in Charge of Finance and Accounting Operations Held Positions in the Accounting Firm or Affiliates of Its CPAs in the Most Recent Year: None.

VII. Status of Share Transfer and Changes in Equity Pledge by Directors, Supervisors, Managers, and Shareholders with More than 10% Shareholdings in the Most Recent Year until the Publication Date of the Annual Report:

(I) Changes in share ownership of directors, supervisors, managers and substantial shareholders

Title	Name	2020		2021 (As of April 13)	
		Number of held shares increased (decreased)	Number of pledged equities increased (decreased)	Number of held shares increased (decreased)	Number of pledged equities increased (decreased)
Chairman of the Board	Tah Quan Investment Co., LTD.: WU, ZI-CONG	3,848 (5,538,000)	0 (2,145,000)	102,152	0
Vice Chairman of the Board	HU, PO-YI	0 (1,800,000)	0	0	0
Directors	HU, PAO-TSE	0 (588,077)	0	0	0
Directors	Ping Fang Investment Co., Ltd.: LIU, WAN-CHENG	0 (900,000)	0	0	0
Directors	HU, BOR-CHON (Date of discharge: 2020/03/23) (Date of appointment: 2020/06/05)	300 (1,132,900)	 (994,400)	0	0
Directors	Da Xinchang Investment Co., Ltd. (representative): HU, PEI-TUAN	0 (1,526,490)	0 (2,100,000)	0	0
Independent Director	LIN, KO-WU	0	0	0	0
Independent Director	YANG, TE-WANG	(6)	0	0	0
Independent Director	YANG, KUO-SHU (Date of appointment: 2020/06/05)	0	0	0	0
General Manager	HUANG, CHUN-JIA	0 (1,040)	0	0	0
Financial Officer	LAI, KEN-MIN	0 (7,290)	0	0	0
Shareholders holding more than 10% of the shares	Tah Xu Investment Co., Ltd.	0 (6,039,000)	0	0	0
Directors	Tah Cheng Investment Co., Ltd. (representative): LAI, KEN-MIN (Date of discharge: 2020/06/05)	0	0	0	0
Supervisors	HU, PO-TE (Date of discharge: 2020/06/05)	0 (1,604,900)	0 (1,604,700)	0	0
Supervisors	Tah Fa Investment Co. Ltd. (representative): CHANG, YU-HSIUNG (Date of discharge: 2020/06/05)	0	0	0	0

(II) Equity pledge of directors, supervisors, managers and substantial shareholders:

Name	Reason for Change in Equity Pledge	Date of Change	Trading Counterparts	The Relationship between the Counterparty and the company's Director, Supervisor, Manager, or Shareholder with a Stake of More Than 10 Percent	Shares	Shareholding ratio	Pledge Ratio	Pledge (Redemption) Amount
Tah Hsin Chang Investment Co., Ltd.	Redemption	2020.09.25	Mega Bills Finance Co., Ltd.		2,100,000	2.57%	0%	
HU, BOR-CHON	Redemption	2020.03.18	Cathay United Bank Taichung Branch		197,000	0.00%	0%	
HU, BOR-CHON	Redemption	2020.03.19	Pledge Account at CTBC Bank Taichung Branch		646,200	0.00%	0%	
HU, BOR-CHON	Redemption	2020.03.19	Pledge Account at CTBC Bank Taichung Branch		151,200	0.00%	0%	
HU, PO-TE	Redemption	2020.02.26	Pledge Account at CTBC Bank Taichung Branch		23,000	0.00%	0%	
HU, PO-TE	Redemption	2020.04.07	Pledge Account at CTBC Bank Taichung Branch		720,000	0.00%	0%	
HU, PO-TE	Redemption	2020.04.07	Pledge Account at CTBC Bank Taichung Branch		389,700	0.00%	0%	
HU, PO-TE	Redemption	2020.04.07	Pledge Account at CTBC Bank Taichung Branch		472,000	0.00%	0%	

VIII. Information on Relationship Among the Company's Ten Largest Shareholders

NAME (NOTE 1)	SHARES HELD BY THE SHAREHOLDER		SHARES HELD BY SPOUSE, OR MINOR CHILDREN		TOTAL SHAREHOLDING THROUGH NOMINEES		TITLE OR NAME AND RELATIONSHIPS OF THE TOP 10 SHAREHOLDERS WHERE THEY ARE RELATED PARTIES, SPOUSES, OR RELATIVES WITHIN THE SECOND DEGREE OF KINSHIP (NOTE 3)		REMARKS
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Name	Relationships	
Tah Xu Investment Co., Ltd.	14,091,000	10.17	0	0	0	0	None	None	
Tah Quan Investment Co., LTD. Representative: HU, PO-YI	13,028,000 4,200,000	9.40 3.03	0 1,046,790	0 0.76	0 0	0	Tah Fa Investment Co., Ltd. Tah Cheng Investment Co., Ltd. HU, CHUN-JU	The Chairman is the same person. The Chairman is the same person. Sister and brother	
Chang Cai Industry Co., Ltd. Representative: HU, BOR-CHON	12,460,000 2,100	8.99 0	0 6,300	0 0	0 0	0	None None	None None	
Tah Cheng Investment Co., Ltd. Representative: HU, PO-YI	5,276,000 4,200,000	3.81 3.03	0 1,046,790	0 0.76	0 0	0	Tah Fa Investment Co., Ltd. Tah Quan Investment Co., Ltd. HU, CHUN-JU	The Chairman is the same person. The Chairman is the same person. Sister and brother	
Tah Fa Investment Co., Ltd. Representative: HU, PO-YI	4,995,900 4,200,000	3.60 3.03	0 1,046,790	0 0.76	0 0	0	Tah Quan Investment Co., Ltd. Tah Cheng Investment Co., Ltd. HU, CHUN-JU	The Chairman is the same person. The Chairman is the same person. Sister and brother	
HU, PO-YI	4,200,000	3.03	1,046,790	0.76	0	0	Tah Fa Investment Co., Ltd. Tah Quan Investment Co., Ltd. HU, CHUN-JU	The Chairman is the same person. The Chairman is the same person. Sister and brother	
Daxinchang Investment Co., Ltd. Representative: HU, PEI-TUAN	3,561,810 6,186	2.57	0	0	0	0	Xin Chang Hsing	The Chairman is the same person.	
Xin Chang-Hsing Investment Co., Ltd. Representative: HU, PEI-TUAN	3,263,709 6,186	2.35	0	0	0	0	Daxinchang	The Chairman is the same person.	
HU, CHUN-JU	2,836,624	2.05	4,774	0	0	0	HU, PO-YI	Sister and brother	
Fuyu Co, Ltd.	2,538,900	1.83	0	0	0	0	None	None	

Note 1: Please separately identify the top 10 largest shareholders and the names of corporate shareholders and their respective representatives, if applicable.

Note 2: The calculation of the shareholding ratio is based on the percentage of shares held under the shareholder, his/her spouse, minor children, and others' names.

Note 3: Relationships between the aforementioned shareholders, including juristic person shareholders and natural person shareholders shall be disclosed based on the financial reporting standards used by the issuer.

IX. The Number of Shares Held by the Company, by the Directors, Supervisors and Managers of the Company, and by any Entities either Directly or Indirectly Controlled by the Company in the Same Investee Enterprise, and the Calculation of the Consolidated Shareholding Ratio of the

Above Categories

December 31, 2020

Unit: Share; %;

Investments in Other Enterprises (Note)	Investments by the Company		Investment by Directors, Supervisors, Managers, Direct or Indirect Control Groups		Total Investment	
	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio
Tahsin Shoji Co., Ltd.	200,000	100.00	-	-	200,000	100.00
Tahsin Industrial Corp., USA	1,000	100.00	-	-	1,000	100.00
Yuk Wing Development, Ltd.	-	100.00	-	-	-	100.00
Putian Dafu Plastic Industry Co., Ltd.	-	91.26	-	-	-	91.26
Tah Viet Co., Ltd.	-	100.00	-	-	-	100.00
Myanmar Tahsin Industrial Co., Ltd.	-	100.00	-	-	-	100.00
Changjiang Co., Ltd.	-	35.00	-	-	-	35.00
TAHHSIN PHU MY JOINT STOCK COMPANY	-	65.00	-	-	-	65.00
Xin Chang Machinery Industry Co., Ltd.	5,000,000	26.51	2,063,356	10.94	7,063,356	37.45
Tah Fa Investment Co., Ltd.	18,000,000	100.00	-	-	-	100.00
Tah Cheng Investment Co., Ltd.	2,100,000	41.18	-	-	-	41.18
Tah Quan Investment Co., LTD.	8,700,000	44.39	-	-	-	44.39
Tah Chi Enterprise Co., Ltd.	2,000,000	100.00	-	-	-	100.00

Note: Invested by the Company using the equity method

Chapter 4 Funding Status

I. Capital and Shares (I) Source of Capital Stock

Year/Month	Issued price	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increase by Assets Other than Cash	Others
July, 1997	10	241,522,710	2,415,227,100	220,000,000	2,200,000,000	Earnings added to capital NT\$ 774,158,100 Capital surplus added to capital NT\$369,069,000 (Taiwan financial certificate (1) No. 52378 issued on July 2, 1997)	None	In 2005, the treasury stocks were cut by NT\$120,227,100 (the Taiwan Stock Exchange Letter No. 09400304271 issued on October 18, 2005 agreed to cancel the capital stock-common). In 2007, the treasury stocks were cut by NT\$95 million (the Taiwan Stock Exchange Letter No. 09700093171 issued on April 16, 2008 agreed to cancel capital stock-common).
October, 2014	0	241,522,710	2,415,227,100	198,000,000	1,980,000,000	The cash capital is reduced and the percentage of returning reduced cash amount to shareholders is 10% with NT\$1 returned per share.	None	Cash capital reduction was implemented in 2014 1. It was processed in accordance with the Financial Supervisory Commission Order No. Financial-Supervisory-Securities-Corporate-1030028996 issued on August 7, 2014. 2. This registration change

									was authorized by the Ministry of Economic Affairs Letter No. Economic-Commerce-10301172940 issued on August 20, 2014.
October, 2020	0	241,522,710	2,415,227,100	138,600,000	1,386,000,000		Cash reduction to return capital with 30% reduction ratio for NT\$ 3 per share	None	Cash capital reduction was implemented in 2020 1. It was handled by the FSC's Letter Jin-Guan-Zheng-Fa- Zi No. 1090350493 dated August 4, 2020. 2. This registration change was approved by Letter Jing-Shou-Shang-Zi No. 10901164140 by the Ministry of Economic Affairs on August 26, 2020.

Type of shares	Authorized capital stock			Remarks
	Outstanding shares (Note)	Unissued shares	Total	
Common stock	138,600,000	102,922,710	241,522,710	None

Note: The issued shares belong to listed company stocks.

Relevant information on the shelf registration: Not applicable.

(II) Shareholder Structure

April 13, 2021

Shareholder structure	Government agencies	Financial institutions	Other legal persons	Foreign institutions and persons	Individuals	Total
Number of people	0	1	67	57	8,221	8,346
Number of shares held	0	680,000	90,823,573	2,424,223	44,672,204	138,600,000
Shareholding ratio	0.00%	0.49%	65.53%	1.75%	32.23%	100.00%

(III) Distribution of Shareholdings

April 13, 2021

Shareholding classification	Number of shareholders	Number of shares held	Shareholding percentage %
1- 999	4,141	1,100,445	0.79%
1,000- 5,000	3,301	6,492,876	4.69%
5,001- 10,000	425	3,176,134	2.29%
10,001- 15,000	139	1,758,225	1.27%
15,001- 20,000	74	1,346,065	0.97%
20,001- 30,000	77	1,894,149	1.37%
30,001- 40,000	35	1,259,511	0.91%
40,001- 50,000	26	1,176,779	0.85%
50,001- 100,000	52	3,617,294	2.61%
100,001- 200,000	24	3,317,939	2.39%
200,001- 400,000	11	3,219,983	2.32%
400,001- 600,000	5	2,207,030	1.59%
600,001- 800,000	6	4,300,143	3.10%
800,001- 1,000,000	1	857,750	0.62%
1,000,001 and above	29	102,875,677	74.23%
Total	8,346	138,600,000	100.00%

Preferred stock: Not applicable

(IV) List of Major Shareholders

Persons Holding over 5% of the Total Shares or Whose Percentage of
Equity Held Ranks Top 10

April 13, 2021

Name of major shareholders	Shares Number of shares held	Shareholding percentage (%)
Tah Cheng Investment Co., Ltd.	14,091,000	10.17%
Tah Quan Investment Co., LTD.	13,028,000	9.40%
Chang Cai Industry Co., Ltd.	12,460,000	8.99%
Tah Cheng Investment Co., Ltd.	5,276,000	3.81%
Tah Fa Investment Co., Ltd.	4,995,900	3.60%
HU, PO-YI	4,200,000	3.03%
Tah Hsin Chang Investment Co., Ltd.	3,561,810	2.57%
Hsin Chang Hsing Investment Co., Ltd.	3,263,709	2.35%
HU, CHUN-JU	2,836,624	2.05%
Fuyu Co., Ltd	2,538,900	1.83%

(V) Market Prices, Net Worth Per Share, Earnings Per Share, Dividends per Share and Related Information in the Most Recent Two Fiscal Years

Unit: NT\$; per share

Year		For the year ended December 31, 2019	For the year ended December 31, 2020	Current Fiscal Year as of March 31, 2021 (Note 8)
Items				
Price Per Share	Max	49.90	81.00	82.50
	Min	25.60	40.10	68.60
	Average	33.11	55.25	74.87
Net Worth Per Share	Before Distribution	43.86	91.16	
	After Distribution	-	-	-
Earnings Per Share	Weighted Average Shares	198,000,000	138,600,000	138,600,000
	Earnings Per Share (Note 3)	3.65	31.97	-
Dividends Per Share	Cash dividends	3.65	8.0	-
	Stock	-	-	-
	Grants	-	-	-
	Accumulated Unpaid Dividend (Note 4)	0	0	-
Investment Return Analysis	Price-to-earning Ratio (Note 5)	9.07	1.73	-
	Price-to-dividend Ratio (Note 6)	9.07	6.91	-
	Cash Dividend Yield (Note 7)	11.02%	14.48%	-

*If there are earnings or capital surplus transferred to stock dividends, the retrospective adjustments of the market prices and cash dividends based on the number of issued shares shall be disclosed.

Note 1: List the highest and lowest market price of common shares for each fiscal year and calculate the average market price for each fiscal year based on trading value and volume in each fiscal year.

Note 2: Please fill out the figures according to the number of outstanding shares

at the end of the fiscal year and the resolution regarding distribution by the shareholders' meeting the following year.

- Note 3: Please fill out basic and diluted earnings per share if retroactive adjustment is necessary due to stock dividend payout.
- Note 4: If the terms of issuance of the equity securities provide that any dividends declared but not paid may be carried forward until the Company has earnings, the amount of accrued unpaid dividends as at the end of such fiscal year shall be disclosed.
- Note 5: $P/E \text{ Ratio} = \text{Average Market Price per Share} / \text{Earnings per Share}$
- Note 6: $\text{Price/Dividend Ratio} = \text{Average Market Price per Share} / \text{Cash Dividend per Share}$
- Note 7: $\text{Cash Dividend Yield} = \text{Cash Dividend per Share} / \text{Average Market Price per Share}$
- Note 8: For net asset value per share and earnings per share, data from the most recent quarter that has been audited (reviewed) by CPAs as of the publication date of this annual report should be filled. For other fields in this column, data from the current fiscal year as of the publication date of this annual report should be filled.
- Note 9: The market price per share listed in the above table is based on the data released by the Taiwan Stock Exchange.
- Note 10: Data of Dividend Per Share in the above table refers to the dividend in the current period distributed in the following year.
- Note 11: The data of earnings distribution for the year 2020 is an estimated number only, which has not been adopted by the general shareholders' meeting.

(VI) Explanations of Company's Dividend Policy, Implementation Status and Anticipated Major Changes:

1. Dividend policy stipulated in the Company's articles of incorporation

- 1) According to the amendments to the Company Act in May 2015, the distribution of dividends and bonuses is limited to shareholders, employees are not the recipients of earnings allocation. In accordance with the aforementioned act, the Board of Directors on March 28, 2016 and the regular shareholders' meeting on June 17, 2016 passed resolutions regarding the aforementioned act and amended the company's articles of incorporation accordingly.
- 2) If the company makes a profit during the distribution period, based on the current year's pre-tax profit before deducting the distribution of employees and directors' remuneration, no less than 0.5% shall be allocated as employee remuneration, and no more than 0.5% as director's remuneration. However, when the Company has accumulated losses, the amount to cover the losses should be reserved in advance. The aforementioned resolutions concerning employee bonuses and the directors' bonuses shall be adopted by a special resolution of the Board of Directors and submitted to the shareholders' meeting. The employees' compensation shall be distributed in the form of shares or cash, qualification requirements of employees, including the employees of parents or subsidiaries of the Company meeting certain specific requirements, are entitled to receive shares or cash.
- 3) On June 5, 2020, the shareholders' meeting passed the resolution that the company's earning distribution or loss compensation shall be made after the end of each half fiscal year. If there is a profit in the final accounts of each half fiscal year, the company shall first pay the profit-making enterprise income tax and make up for the previous year's losses according to the law, and then allocate 10% of the legal reserve, except when the legal reserve has reached the paid-in capital. The remaining balance of the special reserve, if any, after being appropriated or reversed by law or by the competent authority, shall be added to the accumulated undistributed earnings of the previous half fiscal year, and

the remaining balance shall be treated as earnings available for distribution, provided that dividends and bonuses shall be distributed to shareholders after retaining a portion of the earnings, as appropriate, in accordance with business conditions.

- 4) In accordance with Article 240 of the Company Act, any cash disbursement shall be approved by a special resolution of the Board of Directors and submitted to the shareholders' meeting.
- 5) With an array of products, it is still difficult for the company to identify its products' growth stages. As the company's profitability is quite stable and the financial structure is sound, dividends and bonuses are distributed in the form of cash dividends every year, with 20% to 100% of the annual distributable earnings for the year. However, in the event of a major investment plan, shareholders' dividends and bonuses may be fully allocated to capital.

2. Implementation status

- 1) The company's earnings distribution plan for 2019:
A cash dividend of NT\$3.65 per share was distributed. The distribution benchmark date was June 27, 2020, and the dividend was paid as scheduled on July 17, 2020.
- 2) The company's earnings distribution plan for 2020 has been approved by the Board of Directors as follows:
Cash dividends of NT\$4 per share were distributed on the ex-dividend date of December 5, 2020 and were paid on December 25, 2020 as scheduled.
- 3) The company's earnings distribution plan for the second half of 2020 has been approved by the Board of Directors as follows:
Cash dividends of NT\$4 per share will be distributed on July 7, 2021 as the ex-dividend base date. It is proposed to be distributed on July 28, 2021 after the shareholders' meeting on June 11, 2021.

3. Explanations of expected major changes to the dividend policy: Not applicable.

(VII) Effect on the Operating Performance and Earnings per Share of

Distribution of Stock Dividends Proposed or Adopted in the Most Recent Shareholders' Meeting: N/A.

(VIII) Remuneration to Employees and Directors

1. The percentages or ranges with respect to the remuneration of the employee and directors, as set forth in the company's Articles of Incorporation:
 - 1) In accordance with the Articles of Incorporation of the company, if the company makes a profit during the distribution period, based on the current year's pre-tax profit before deducting the distribution of employees and directors' remuneration, no less than 0.5% shall be allocated as employee remuneration, and no more than 0.5% as director's remuneration.
 - 2) The resolutions on the remuneration of employees and the remuneration of directors in the preceding paragraph shall be made by the board of directors with two-thirds or more of the directors present and a resolution approved by more than half of the directors present, and shall be reported to the shareholders meeting. The employees' compensation shall be distributed in the form of shares or cash, qualification requirements of employees, including the employees of parents or subsidiaries of the Company meeting certain specific requirements, are entitled to receive shares or cash.
 - 3) The amendment to the Articles of Incorporation has been adopted by the resolution of shareholders' meeting on June 5, 2020.
2. Where there are discrepancies between the estimated and actual distributed amount of compensation in the form of shares to the company's employees, directors, and supervisors in a period, accountants shall address the problem:
 - (1) The estimation of employees' compensation and Directors' and supervisors' remuneration was discussed and passed by the Remuneration Committee on March 11, 2021, and submitted to the Board of Directors for review. According to the articles of incorporation, no more than 0.5% of the earnings shall be distributed to Directors and supervisors and no less than 0.5% of the earnings to employees, which shall be listed in accordance with the pre-tax amount after checking by the accountants, and of which the portion for managers shall be calculated and distributed according to the previous years.

(2) If there are changes made to the amount after the annual financial report is published, the changes shall be handled as changes in accounting estimates and recognized in the next year's financial report.

1) Estimate for 2020: (adopted by resolution of the Board of Directors on March 22, 2021) According to the profitability of the year, 0.5% of the pre-tax profit of NT\$30 million was estimated for employee compensation and NT\$29.9 million for directors and supervisors, which is consistent with amount recognized in the annual financial report.

2) Distribution for 2019: (approved by the shareholders' meeting on June 5, 2020) It was resolved by the Board of Directors that a total of NT\$3.65 million would be distributed for employee compensation and NT\$3.64 million for directors and supervisors for 2019, which was consistent with the recognized amount in the financial statements of the fiscal year.

After submission to the shareholders' meeting, it was resolved that a total of NT\$3.65 million would be distributed to employees and NT\$3.64 million to directors and supervisors for the year of 2019.

The aforementioned remuneration is paid in the form of cash.

3. Information on the proposed employees' compensation approved by the Board of Directors:

Approved by the Board of Directors on March 22, 2021

(1) It is proposed to distribute cash remuneration of NT\$30,000,000 for employees, stock dividends of NT\$ 0, directors' and supervisors' remuneration of NT\$29,900,000.

(2) The proposed 0 shares as stock dividends would be distributed to employees, which accounted for 0 of earnings added to capital.

4. Earnings allocated to employees' compensation and Directors and supervisors' remuneration in the previous year:

The distribution adopted by the company's Board of Directors on March 16, 2020 and the actual status

(1) It is proposed to distribute cash remuneration of NT\$3,650,000 for employees, stock dividends of NT\$ 0, directors' and supervisors' remuneration of NT\$3,640,000.

(2) The number of shares issued to employees as stock dividends was 0

shares, which accounted for 0 of earnings added to capital.

(3) The calculated earnings per share after the actual distribution of employees' remuneration and directors' and supervisors' remuneration is NT\$3.61.

(4) The actual distribution amount above is the same as the original proposal passed by the Board of Directors.

(IX) Status of Stock Buyback: **None.**

II. Issuance of Corporate Bonds: **None.**

III. Issuance of Preferred shares: **None.**

IV. Issuance of Overseas Depositary Receipts: **None**

V. Employee Stock Options: **None.**

VI. Status of New Share Issuance in Connection with Mergers and Acquisitions: **None.**

VII. The State of Implementation of the Company's Capital Allocation Plans

(I) Content of the plan

1. Previously issued or private offering securities have not been completed: **None.**

2. The plans that have been completed over the last three years and have not yet demonstrated any benefits: **None.**

(II) Status of implementation

With respect to fund usage under each plan referred to in the preceding subparagraph, each fund used till the quarter before the publication date of the annual report shall be analyzed one by one. The comparison between the implementation and the originally expected benefits: **None.**

Chapter V. Operations Overview

I. Business Activities

(I) Scope of Business

A. Major content of business operations

- a. C3006010 garment manufacturing.
- b. C805010 plastic sheet, cloth, board, tube manufacturing.
- c. C805020 Plastic film and bag manufacturing.
- d. C805030 Plastic daily necessities manufacturing.
- e. C805060 Plastic leather manufacturing.
- f. C805070 Reinforced plastic products manufacturing.
- g. C805990 Other plastic item manufacturing.
- h. CB01010 Machinery and equipment manufacturing.
- i. CB01020 Office machinery manufacturing.
- j. CZ99990 Other unclassified industrial product manufacturing.
- k. F104110 Cloth, clothing, shoes, hat, umbrella, as well as clothes and accessories wholesale.
- l. F204110 Cloth, clothing, shoes, hat, umbrella, as well as clothes and accessories retail.
- m. F401010 International trade.
- n. H701010 Residential and office building development, lease and sales.
- o. CF01011 Medical Devices Manufacturing
- p. F108031 Wholesale of Medical Devices
- q. F208031 Retail Sale of Medical Apparatus
- r. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. The sales proportion of the main products in 2020

Items	Percentage of the total turnover (%)	Major Product
Plastic products manufacturing and processing	63.10	Raincoat, plastic processing, wardrobe, PP corrugated board
PU waterproof fabric processing	25.73	Garment, waterproof fabrics
steel products manufacturing and processing,	3.74	Household fittings
mechanical products manufacturing and processing,	7.43	Binding machines, laminators

3. Current products and services:

Raincoat, garment, plastic processing, wardrobe, furniture, binding machine, laminator, PP corrugated board

4. Planned new product development:

(1) ROSCO Laminator (Ultima-55) official release after the development

(2) Work Station official release in mass production after the development

(3) ACCO Seal Heater 5 type official official release after the development

(4) HOP USA EZ-2 Laminator official release in mass production after the development

(5) ACCO PERF-DIE delivery after the development

(II) Industrial Trend Overview

1. Current situation and development of the industry

For a long time, the plastics industry is a very important and mature industry in the domestic economic development. It is also considered as a critical sector in the traditional industries. From plastics synthesis, processing to product applications, domestic manufacturers have the ability to research and develop independently; meanwhile, the export of plastic products has also earned a lot of foreign exchange from overseas for Taiwan. However, over these years, this industry has been subject to manpower shortages and land acquiring difficulties, which resulted in high production costs, thus it managed to enter the China's market. Later, faced with the low-price competition from the global emerging countries, and with the increase in cost of production in the mainland again, the Company shift its production base to Indonesia, India and Southeast Asian countries.

In summary, Taiwan's plastic products with low economic value stands no advantage at home and abroad, and the problem of global warming caused by global environmental changes has become increasingly serious, resulting in the lack of growth momentum of the industry, the decline of output value.

In the face of these difficulties, next-generation talent cultivation, innovative and fashionable design, production technology and technology and material application strengthening, which will transform the industrial structure and step into high-quality development, are urgent tasks! Plastic products industry can be divided into plastic leather, boards, and tube manufacturing, plastic film and plastic bag manufacturing, plastic daily necessities manufacturing, plastic leather product manufacturing, plastic footwear manufacturing, industrial plastic product manufacturing, and other plastic product manufacturing. The Group is part of the

downstream plastic product manufacturing in the plastics industry. Its products are mainly daily necessities, and the current situation facing the products manufactured by the Group is depicted below:

1. Export sales of raincoat garments:

The source of orders is from the United States, Europe, and Japan. The model of orders taking and material preparation in Taiwan and producing overseas still has its advantages. However, in the face of the severe challenges brought about by the liberalization from global regional economic integration, Taiwan is losing competitiveness, and facing the trade barrier, product innovation, quality, and strengthening cost-competitive advantages will be the key to breaking through the dilemma in the future.

2. Domestic sales of raincoat garments:

Tahsin produces products in its own brand or as an OEM with the existing distribution channels. Due to changes in the product structure, the distribution channels, and climate change, the original sales and profit from the existing channels are affected. Faced with this dilemma, Tahsin shall actively enhance its product competitiveness, strengthen the design ability, and develop high value-added and marketing channels, and drive the industry value and increase the existing market share through "design", "branding" and "marketing."

3. PP corrugated boards:

The traditionally structured PP corrugated board is mainly sold in the domestic market at the mature stage. After new local manufacturers enter the competition, the market

competition has become more intense. This product is in line with the eco-friendly trend. Tahsin shall actively develop new clients with the newly developed material structures and functions, as well as enhance product differentiation and efficient services to ensure market share. Since the Group entered the market earliest, it has advanced equipment and developed technologies, so it still can ensure certain market share and profit.

4. New machinery products:

Taiwan's manufacturing of high-end office equipment products still maintains a certain market portion. Currently, large-size laminators are being developed, as well as the floor and production lines are being expanded to meet clients' needs. Market development shall also avoid low-cost competition and focus on market differentiation to ensure market share. Besides, more efforts will be devoted to developing new salable products and new machine types to increase revenue.

(2) Major factors affecting the industry

1. The impact of raw material prices

Raw material cost in the industry accounts for a very high proportion of the total cost, and the price fluctuations of raw materials have a significant impact on the profit margin for the manufacturers. The prices of plastic raw materials completely affect the production costs in the downstream plastics products industry. When the prices of plastic raw materials rise, the manufacturers' profit will be squeezed immediately. Therefore, under the influence of natural disasters, man-made disasters, and other relevant factors, it is easy to cause dramatic price changes in the

international market and supply instability to affect the production cost. Therefore, it is one of the important topics to be clearly aware of the changes in market supply and demand to avoid huge fluctuations. This so has an impact on the domestic economy and society. Therefore, the stability of raw material prices has an important influence on economic development and stability of society and people's livelihoods.

2. The impact of labor costs

Our country's labor salary is higher than that in China and Southeast Asia. Labor costs include labor insurance, health insurance, occupational disaster insurance, labor pensions, and the implementation of the one fixed-day-off-and-one-flexible-rest-day policy in recent years. In the face of increasing statutory labor costs, manufacturers are burdened with higher costs and have shifted to low-labor-cost production areas; the industry shifting overseas has affected the domestic development.

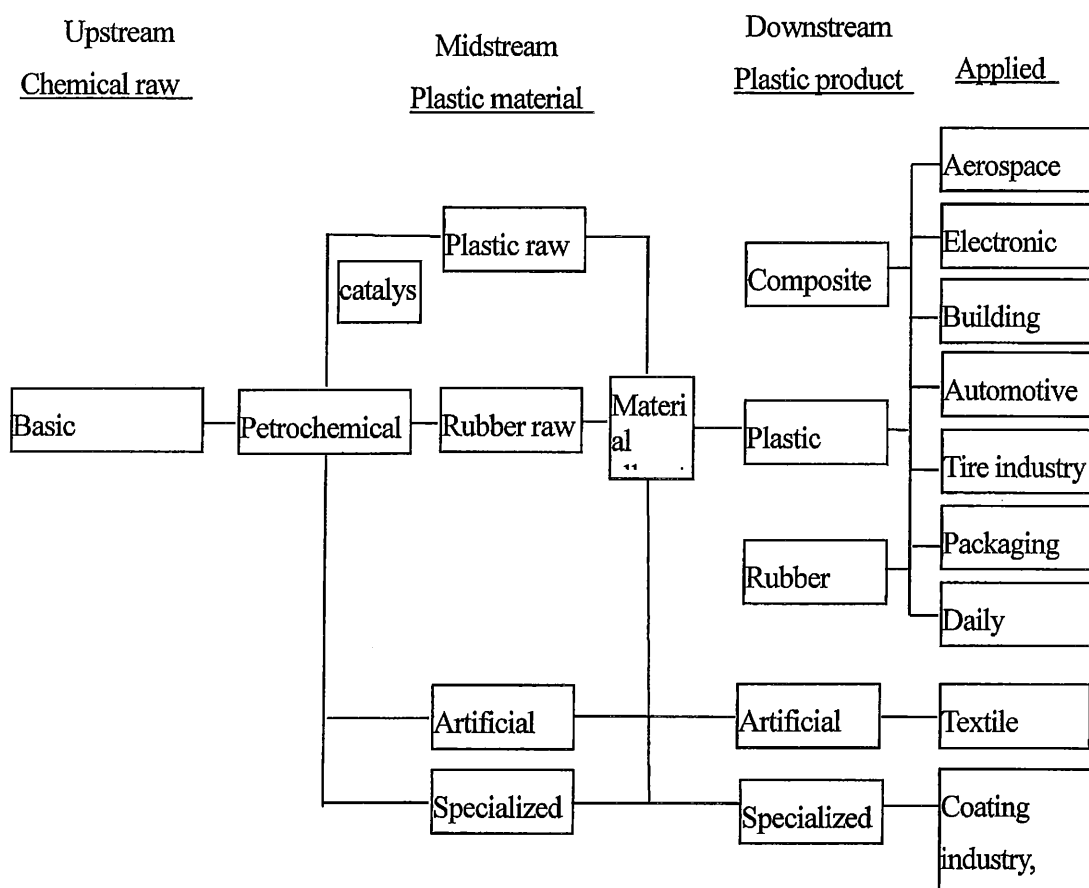
3. The impact of exchange rate fluctuations

Constrained by the small size of the domestic market, the products are mainly exported; therefore, the rise and fall in the exchange rates will create the risk of foreign exchange gains and losses in foreign currency transactions, directly affecting the profitability and competitiveness.

(3) Industrial Structure

The Group's main products manufactured and sold are an array of plastic products, including nylon raincoats, wardrobes, nylon jackets, PP corrugated boards, leather goods, handbags, plastic films/bags, laminators, and some textiles. Therefore, it belongs to the plastic products industry. The correlations between the upstream and

downstream industry are listed in the table below:



(4) Competitive advantages

1. Leading technical expertise

Under the influence of the world environmental protection trend, PVC materials have gradually been eliminated in recent years, followed by eco-friendly waterproof and breathable fabrics. The Group has more than 20 years of experience in this field and complies with the trend of the times. With its own brand T-CORE products being marketed in the market, the Group has continued to invest in manufacturing of apparel for advanced mountaineering, maritime navigation, golfing, scooter riding, and bicycle riding. The new PP

corrugated boards have been put into mass production. The development of new functions and processing technology will continue to differentiate the market. In terms of original products, it will continue to expand the client base and increase the market share.

2. Competitive production capacity

The Group has four processing plants at home and abroad; the overseas bases are located in Fujian (China), Vietnam, and Myanmar, providing good quality control and undertaking the most appropriate capacity allocation based on the market conditions at any time; overseas processing plants have a low-cost advantage.

3. The Group's brand

The well-known brands are more recognized and favored by consumers. The Group has its own raincoat brand Tahsin, and will continue to promote its own brand and establish a brand image in the future, thereby increasing the added value of products.

4. The layout of international marketing offices

The Group has established sales outlets in major overseas markets conducting information exchanges with each other, and developed new materials and new styles of products to serve customers based on the overseas market trends and customers' needs.

5. R&D and development of products in various fields

Since its establishment, the Group has always adhered to the business philosophy of practicality and integrity. In an ever-changing environment, the Group has continuously placed more efforts on the research and development of new materials, new technologies, and new products in order to provide customers with more satisfactory products and services, continued to learn

and improve the research and development of breathable raincoats and waterproof and cold-weather products, expecting to bring customers more comfortable and convenient waterproof wear. In addition, we will expand our reach to multiple fields, including garments, sporting goods, and office supplies, and actively develop new products with high quality and high added value to meet the needs of customers and the market.

(III) Technology and Research and Development Overview

1. A total of NT\$3.45 million had been put into the research and development in 2021 up to the publication date of the annual report.
2. Successfully developed technologies or products
 - (1). ROSCO Laminator (Ultima-55) official release after the development
 - (2). Work Station official release in mass production after the development
 - (3). Universal Punch EC1 progress: V4 sampling confirmation
 - (4). Table Bind Puncher: sampling is completed that is awaited clients' approval.
 - (5). ACCO Seal Heater 5 type after the development
 - (6). HOP USA EZ-2 Laminator in mass production after the development
 - (7). ACCO PERF-DIE delivery after the development

3. Future R&D projects and estimated R&D expenditure and schedule:

The most recent annual plan	Current progress	The R&D investments to be made	Projected mass production time	The main influencing factors for successful R&D in the future
1. EC-2-E niversal Punch	New model type development	NT\$ 1.1 million	2021.Q3	1. Low coast and high workload 2. Precision of the new knives
2. UL-75 laminator research and development	Continuous operation	NT\$ 2 million	2022.Q1	Material injection automation
3. Air Purifier design and development	New model type development	NT\$ 1.8 million	2022.Q1	1. Development of control software 2. Development of articulate absorbing filter
4. ACCO Paper Punch design and development	New model type development	NT 250 thousand	2021.Q3	1. High requirement for paper cutting 2. Precision of modules

(IV) Long-term and short-term business development plans

Short term:

1. To Continue the model of taking orders and R&D in Taiwan while producing in countries overseas to meet the clients' needs at all levels and maintain business growth.
2. To contact existing European and Japanese clients proactively to obtain orders and to expand the U.S. market and enhance the marketing in the U.S to acquire more orders to meet the continuous needs of the production line.

3. To follow up on the progress of raw material purchases proactively, maintain the smooth production of the cooperative factories, and coordinate production and sales to improve production efficiency.
4. To replace machine equipment and plant facilities, develop new products, focus on product quality, and increase profit through product differentiation.
5. To Strengthen the factories' and cooperative factories' production capacity, pattern making, and proofing.
6. To be clearly aware of the market trends, pay attention to the changes in exchange rates, raw material prices, and production capacity, as well as adjust quotations and delivery dates in a timely manner.
7. To strengthen the internationalization and localization of the procurement and seek for cost-effective raw materials to reduce transportation costs and time.
8. Global economy was sluggish due to the COVID-19. Despite the vaccines are accessible, it still needs some time to get back to normal. Meanwhile, the consumer side still saw is delayed and dropping consumption. Therefore, we shall strengthen the internal operation, improve and continue to pay attention to receivables recovery, and focus on the interaction with customers.

Long term:

1. Deepen cooperation with quality clients, and actively develop stable sources of orders and clients outside the United States, Europe and Japan to balance the production gap between high and low seasons and stabilize production.
2. Well-develop domestic and overseas sales channels, with the development of new products, get the opportunity to acquire orders.
3. Continue the participation in international virtual exhibitions to keep up-to-date with market trends and enhance information exchanges with overseas marketing bases.

4. Continue updating machine equipment and work environment, improving efficiency and production skills, and enhancing product competitiveness.
5. Improve the production efficiency of overseas factories and accelerate the replacement of production equipment. The Vietnam Plant Technology Center has been established to strengthen the localization of technical capabilities to support overseas research and development and factory management.
6. Assign orders to the factories based on the manpower changes at the overseas cooperative factories to achieve maximum output and supply stability.
7. Ensure that the available capacity of overseas cooperative factories will be retained through long-term cooperation; Ensure the factories obtain relevant certifications.

II. Overview of Market and Production and Marketing

(I) Market Analysis

A. Sales regions and market share for major products

Items Major Commodities	Export areas	Domestic market share
Raincoat products	United States, Europe, and Japan	25%
Garment products	United States, Europe, and Japan	—
PP corrugated board products	Japan	40%

2. The market's future supply and demand as well as growth, the expected sales volume and its basis, competitive advantages, and favorable and unfavorable factors affecting the company's development prospects and countermeasures:

(1) Domestic market

Impacted by the COVID-19 in 2020, the demand in domestic market shrank. Companies followed the epidemic prevention policy and suspended activities. Since the large-scale projects were canceled, the overall domestic sales dropped 8.4%. Thankfully, the cost was stably controlled in PP Corrugated Board Division. The new No.9 machine was in official operation, causing less cost in replacing films in special machines. The performance was outstanding and the quality and service won recognition from clients.

The Company hoped that the pandemic can be eased in 2021 to stabilize the overall market. To reach the domestic sales target, the Company will actively serve the corporate clients and have more project order in contract form to increase our revenue.

I. PP Corrugated Board Division:

The price of crude oil reached a record low in 2020, leading to the plummeting cost of fossil fuel. This benefited the procurement of PP particles. Additionally, the Company carried out active procurement, good capital management, stable cost, and leveraged its edge in inventory, allowing clients to claim orders worry-free. The Company moved the machines to realize central management and renovated the processing facilities to reach clients' expectations.

II. Domestic Business Division:

① Raincoat collections:

The Company leveraged its overseas factories to support and agilely adjust productivity, meeting customers' needs. No lack of products or order delay occurred throughout the year. The production and delivery were arranged appropriately. The Company also actively developed raincoats using reusable and recyclable materials. To meet the preference of modern consumers, the Company also designed a functional raincoat jacket that offers more options for consumers and strengthens the complete product lineup.

② Garment collections:

Due to the COVID-19, the garment industry was severely affected. Many listed companies tightened up the costs and stopped delivering work uniforms. This led to a shrinking order amount that struck the sales performance. To decrease relevant expenses and reorganize the company structure, the Company consolidated the second and third units, and readjusted the labor force to meet solve the challenges in the future.

(2) Foreign markets

1. United States:

Due to the outbreak of the pandemic, schools and stores are forced to be closed. Clients lowered their inventory and reduced the procurement. These led to poor orders in garments, raincoats, and stationery.

Even though the condition improved in the fourth quarter, the output amount in the U.S.A. region.

2. Japan:

Due to the pandemic, clients placed orders more consecutively. But the Company won several major clients selling outdoor equipment, the output in the Japan region remained growing.

3. Europe and other regions:

The pandemic influenced the European region. But the demand for outdoor equipment was still strong, the affected scale was smaller than the U.S.A region.

Outlook in 2021

1. The accessibility of vaccines was expected to control the disease and increased the orders. It is expected that the order will rise in the first three quarters of 2021.

2. The condition in Myanmar is unstable, which might affect the revenue and order adjustment in the overseas factories. Other than that, the inflation of the New Taiwan Dollar and the rising wages in overseas factories will affect the revenue.

(II) Major Applications and Manufacturing Processes of Main Products

1. Major applications

Product Items	Major applications
Raincoat products	This includes traditional raincoats, advanced cold-weather waterproof sailing raincoats, fishing raincoats, life vests, which are suitable for work, as well as leisure and entertainment activities to meet the diverse needs of a modern society.
Garment products	The school uniforms are mainly for primary and secondary school students in winter and summer; the work clothes are mainly the staff uniforms used by factories and companies. In addition, in terms of exports, snow suits, sports suits, windbreaker jackets, and casual wear are major products, which is suitable for people at all levels and various applications.
Plastic (polypropylene) corrugated board products	Display boards, stationery, recycling bins, packaging containers, and moisture-proof bottom panel.
Laminators	With the physical properties of temperature, pressure, and speed, laminators can realize its function as laminating films for paper.

B. Production process

① Rainwear:

Raw materials → cutting → sewing → melt pressing → packaging inspection → finished products

② Garment:

Raw materials → cutting → sewing → packaging inspection → finished products

③ Others:

(1) PP plastic corrugated boards:

PP raw material particles					
	Mixing	Pressing	Slicing	Packing	Final product
Various filling modifiers					

(2) Laminators:

Material (metal, non-metal)

	Injection, pressing, and molding		
Trimming	Stamping		Tests
	Lathing		
	Powder metallurgy		
	Painting → Assembling → Finished products		

(III) Supply Situation of Major Raw Materials

Unit: NT\$ thousand

Major Materials	Unit	Quantity	Amount	Major Suppliers
NYLON/PVC	Y	382,268	12,241	Formosan Rubber Group Inc.
NYLON/PU	Y	1,149,233	105,567	Formosa Taffeta Co., Ltd., DOMILES ENTERPRISES CO., LTD. Formosan Rubber Group Inc., Singtex Industrial Co., Ltd.
PVC compounds	KG	161,625	7,753	Ta Win International Co., Ltd.
PP Compounds	KG	4,530,025	148,471	Formosa Plastic Corp. Formosa Chemicals & Fibre Corp.
Taffeta (Nylon)	Y	1,015,598	63,279	Formosa Taffeta Co., Ltd
Blended Cloth	Y	219,281	14,709	Formosa Chemicals & Fibre Corp. Saint T. H. Textile Corp. Chen Yu Corp. Ch'ing Chi Textile Corp.
Zipper	PCS	3,503,648	36,049	YKK TAIWAN CO., LTD. Dragon Times Accessory Co., Ltd., ZN TECHNOLOGY CO., LTD., Keen Ching Industrial Corp.
Carton	Pieces	311,092	4,273	Lien Lung Carton Corp., Ming Feng Carton Corp., KING HON TECHNOLOGIES CO., LTD.

(IV) Names of Customers Who have Accounted for More Than 10% of the Total Amount of Goods Purchased (Sold) in Any of the Most Recent Two Years and the Amount and Proportion of the Goods Purchased (Sold)

1. Suppliers

Unit: NT\$ thousand

Year Customer name	2019			2020			March 31, 2021		
	Amount	Percentage of Annual Net Procurement	Relations hips with the Company	Amount	Percentage of Annual Net Procurement	Relations hips with the Company	Amount	Percentage of Annual Net Procurement of the Current Year up to the Previous Quarter	Relations hips with the Company
Manufacturer A	142,721	13.90%	Tah Quan Investme nt Co., Ltd.	137,081	14.51%	Tah Quan Investme nt Co., Ltd.	10,934	4.62 %	Tah Quan Investme nt Co., Ltd.

Note 1: For suppliers that have provided at least 10% of the gross procurement in the most recent two years, the names, procurement amount, and percentage should be stated; provided that the suppliers as stipulated in the contract, or individual non-affiliated parties shall be shown in codes.

2. Customers Unit: NT\$ thousand

Year	2019			2020			March 31, 2021	
	Amount	Percentage of Annual Net Sales	Relation ships with the Company	Amount	Percentage of Annual Net Sales	Relation ships with the Company	Amount	Percentage of Annual Net Sales of the Current Year up to the Previous Quarter
Supplier A	347,741	14%	Tah Quan Investment Co., Ltd.	391,013	17%	Tah Quan Investment Co., Ltd.	78,879	14.63%
								Tah Quan Investment Co., Ltd.

Note 1: For customers that have provided at least 10% of the total sales volume in the most recent two years, the names, sales amount, and percentage should be stated; provided that the customers as stipulated in the contract, or individual non-affiliated parties shall be shown in codes.

(V) Production Quantity and Value in the Most Recent Two Years

Unit: NT\$thousand

Year		For the year ended December 31, 2019			For the year ended December 31, 2020		
Production volume		Producti on capacity	Yield	Production value	Producti on capacity	Yield	Production value
Major Products							
Rainwear	Dozens	85,000	105,632	853,441	112,000	139,526	744,751
Garment	Pieces	782,000	917,000	353,965	740,000	872,000	365,983
Wardrobe	Sets	-	6,225	3,137	-	3,793	2,066
Household fittings	Pieces	-	-	87,801	-	-	71,278
Binding machine	Sets	55,500	52,086	160,467	56,000	52,500	112,406
Processing of Miscellaneous Items	-	-	-	71,765	-	-	78,356
PP Corrugated Board	-	-	-	214,442	-	-	195,177
Protective film	-	-	-	9,150	-	-	-
Total				1,754,168			1,570,017

Note: Furniture products are outsourced. Due to the specification of the great difference, Processing Miscellaneous Items, PP Corrugated Boards and Laminating Film are only indicated by their values.

(VI) Table of Sales Volume for the Most Recent Two Years Unit: NT\$ thousand

Year		For the year ended December 31, 2019				For the year ended December 31, 2020			
Sales volume		Domestic		Exports		Domestic		Exports	
Major Products		Quantit y	Volume	Quantit y	Volume	Quantity	Volume	Quantity	Volume
Rainwear	Dozens	31,076	70,349	89,536	940,746	33,408	73,411	103,374	774,869
Garment	Pieces	429,000	121,002	502,000	286,740	304,000	86,914	560	336,984
Wardrobe	Sets	6,792	3,511	-	-	4,835	2,643	-	-
Household fittings	Pieces	-	-	-	92,654	-	-	-	64,367
Binding machine	Sets	-	-	51,296	171,957	-	-	52,574	134,071
Processing of Miscellaneous Items	-	-	30,142	-	56,513	-	29,618	-	58,566
PP Corrugated Board	-	-	188,962	-	52,586	-	186,628	-	48,327
Protective film	-	-	-	-	636	-	-	-	-
Total			413,966		1,601,832		379,214		1,417,184

Note: Due to the great differences in specification, processing Miscellaneous items, PP corrugated boards, and household fittings are only indicated by their values, and there is no significance of statistical comparison.

III. Distribution of Average Years of Service, Age, and Level of Education of Employees in the Most Recent Two Years up to the Date of Publication of the Annual Report:

Year		For the year ended December 31, 2019	For the year ended December 31, 2020	March 31, 2021
Num ber s of Emp loy ees	Technicians	61	58	43
	Clerks	251	235	249
	Workmen	68	58	55
	Total	380	351	347
Average age		41.5	42.8	42.6
Average Year of Services		15.52	16.67	16.6
Edu cat ion al Dis tri but ion Rat io	Ph. D.	0	0	0
	Master's	2.11	1.99	1.73
	College or Equivalent	48.68	49.29	49.85
	High School	45.00	44.73	44.67
	Lower Level of Education	4.21	3.99	3.75

IV. Information on Environmental Protection Expenditure

"Environmental protection, low-carbon home" has always been the objective to commit to by the Company while pursuing enterprise development. By complying with laws and regulations, and carrying out the planning, implementation, education, and publicity of environmental protection, we are able to implement internal management. In addition to supervising the staff to strengthen the implementation of various standard procedures and control measures, we also actively promote energy conservation, greenification, waste reduction, and carbon reduction through daily life to create a friendly environment.

(一) Total Losses and Fines due to Environmental Pollution in the Most Recent Year up to the Publication Date of the Report:
NT\$54,760,113.

(1) ① Date of occurrence: January 8, 2020

② Reason: Subject to the announcement of Environmental Protection Bureau of Taichung City Government, the Company paid the air pollution prevention and control fees of fixed sources according to law, which was NT\$ 100,097,259 in total. Upon appeal, the original penalty was recalculated to reduce the air pollution prevention and control costs and NT\$ 45,337,146 was requested to pay by the Company only.

③ Disposal process: In accordance with the Environmental Protection Bureau of Taichung City Government Letter-Taichung-City Government-Environment-Air-No.1090000168, the Company applied for the refund of penalty.

(二) (II) Environmental Protection Related Expenditure of the Company:

Item/Year	For the year ended December 31, 2020	For the year ended December 31, 2019
Pollution prevention fees	1. Fees for testing air pollution and others 2. Alternative facilities for air pollution prevention	1. Fees for testing air pollution and others 2. Alternative facilities for air pollution prevention
Amount	NT\$ 132,003	NT\$ 254,072

(III) Conformity with RoHS of the European Union:

The RoHS does not apply to the Company's products thus it has no impact on the company's financial and business operation.

V. Labor Relations

- (I) List the Programs of Employee Welfare, Professional Development, Training, and Retirement and the Implementation, as well as the Meetings between Labor and Management and Employee Rights Protection Measures:

1. Employee Welfare Programs

- (1) Programs provided by Employee Welfare Committee:

- ① Scholarships for employees and employees' children
- ② Festival bonuses, birthday coupons, gifts for Labor Day
- ③ Allowances for travel, club activities, and emergencies.
- ④ Sports recreation activities, movie appreciation, mountain climbing and hiking, etc.

- (2) Provide single dormitory.

- (3) Cafeterias that cater three meals a day.

- (4) Uniforms for every year.

- (5) Medical check-ups for every two years.

- (6) Coverage under National Labor and National Health Insurance programs.

- (7) Cash for weddings/ funerals and relief payment for employees.

- (8) Nursery rooms and family-friendly parking spaces.

- (9) Parking spaces, basketball courts, volleyball courts, and fitness rooms for employees.

2. Professional Development and Training:

- (1) Orientation training for new employees.

- (2) Professional internal on-the-job training for management associates.

- (3) Professional external on-the-job training.

- (4) Quarterly training courses held by each department.
- (5) Incentives for foreign language learning.

3. Retirement System:

(1) Retirement Application

Employees who are in one of the following situations are eligible for retirement:

- ① have been serving for over fifteen years and are over fifty-five years of age
- ② have been serving for over twenty-five years

(2) Preferential Retirement

Employees under either of the following conditions may apply for voluntary retirement with required approvals:

- ① in which employees have worked for over fifteen years and reached the age of fifty-three.
- ② in which employees have worked for over twenty-three years.
- ③ in which employees have worked for over twenty-two years and are unable to perform their duties.

(3) Compulsory Retirement

Employees shall take compulsory retirement under either of the following conditions:

- ① Employees who are sixty-five years or older, but is required by the business entity to continue to work by contract with the consent of the employer.
- ② Employees who are mentally or physically disabled and are not competent in the work he/she holds.

(4) Retirement Pension:

- ① Employees who choose to adopt the old retirement pension standards will be paid the pension of two bases for each full year of seniority, and whose seniority exceeds fifteen years will be paid the pension of one base for each full year of seniority, up to

a maximum of 45 months. Those whose seniority is less than half a year will be counted as half a year, and whose seniority is more than half a year but less than one year will be counted as one year.

- ② For employees who take compulsory retirement due to mental disorders or physical disabilities, an additional 20% on top of the amount calculated according to the preceding paragraph shall be given.
- ③ The standard of retirement base refers to the average monthly wage at the time of retirement.
- ④ Average monthly wage is calculated using average monthly wage for the six months prior to retirement.
- ⑤ The seniority shall be calculated from the date of employment. The seniority prior to and after the implementation of the Labor Standards Act shall be combined in calculation.
- ⑥ The Labor Pension Act has been enforced as of July 1, 2005. If employees select to continue with the old system, the aforementioned rules apply. For employees who select to transfer to the new act, the company shall, in compliance with the Act, appropriate 6% of monthly wage per month to individual accounts of labor pension of employees.

4. Implementation of Employee Welfare Measures

- ① Meetings with new employees are held from time to time to open up channels of communication so as to learn and respond to employees' opinions.
- ② Quarterly meetings on labor and management negotiation are held to build a communication mechanism between the two parties, in order to improve the employees' teamwork.
- ③ In response to the government's campaign for breastfeeding, nursery rooms have been set up while the supply of childcare services has been continued through outsourcing to take care of

children under compulsory school age of employees.

- ④ Parking spaces for cars and motorcycles have been reserved exclusively for pregnant women.
- ⑤ Basketball courts and fitness rooms have been set up to encourage employees to exercise.
- ⑥ Employee travel and club activities are held to encourage diverse relaxation methods and enhance mental health.
- ⑦ Staff canteen has been installed to ensure the hygiene and safety of the food.
- ⑧ Medical staff has been delegated by the professional consulting agency to provide medical consulting to employees.
- ⑨ A five-floor staff dormitory has been built in the Chung Gang plant; the four-floor staff dormitory in Taichung main plant was renovated. Air conditioners and Wi-Fi are available that create a safe and comfortable space for employees.
- ⑩ The Company optimized the working environment. Taichung main plant was renovated to create a better environment for employees who can increase their work efficiency.

5. Implementation of Employee Welfare and Retirement System:

The implementation is effective.

The Company has always been in line with Labor Standards Act and Labor Pension Act.

6. Protection Measures for Work Environment and Employees' Personal Safety:

- (1) The foundation of work safety management procedures of the Company is to safeguard personal safety of all employees through constructing a safe, comfortable, and healthy work environment. In addition, Safety and Health Work Rules has been set up to build and maintain a healthy and safe work environment. The Company has also been highlighting

reaching "Zero Incident", the goal of safety management of the Company, by effectively enforcing self-protection, mutual protection, and supervision.

The heads of each department require their colleagues to strictly observe the work discipline and abide by the relevant government regulations, and carry out the policies of the Company by example.

(2) The Safety and Health Work Rules for employees shall cover:

- ①Responsibilities of organizations in charge of safety and health management and each department
- ②Maintenance and Inspection of various safety and health protection equipment
- ③Work safety and health Standards for each operation
- ④Employee health guidance and management measures
- ⑤First aid and rescue
- ⑥Fire education training and management measures
- ⑦Emergency response
- ⑧Disaster drills and exercises
- ⑨Incident handling

(3) Safety education promotion and drills:

The Company values the safety and health management of the employees. In order to continuously optimize the work environment and personal safety management of employees, the Company conduct safety and health education, training, and publicity regularly to ensure that all employees receive appropriate and necessary emergency response training and have the ability to perform their jobs, so as to prevent the occurrence of occupational disasters. Two fire drills were held in the first and second half of 2020 respectively. 367 participants were engaged in the drills. As for overseas factories, fire drills were suspended due to the epidemic spread.

(4) Maintenance of machinery and equipment

In order to grasp the real-time status of employees' working environment and evaluate various potential risk factors, in addition to carrying out inspections and audits from time to time, fire detection and alarm equipment and warning signs are also set up in appropriate places for fire protection and evacuation, and fire control and escape equipment are regularly tested as well. By inspections and audits, jointly prevent the occurrence of occupational disasters, implement safety operation standards and comprehensively improve safety quality.

(5) Regular health checkup for employees

Medical examinations have been provided regularly every two years, including checkups on general conditions and noise induced hearing loss, and examinations for foreign workers, and caterers. In July, 2019, Taichung Headquarter entrusted Tungs' Taichung MetroHarbor Hospital to assist on the health check for 217 employees in total, while Chungkan Plant entrusted the Tungs' Taichung MetroHarbor Hospital to carry out the health check for 68 employees in total, and Taipei Office entrusted Country Hospital to carry out the health check for 52 employees in total.

It is planned to commission Tung's Taichung Metro Harbor Hospital and Country Hospital to offer medical examinations for employees from July to August 2021.

(6) The Company's occupational safety and health management system TOSHMS (CNS15506) OHSAS18001 is under continuous planning and construction.

7. Employee's Participation in Professional Continuing Education and Training Every Year:

From the perspective of pragmatism and sustainable operation, the Company has established an extensive talent education

system which includes procedures for orientation training and on-the-job training, and incentives for foreign language learning. Additionally, training courses and workshops on various topics are organized from time to time to provide employees with a variety of learning channels, rich learning resources, to improve learning performance and create a friendly workplace environment. Furthermore, the Company has been fostering professionals and future leaders through job rotation, overseas posting, and challenging job assigning.

Training courses include on-site and off-site general courses, professional courses, regulations courses, welfare courses, etc. While various departments plan and arrange courses of professional education and training, Information Management Division manages training courses for internal management personnel as a whole within the Company. Before the end of each year, each department may make plans for relevant courses for the next year depending on the needs of the work, and implement according to the plan after being approved. In addition, Management Department is responsible for organizing common courses of the whole company as well as documenting and the filing and preservation of the implementation related records.

The Company has organized a total of 42 times education and training for internal management personnel in 2020, with 231 trainees and total 122 training hours; The number of off-site education training totaled 31 courses, consisting of 31 participants and 329 hours of training. The company-wide education and training cost was NT\$120,000.

8. Meetings between Labor and Management

(1) The Company attaches great importance to employee-employer relations and convenes quarterly Labor Management

Meetings in conformity with government laws and regulations to promote friendly interaction between employees and management to ensure a harmonious relationship between the labor and management and sustainable development of the company.

(2) The Company has set an internal labor suggestion box and an external communication platform (Internet zone for stakeholders) for questions, complaints, whistle-blowing or suggestions, which can be understood and replied by special persons to strengthen the employee-employer relationship.

(3) Up to the date of the publication of the annual report, no loss has been caused by labor disputes; The Company will continue to maintain a good partnership between labor and management in the future.

9. Measures Aimed at Preserving the Rights and Interests of Employees: Satisfactory.

The Company values the employees' health and rights. Apart from the good working environment and reasonable compensation, the Company encourages employees to have more outdoor activities. In November 2020, the Company assigned a physician and a nurse to provide employees with health consulting. The nurse will provide on-site service six times a month (two hours at a time), and the doctor will provide on-site services six times a year (two hours at a time). They will provide employees with health checkups, precautions and other important matters. Taking care of employees and maintaining a safe working environment have been the priority of the Company.

(II) Losses as a Result of Labor Disputes and the Estimated Amount and Countermeasures of Possible Losses Caused by Labor Disputes at Present and in the Future: None.

VI. Material Contracts: None.

Chapter VI. Financial Conditions

I. Condensed Balance Sheet and Comprehensive Income Statement of the Most Recent Five Years

(1) Condensed Balance Sheet (Company Only) - IFRSs

Unit: Thousand NTD

Year Item		Financial information from the last five fiscal years (Note 1)					2021 as of March 31 (Note 4)
		2016	2017	2018	2019	2020	
Current assets		3,965,536	4,023,036	3,921,964	6,320,175	9,161,735	No individual financial reports were prepared for the first quarter of 2021 by the Company
Property, plant and equipment		4,129,142	4,084,854	4,079,893	1,388,342	1,394,637	
Intangible assets		-	-	-	-	-	
Other assets		1,018,014	1,073,333	1,514,221	1,851,843	2,153,820	
Total assets		9,112,692	9,181,223	9,516,078	9,560,360	12,710,192	
Current liabilities	Before distribution	827,998	912,847	945,667	950,023	337,437	
	After distribution	1,045,798	1,130,647	1,183,267	1,672,723	891,837	
Noncurrent liabilities		1,012,007	956,498	858,931	239,037	193,629	
Total liabilities	Before distribution	1,840,005	1,869,345	1,804,598	1,189,060	531,066	
	After distribution	2,057,805	2,087,145	2,042,198	1,911,760	1,085,466	
Equity Attributable to		7,272,687	7,311,878	7,711,480	8,371,300	12,179,126	
Share capital		1,980,000	1,980,000	1,980,000	1,980,000	1,386,000	
Capital surplus		78,348	86,199	96,162	105,429	151,782	
Retained earnings	Before distribution	3,748,499	3,706,189	3,762,799	4,196,822	8,350,263	
	After distri	3,530,699	3,488,389	3,525,199	3,474,122	7,795,863	
Other equity		1,584,719	1,658,369	1,991,398	2,207,928	2,388,550	
Treasury stock		(118,879)	(118,879)	(118,879)	(118,879)	(97,469)	
Non-controlling interests							
Total equity	Before distri	7,272,687	7,311,878	7,711,480	8,371,300	12,179,126	
	After distribution	7,054,887	7,094,078	7,473,880	7,648,600	11,624,726	

Note 1: All financial information of the most recent five fiscal years have been audited and certified by the CPAs.

(2) Condensed Balance Sheet (Consolidated) - IFRSs

Unit: Thousand NTD

Year Item		Financial information from the last five fiscal years (Note 1)					2021 as of March 31 (Note 2)
		2016	2017	2018	2019	2020	
Current assets		4,436,139	4,490,361	4,364,516	6,762,847	9,702,083	10,025,100
Property, plant and equipment		4,451,614	4,373,820	4,400,444	1,840,883	1,849,100	1,848,710
Intangible assets		-	-	-	-	-	-
Other assets		678,993	673,976	1,107,878	1,321,583	1,515,237	1,538,806
Total assets		9,566,746	9,538,157	9,872,838	9,925,313	13,066,420	13,407,616
Current liabilities	Before distribution	1,271,670	1,266,499	1,282,388	1,272,212	652,663	1,172,238
	After distribution	1,489,470	1,484,299	1,519,988	1,994,912	1,207,063	1,726,638
Noncurrent liabilities		1,006,551	936,943	867,438	259,874	209,663	208,763
Total liabilities	Before distribution	2,278,221	2,203,442	2,149,826	1,532,086	862,326	1,381,001
	After distribution	2,496,021	2,421,242	2,387,426	2,254,786	1,416,726	1,935,401
Equity Attributable to the Shareholders		7,272,687	7,311,878	7,711,480	8,371,300	12,179,126	12,002,088
Share capital		1,980,000	1,980,000	1,980,000	1,980,000	1,386,000	1,386,000
Capital surplus		78,348	86,199	96,162	105,429	151,782	152,055
Retained earnings	Before distribution	3,748,499	3,706,189	3,762,799	4,196,822	8,350,263	7,837,111
	After distribution	3,530,699	3,488,389	3,525,199	3,474,122	7,795,863	7,282,711
Other equity		1,584,719	1,658,369	1,991,398	2,207,928	2,388,550	2,724,391
Treasury stock		(118,879)	(118,879)	(118,879)	(118,879)	(97,469)	(97,469)
Non-controlling interests		15,838	22,837	11,532	21,927	24,968	24,527
Total equity	Before distribution	7,288,525	7,334,715	7,723,012	8,393,227	12,204,094	12,026,615
	After distribution	7,070,725	7,116,915	7,485,412	7,670,527	11,649,694	11,472,215

Note 1: All financial information of the most recent five fiscal years have been audited and certified by the CPAs.

Note 2: The consolidated financial statements as of March 31, 2021 were reviewed by the CPAs.

(3) Condensed Income Statement (Company Only) - IFRSs

Unit: Thousand NTD

Year Item	Financial information from the last five fiscal years (Note 1)					2021 as of March 31
	2016	2017	2018	2019	2020	
Operating revenue	2,331,733	2,189,691	2,071,143	2,015,798	1,796,398	No individual financial reports were prepared for the first quarter of 2021 by the Company
Operating gross profit	358,149	264,563	243,381	258,076	212,893	
Operating profit and non-operating income and expenses	111,487	27,571	16,717	33,961	7,936	
Profit (loss) before income	214,687	143,931	220,370	686,921	5,921,695	
Net profit from continuing	326,174	171,502	237,087	720,882	5,929,631	
Loss of discontinued	303,606	171,736	229,468	696,250	5,429,260	
Net profit (loss) for	-	-	-	-	-	
Total Comprehensive Income For the Year	303,606	171,736	229,468	696,250	5,429,260	
Earnings per share	565,703	249,140	(49,627)	888,153	5,611,163	
	1.59	0.90	1.20	3.65	31.97	

Note 1: All financial information of the most recent five fiscal years have been audited and certified by the CPAs.

(4) Condensed Statement of Comprehensive Income (Consolidated) -IFRSs

Unit: Thousand NTD

Year Item	Financial information from the last five fiscal years (Note 1)					2021 as of March 31 (Note 2)
	2016	2017	2018	2019	2020	
Operating revenue	2,887,924	2,654,707	2,543,342	2,440,599	2,233,540	539,193
Operating gross profit	571,012	443,657	382,079	405,917	382,200	99,190
Operating profit and loss	114,145	41,684	(8,894)	41,698	38,033	19,170
Non-operating income and	222,512	123,937	252,127	692,858	5,895,141	15,827
Profit (loss) before income	336,657	165,621	243,233	734,556	5,933,174	34,997
Net profit from continuing operations in	303,181	168,251	229,871	698,140	5,430,211	31,164
Loss of discontinued operations	-	-	-	-	-	-
Net profit (loss) for the current period	303,181	168,251	229,871	698,140	5,430,211	31,164
Other comprehensive income or loss	261,307	76,338	(279,597)	191,403	181,723	345,484
Total Comprehensive Income For the	564,488	244,589	(49,726)	889,543	5,611,934	376,648
Net Profit Attributable to Owners of Parent Company	303,606	171,736	229,468	696,250	5,429,260	31,511
Net Profit Attributable to Non-controlling Interests	(425)	(3,485)	403	1,890	951	(347)
Total Comprehensive Income Attributable to Owners of the	565,703	249,140	(49,627)	888,153	5,611,163	377,089
Total Comprehensive Income Attributable to Non-controlling Interests	(1,215)	(4,551)	(99)	1,390	771	(441)
Earnings per share	1.59	0.90	1.20	3.65	31.97	0.24

Note 1: All financial information of the most recent five fiscal years have been audited and certified by the CPAs.

Note 2: The consolidated financial statements as of March 31, 2021 were reviewed by the CPAs.

(V) Names of the CPAs for the financial statements in the past five fiscal years and Auditors' opinions.

Year Name	2016	2017	2018	2019	2020
CPA	Wang, Wu-Chang	Chang, Fu-Lang	Chang, Fu-Lang	Chang, Fu-Lang	Chang, Fu-Lang
	Chang, Fu-Lang	Wang, Wu-Chang	Chiu, Kuei-Ling	Chiu, Kuei-Ling	Chiu, Kuei-Ling

Opinions FY	Auditor's Opinions
2020	Unqualified opinion
2019	Unqualified opinion
2018	Unqualified opinion
2017	Unqualified opinion
2016	Unqualified opinion

II. Financial Analysis for the Most Recent Five Fiscal Years

(1) Financial Analysis (Company Only) - IFRSs

Year (Note) Item Analyzed		Financial information from the last five fiscal years (Note 1)					2021 as of March 31
		2016	2017	2018	2019	2020	
Financial structure (%)	Liability to assets ratio	20.19	20.36	18.96	12.44	4.18	No individual financial reports were prepared for the first quarter of 2021 by the Company
	Ratio of long-term capital to property, plant and equipment	582.75	600.26	624.40	771.29	1,102.26	
Solvency (%)	Current ratio	478.93	440.71	414.73	665.27	2,715.09	
	Quick ratio	403.92	375.45	357.40	611.68	2,123.97	
	Times interest earned (times)	76.56	35.20	44.55	239.15	10,841.28	
Operating performance	Receivables turnover ratio (multiples)	5.85	5.90	5.19	5.01	5.12	
	Days sales outstanding	62	62	70	73	71	
	Inventory turnover ratio (times)	3.63	3.52	3.54	3.64	3.48	
	Average inventory turnover days	101	104	103	100	105	
	Payables turnover ratio (times)	10.34	9.88	9.88	10.52	10.79	
	Property, plant and equipment turnover rate (times)	1.63	1.56	1.51	1.62	1.60	
	Total asset turnover ratio (times)	0.26	0.24	0.22	0.21	0.16	
Profitability	Return on total assets (%)	3.48	1.92	2.50	7.33	48.76	
	Return on shareholders' equity (%)	4.28	2.36	3.05	8.66	52.84	
	Pre-tax income to paid-in capital ratio (%) (Note 7)	16.47	8.66	11.97	36.41	427.82	
	Net profit rate (%)	13.02	7.84	11.08	34.54	302.23	
	Earnings per share (NT\$)	1.59	0.90	1.20	3.65	31.97	
Cash flow	Cash flow ratio (%)	24.55	19.89	10.86	32.11	23.64	
	Cash flow adequacy ratio (%)	76.51	74.12	70.44	68.97	33.72	
	Cash reinvestment ratio (%)	-	-	-	0.71	-	
g r v L e a e e	Operating Leverage	9.06	32.23	23.88	8.35	35.87	
	Financial Leverage	1.04	1.22	1.48	1.10	1.07	

Note 1: All financial information of the most recent five fiscal years have been audited and certified by the CPAs.

Reason for changes in financial ratios for the past two years (analysis is not required when the changes are less than 20%):

1. Change in liability to assets ratio is mainly due to the decrease in total liabilities by NT\$658 million.
2. Change in the ratio of long-term capital to property, plant and equipment is mainly due to the increase in total equity by NT\$ 3.87 billion compared to the previous period.
3. Changes in both current and quick ratio are caused by the increase of current assets by NT\$ 2.841 billion compared with the previous period.
4. Change in the interest coverage ratio is caused by the increase of net profit before tax by NT\$ 5.28 billion compared with the previous period.
5. Changes in the assets, equity, net profit margin, earnings per share are caused by the increase of net profit after tax by NT\$ 4.733 billion compared with the previous period.
6. Changes in cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio are mainly due to the decrease in cash inflow from operating activities by NT\$2.25 million.
7. Change in the operating leverage is caused by the decrease of operating income by NT\$ 219 million and the decrease of operating profit by NT\$ 26 million compared with the previous period.

Note 2: The table at the end of the annual report should include the following formulas:

1. Financial structure

- (1) Debt-to-asset ratio = total liabilities / total assets.
- (2) Ratio of long term capitals to properties, plants, and equipment = $(\text{total equity} + \text{non current liabilities}) / \text{Property, plant and equipment (net)}$

2. Solvency

- (1) Current ratio = current assets / current liabilities.
- (2) Quick ratio = $(\text{current assets} - \text{inventory} - \text{prepaid expense}) / \text{current liabilities}$.
- (3) Times interest earned = $\text{net income before income tax and interest expense} / \text{current interest expense}$.

3. Operating performance

- (1) Receivables (including accounts receivable and notes receivable rising from business) turnover = $\text{net sales} / \text{average balance of account receivables of each period (including accounts receivable and notes payable rising from business) Receivable Resulting from Accounts Receivable and Business Operations}$.
- (2) Average collection days for receivables = $365 / \text{receivables turn over rate}$
- (3) Inventory turnover rate = $\text{cost of sales} / \text{average inventory}$.
- (4) Payables (including accounts payable and notes payable rising from business) turnover = $\text{cost of goods sold} / \text{average balance of accounts payable (including accounts payable and notes payable rising from business) of each period Accounts Payable and Notes Payable for Operation}$.
- (5) Average Inventory Turnover Days = $365 / \text{Average Inventory Turnover}$.
- (6) Property, plant and equipment turnover rate = $\text{net sales} / \text{average balance of net property, plant and equipment}$.

Total asset turnover rate = $\text{net sales} / \text{average total assets}$

4. Profitability

- (1) Return on Total Assets = $(\text{Net Income} + \text{Interest Expenses} * (1 - \text{Effective Tax Rate})) / \text{Average Total Assets}$.
- (2) Return on stockholder's equity = $\text{post-tax profit or loss} / \text{average total equity}$.
- (3) Profit margin before tax = $\text{net income} / \text{net sales}$
- (4) Earnings per share = $(\text{gain or loss attributable to owners of the parent company} - \text{preferred stock dividend}) / \text{weighted average number of Shares Outstanding}$.

5. Cash flows

- (1) Cash Flow Ratio = $\text{Net Cash Provided by Operating Activities} / \text{Current Liabilities}$.
- (2) Net cash flow adequacy ratio = $\text{net cash flow rising from operating activities in the most recent five years} / \text{Capital Expenditures, Inventory Additions, and Cash Dividend}$
- (3) Cash reinvestment ratio = $(\text{net cash flow rising from operating activities} - \text{cash dividend}) / \text{Plant and Equipment} + \text{Long-term Investments} + \text{Other Noncurrent Assets} + \text{Working Capital}$.

6. Leveraging

- (1) Operating Leverage = $(\text{Net Sales} - \text{Variable Cost}) / \text{Income from Operations}$.
- (2) Financial Leverage = $\text{Income from Operations} / (\text{Income from Operations} - \text{Interest Expenses})$

Financial Analysis (Consolidated) - IFRSs

Year (Note) Item Analyzed		Financial information from the last five fiscal years (Note 1)					2021 as of March 31 (Note 2)
		2016	2017	2018	2019	2020	
Financial structure (%)	Liability to assets ratio	23.81	23.10	21.78	15.44	6.60	10.30
	Ratio of long-term capital to property, plant and equipment	475.60	496.37	507.37	584.01	829.47	816.72
Solvency (%)	Current ratio	348.84	354.55	340.34	531.58	1,486.54	855.21
	Quick ratio	288.81	297.47	286.42	476.74	1,149.81	796.38
	Times interest earned (times)	31.78	18.77	28.42	104.47	1,647.27	56.38
Operating performance	Receivables turnover ratio (multiples)	6.35	6.18	5.61	5.50	5.59	5.94
	Days sales outstanding	58	59	65	66	65	61
	Inventory turnover ratio (times)	3.21	3.09	3.19	3.12	3.00	2.87
	Average inventory turnover days	114	118	114	117	122	127
	Payables turnover ratio (times)	10.02	9.27	9.83	10.96	11.51	10.36
	Property, plant and equipment turnover rate (times)	1.64	1.56	1.51	1.54	1.50	1.44
	Total asset turnover ratio (times)	0.31	0.28	0.26	0.25	0.19	0.16
Profitability	Return on total assets (%)	3.35	1.83	2.44	7.10	47.26	0.24
	Return on shareholders' equity (%)	4.27	2.80	3.05	8.66	52.73	0.26
	Pre-tax income to paid-in capital ratio (%) (Note 7)	17.00	8.36	12.28	37.10	428.08	2.53
	Net profit rate (%)	10.50	6.34	9.04	28.61	243.12	5.78
	Earnings per share (NT\$)	1.59	0.90	1.20	3.65	31.97	0.24
Cash flow	Cash flow ratio (%)	18.32	13.53	4.45	22.90	28.93	8.22
	Cash flow adequacy ratio (%)	94.06	95.35	82.54	78.49	39.18	51.09
	Cash reinvestment ratio (%)	0.23	-	-	0.62	-	0.72
g r v L e a e e	Operating Leverage	1.53	2.38	(4.71)	2.25	2.38	1.77
	Financial Leverage	1.11	1.29	0.50	1.21	1.10	1.03

Note 1: All financial information of the most recent five fiscal years have been audited and certified by the CPAs.

Note 2: Financial statements as of March 31, 2021 were reviewed by the CPAs.

Reason for changes in financial ratios for the past two years
(analysis is not required when the changes are less than 20%):

1. Change in the debt-to-asset ratio is caused by the decrease of total liabilities by NT\$ 669 million compared with the previous period.
2. Change in the ratio of long-term capital to property, plant, and equipment is mainly due to the increase in total equity by NT\$3.81 billion compared to the previous period.
3. Changes in current ratio and quick ratio are mainly due to the increase in current assets by NT\$2.939 billion compared to the previous period.
4. Change in interest coverage ratio is mainly due to the increase in net profit before tax by NT\$5.198 billion compared to the previous period.
5. Changes in assets, equity, net profit margin, and earnings per share are mainly due to the increase in net profit after tax by NT\$4.732 billion.
6. Changes in cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio are mainly due to the decrease in cash inflow from operating activities by NT\$120 million.

Note 3: The end of the table in the annual report should include the following formulas:

1. Financial structure

- (1) Debt-to-asset ratio = total liabilities / total assets.
- (2) Ratio of long term capitals to properties, plants, and equipment = (total equity + non current liabilities) / Property, plant and equipment (net)

2. Solvency

- (1) Current ratio = current assets / current liabilities.
- (2) Quick ratio = (current assets - inventory - prepaid expense) / current liabilities.
- (3) Times interest earned = net income before income tax and interest expense / current interest expense.

3. Operating performance

- (1) Receivables (including accounts receivable and notes receivable rising from business) turnover =
net sales / average balance of account receivables of each period (including accounts receivable and notes payable rising from business) Receivable Resulting from Accounts Receivable and Business Operations).
- (2) Average collection days for receivables = 365 / receivables turn over rate
- (3) Inventory turnover rate = cost of sales / average inventory.
- (4) Payables (including accounts payable and notes payable rising from business) turnover =
cost of goods sold/average balance of accounts payable (including accounts payable and notes payable rising from business) of each period Accounts Payable and Notes Payable for Operation).
- (5) Average Inventory Turnover Days = 365 / Average Inventory Turnover.
- (6) Property, plant and equipment turnover rate = net sales / average balance of net property, plant and equipment.

Total asset turnover rate = net sales / average total assets

4. Profitability

- (1) Return on Total Assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets.
- (2) Return on stockholder's equity = post-tax profit or loss / average total equity.
- (3) Profit margin before tax = net income / net sales
- (4) Earnings per share = (gain or loss attributable to owners of the parent company - preferred stock dividend) / weighted average number of Shares Outstanding.

5. Cash flows

- (1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities.
- (2) Net cash flow adequacy ratio = net cash flow rising from operating activities in the most recent five years / Capital Expenditures, Inventory Additions, and Cash Dividend
- (3) Cash reinvestment ratio = (net cash flow rising from operating activities - cash dividend) / Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital).

6. Leveraging

- (1) Operating Leverage = (Net Sales - Variable Cost) / Income from Operations.
- (2) Financial Leverage = Income from Operations / (Income from Operations - Interest Expenses)

Tahsin Industrial Corporation

Audit Committee's Review Report

The 2020 Business Report and Profit Distribution Proposal prepared by the Company's Board of Directors, along with the consolidated and individual financial statements audited by Crowe Horwath (TW) CPAs' Chang, Fu Lang and Chiu, Kuei-Ling have been submitted to the Audit Committee for review and approval without finding any nonconformity. The Audit Committee hence issued the Review Report in accordance with Article 219 of the Company Act for approval.

To

2021 Shareholders' Meeting

Convener of the Audit Committee: LIN,KO-WU

March 22, 2021

IV. Standalone Financial Statements Audited by CPAs
in the Most Recent Year (refer to #p.179 to p. 294#)

V. Consolidated Financial Statements Audited by CPAs
in the Most Recent Year (refer to #p. 295 to p. 406#)

VI. Financial Difficulties of the Company and Its
Affiliates: None.

Chapter 7 Review and Analysis of the Company's Financial Position and Financial Performance and Risk

I. Financial Position

Unit: NT\$ thousand

Items \ Year	For the year ended December 31, 2020	For the year ended December 31, 2019	Differences	
			Amount	%
Current Assets	9,702,083	6,762,847	2,939,236	43.46%
Long-term Investment	1,352,452	1,203,073	149,379	12.42%
Fixed Assets	1,849,100	1,840,883	8,217	0.45%
Intangible assets	0	0	0	0
Other assets	162,785	118,510	44,275	37.36%
Total assets	13,066,420	9,925,313	3,141,107	31.65%
Current liabilities	652,663	1,272,212	-619,549	-48.70%
Long-term Liabilities	0	0	0	0
Various Reserves	180,755	181,544	-789	-0.43%
Other Liabilities	28,908	78,330	-49,422	-63.09%

Total liabilities	862,326	1,532,086	-669,760	-43.72%
Share capital	1,386,000	1,980,000	-594,000	-30.00%
Capital Surplus	151,782	105,429	46,353	43.97%
Retained earnings	8,350,263	4,196,822	4,153,441	98.97%
Equity Adjustment	2,413,518	2,229,855	183,663	8.24%
Treasury stock	(97,469)	(118,879)	-21,410	-18.01%
Total Shareholders' Equity	12,204,094	8,393,227	3,810,867	45.40%

Analysis:

1. Current assets and other assets: Mainly due to the increase in time deposit by NT\$3.75billion.
2. Current liabilities: Mainly due to the sale of land at No. 90 Plot, Huiguo Section, the recognition of related assets and liabilities as the disposal group for sale, the decrease in non-current assets for sale by NT\$5.278 billion.
3. Other liabilities: Mainly due to a decrease in net defined benefit liabilities by NT\$42 million.
4. Share capital: Capital reduction by 30% on October 26, 2020. The capital after reduction was NT\$1.386 billion.
5. Capital surplus: Mainly due to the transaction of treasury stock that increased NT\$46 million.
6. Retained earnings: Mainly due to the sale of land at No. 90 Plot, Huiguo Section. The profit reached NT\$5.74 billion.

Note: For difference of at least 20% between previous and latter period and the amount totaled NT\$10 million, analysis is made.

II. Analysis of Financial Performance

(I) Comparative Analysis of Financial Performance

Unit: NT\$ thousand

Year Items	For the year ended December 31, 2020	For the year ended December 31, 2019	Increase (Decrease) A m o u n t	Rate of Change %
Total Revenue	2,241,386	2,448,698	-207,312	-8.47
Less: Sales Returns	(5,302)	(2,165)	-3,137	144.90
Sales Allowances	(2,544)	(5,934)	3,390	-57.13
Net operating revenue	2,233,540	2,440,599	-207,059	-8.48
Operating Costs	(1,851,340)	(2,034,682)	183,342	-9.01
Operating gross profit	382,200	405,917	-23,717	-5.84
Operating Expenses	(344,167)	(364,219)	20,052	-5.51
Operating profit	38,033	41,698	-3,665	-8.79
Non-operating Income and Profit	6,000,549	776,566	5,223,983	672.70
Non-operating Expenses and Losses	(105,408)	(83,708)	-21,700	25.92
Pre-tax Income from Continuing Operations	5,933,174	734,556	5,198,618	707.72
Income Tax Expenses	(502,963)	(36,416)	-466,547	1,281.16
After-tax Income from Continuing Operations	5,430,211	698,140	4,732,071	677.81
Analysis of rate of change:				
1. Sales return increased by NT\$ 3 million compared to the previous period mainly due to the quality defect of the final products.				
2. The sales allowance increased by NT\$ 3 million compared with the				

previous period, mainly caused by the reorganization of export products due to material difference in the current period.

3. Non-operating income and profit increased by NT\$ 5.23 billion compared with the previous period, mainly caused by the disposal of property.

4. Non-operating expenses and losses increased by NT\$ 21 million compared with the previous period, mainly caused by the changes in the exchange rate.

The pre-tax income increased by NT\$ 5.198 billion compared with the previous period, mainly caused by the disposal of property.

Income tax expenses increased by NT\$ 466 million compared with the previous period, mainly caused by the disposal of property.

The pre-tax income increased by NT\$ 4.732 billion compared with the previous period, mainly caused by the disposal of property.

Note: Analysis is conducted for the rate of change of at least 20%.

(II) Analysis of Changes in Operating Gross Profit:

III. Consolidated Statements of Cash Flow

Cash Flows Analysis

Unit: Thousand NTD

Beginning Cash Balance	Net Cash Flow From Operating Activities Throughout The Year	Cash Flows Throughout The Year	Cash Surplus (Deficit)	Remedial Measures for Cash Deficit	
				Investment Plans	Financial Plans
\$650,253	\$188,802	3,148,372	\$3,987,427	-	-

1. Analysis of changes in cash flow of the year:

(1) Operating activities: The net cash inflow of the period is NT\$ 188 million, mainly due to share dividend revenue and stable revenue from the operation that created cash inflow from the operating activities.

(2) Investment activities: The net cash inflow of the period is NT\$5.092 billion, mainly due to the disposal of property of NT\$8.351 billion.

(3) Financing activities: The net cash outflow of the period is NT\$ 1.94 billion, mainly due to cash dividend distribution of NT\$1.231b billion, and capital reduction of NT\$572 million.

(4) Impact of changes in exchange rate: The net cash outflow of the current period is NT\$ 3 million.

2. Remedial measures for cash deficit and liquidity analysis:

(1) There was no cash deficit for this year.

(2) Liquidity analysis for the recent two years

Year Items	For the year ended December 31, 2020	For the year ended December 31, 2019	Rate of Change
Cash Flow Ratio	28.93%	22.90%	26.33%
Cash Flow Adequacy Ratio	39.18%	78.49%	-50.08%
Cash Reinvestment Ratio	-	0.62%	-

Analysis of rate of change:

1. Cash flow ratio: The ratio of current period decreased by 6.03% from the previous period with an increase rate of 26.33%, which was mainly due to the reduction of NT\$ 619 million of current liabilities compared to the previous period.

2. Cash flow ratio: The ratio of current period decreased by 39.31% from the previous period with a reduction rate of 50.08%, which was mainly due to the increase of NT\$ 100 million from cash dividend distribution compared to the previous period.

3. Cash Flow Adequacy Ratio: Omitted

3. Cash Liquidity Analysis for the Following Year:

Unit: Thousand NTD

Beginning Cash Balance	Estimated Net Cash Flow From Operating Activities Throughout The Year	Estimated Cash Flow Throughout The Year	Estimated Cash Balance (Deficit)	Remedial Measures for Projected Cash Deficit	
				Investment Plans	Financial Plans
3,987,427	\$220,000	\$4,027,000	\$180,427	-	-
1. 1. Analysis of changes in cash flow for the following year: (1) Operating Activities: Estimated cash inflow in 2021 is NT\$220 million, mainly due to dividend revenue and stable revenue from the operation. (2) Investing activities: Estimated net cash outflow in 2020 is NT\$2.88 billion, mainly due to the construction of employee dormitory, factory reconstruction, urban upgrade in northern Taiwan, equipment replacement, security investment, new product development, asset procurement, and capital increase in overseas subsidiaries. (3) Financing activities: Estimated net cash outflow is NT\$1.147 billion, mainly due to cash dividend of NT\$752 million, capital reduction through cash of NT\$395 million(par value NT\$2.85). 2. Remedial measures for projected cash deficit and liquidity analysis: None.					

IV. Impact of any Major Capital Expenditures during the Most Recent Fiscal Year

(I) The Use and Sources of Major Capital Expenditures: None.

(II) Projected Potential Benefits: None.

V. The Reinvestment Policy for the Most Recent Fiscal Year and Investment Plans for the Coming Year: None.

VI. Risk Assessment for the Most Recent Fiscal Year and as of the Date of Publication of the Annual Report

(I) The Effect upon the Company's Profits (Losses) of Interest and Exchange Rate Fluctuations and Changes in the Inflation Rate in the Most Recent Fiscal Year, and Response Measures to be Taken in the Future:

1. Interest rate risk:

The Group's long-term borrowings are mostly carried out with floating interest rates and a low debt ratio, so there is no material impact of interest rate fluctuations on its profits and losses. In the future, the Group will continue to adhere to the principle of sound and sustainable operation to maintain a low debt ratio, and continue to observe the movement of interest rates and collect market information for future reference.

2. Risk of exchange rate fluctuations:

Sales of the Group's products are mainly export-oriented. In the face of changes in the international political situation and other uncontrollable emergencies, such as the trade war between China and the United States, the Brexit and the global spread of new coronavirus pneumonia (COVID-19), exchange rate have been greatly fluctuated.

Therefore, exchange rate fluctuations have a certain impact on the Group's operating income and profit. To avoid the decrease in the value of assets in foreign currency due to changes in exchange rates and fluctuations in future cash flows, the Group uses derivative financial instruments (including pre-purchase/pre-sale forward exchange) to avoid such risk. Besides, the Group collects information on exchange rate fluctuations on a day-to-day basis to keep abreast of exchange rate movement, and timely convert currencies or retain foreign exchange to reduce exchange risks.

3. Inflation

According to the statistics of the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, the annual growth

rate of CPI is -0.22%. Despite the impacts of the coronavirus and global oil price, the overall economy in 2021 is expected to rebound while the domestic market remains mild. There is a slight impact of inflation on the Company's performance.

(II) The Company's Policy Regarding High-Risk Investments, Highly Leveraged Investments, Loans to Other Parties, Endorsements, Guarantees, and Derivatives Transactions in the Most Recent Fiscal Year; the Main Reasons for the Profits/Losses Generated thereby; and Response Measures to be Taken in the Future.

1. High-Risk and Highly Leveraged Investments

The Group has always maintained stable operations and sustainable financial position and therefore does not engage in high risk or highly leveraged investments.

2. Loaning Funds to Others:

The Group did not engage in any funds loaning to others.

3. Endorsements/Guarantees

① The Group mainly provides guarantees and endorsements to its subsidiaries and affiliates, targeting on financing and procurement quotas.

② To meet the actual operational requirements of the reinvested company, the Group has formulated Operational Procedures for Endorsements/Guarantees according to the relevant laws and regulations of the competent authority. The risks of endorsements/guarantees will be evaluated and effectively controlled by a dedicated unit. In addition, audit units of the Group has established related rules for conducting risk management and evaluations according to Guidelines for Internal Control System.

③ As of December 31, 2020, the Company's maximum endorsements/guarantees amount is NT\$6,089,563,000.

The balance announced is NT\$138,150,000. The actual amount utilized is NT\$124,335,000 with an increase of NT\$ 135,000 from NT\$ 124,200,000 in 2019 due to the exchange difference.

- ④ As of March 31, 2021, the Company's maximum endorsements/guarantees amounted to NT\$ 6,089,563,000. The balance announced is NT\$128,850,000. The actual amount utilized is NT\$115,965,000 with a decrease of NT\$8,370,000 from NT\$124,335,000 in 2020 due to the exchange difference.
- ⑤ The Group's affiliates have always been focused on the core business and fostering a sound financial position. Therefore, no losses have been incurred by the endorsements/guarantees provided. The principle of future response measures is to prevent the amount of actual expenditure from increase.

4. Financial Derivatives Transactions

- ① The Group engages in derivatives transactions only for the purpose of hedging and not for arbitrage and speculative intentions.
- ② Derivatives transactions are strictly regulated by the Company's Handling Procedure to Engage in the Derivatives Transactions. The risk control and management of foreign currency assets and liabilities arising from exchange rate fluctuations will be specifically evaluated by a dedicated unit. In addition, audit units of the Group has established related rules for conducting risk management and evaluations according to Guidelines for Internal Control System.
- ③ As of December 31, 2020, the contact amount of pre-purchase forward exchange that has not been written off as announced by the Group was US\$ 800,000/NT\$ 22.784 million.

④ As of March 31, 2021, the contact amount of pre-purchase forward exchange that has not been written off as announced by the Group was US\$ 800,000/NT\$ 22.828 million.

⑤ In the future, the Group will continue to undertake US Dollar forward exchange at an appropriate time in response to US Dollar demand.

(III) Research and Development Work to be Carried out in the Future, and Further Expenditures Expected for Research and Development Work

Unit: NT\$10,000

The most recent annual plan	Current progress	R&D expenses to be invested	Projected mass production time	Factors impacting the future success of R&D
1. EC-2-E Universal Punch	New model development	NT\$1.1 million	2021. Q3	1. Low cost and high workload 2. Precision of new blades
2. UL-75 laminator development	Continue the operation	NT\$2 million	2022. Q1	Material injection automation
3. Air Purifier design and development	New model development	NT\$ 1.8 million	2022. Q1	1. Development of control software 2. Development of particulate absorbing filter
4. Development of ACCO Paper Punch	New model development	NT\$ 250 thousand	2021. Q3	1. Requirement of paper trimming 2. Precision of modules

- (IV) Effect on the Company's Financial Operations of Important Policies Adopted and Changes in the Legal Environment at Home and Abroad, and Measures to be Taken in Response: None.
- (V) Effect on the Company's Financial Operations of Developments in Science and Technology as well as Industrial Change, and Measures to be Taken in Response: None.
- (VI) Effect on the Company's Crisis Management of Changes in the Company's Corporate Image, and Measures to be Taken in Response:
- ① The Group always upholds the business philosophy of integrity, actively inherits, cultivates talents, promotes safe and healthy workplace environment for employees, and highlights quality and stable prices of our products for customers, to maintain a good corporate image since its establishment 62 years ago.
 - ② Comprehensive codes of practice have been formulated for both crisis management and emergency response, and regular publicity and simulation exercises are conducted.
 - ③ To maintain and promote corporate image are not only the mission but also the cornerstone of sustainable development of the Company. In the future, we will continue to carry through the philosophy of ethical corporate management, strive to deliver excellent performance, create a happy enterprise, share the fruit with employees, generate greater investment returns for shareholders, and fulfill our social responsibilities.
- (VII) Expected Benefits and Possible Risks Associated with Any Merger and Acquisitions, and Mitigation Measures being or to be Taken: None.
- (VIII) Projected Benefits and Possible Risks in Expanding Plants and Response Measures: None.
- (IX) Risks Posed by Concentrated Procurement and Sales, and Response Measures: None.

(X) Impact on the Company Resulting from Massive Transfer or Exchange of the Company's Shares by Directors, Supervisors or Major Shareholders with More than 10% of the Company's Shares and Response Measures: None.

(XI) Effect upon and Risk to Company Associated with Any Change in Governance Personnel or Top Management, and Mitigation Measures being or to be Taken: Not applicable.

(XII) Litigious and Non-litigious Matters:

① As of December 31, 2020, some claims for damage compensation were filed against T.H. U.S.A since some customers did not pay attention to warnings provided by the manufacturer and got injured while failing to assemble our products, Tree Stand, according to the instruction manual.

T.H. U.S.A, the Company's subsidiary, has purchased product liability insurance against the product and has appointed lawyers to represent the Company in the litigation. However, as of the date of publication of the consolidated financial reports, the final outcome of the case yet cannot be ascertained and the exact amount of possible compensation cannot be estimated.

② The Company has paid shortfall air pollution prevention and control charges totaling NT\$ 68 million due to violations against the Air Pollution Control Act investigated by Environmental Protection Bureau of Taichung City Government in July 2017.

The letter on December 10, 2018 by Environmental Protection Bureau of Taichung City Government pressed for payment of stationary pollution source control costs totaling NT\$ 100 million, of which NT\$ 68 million had been imposed by the court, so the supplementary payment claimed by the competent authority falls into repeated collection. The company has filed an appeal against the case. According to

the prudent assessment with lawyers, it is concluded that the repeatedly collected part has a high possibility of being withdrawn, but aforesaid air pollution charges of NT\$ 100 million has been recognized in the annual financial statement for 2018.

Upon appeal, the original penalty was recalculated to reduce the air pollution prevention and control costs and NT\$ 45,337,146 was requested to pay by the Company only. On January 8, 2020, the Company applied for the refund of penalty in accordance with the Letter from Environmental Protection Bureau of Taichung City Government.

- ③ In August 2016, Tahsin Shoji Co., Ltd., the Company's subsidiary in Japan, filed a civil action to the Osaka District Court in Japan, demanding the return of the unjust enrichment made by KAZUO KUROMOTO and others.

In April 2019, the Osaka District Court of Japan made a judgment of the first instance, which fully agreed with our opinion that Mr. KAZUO, S&K Company, Ms. NAKAYAMA and others should compensate the Company for the damages, but this case can be appealed.

Tahsin Shoji Co., Ltd., the Company's subsidiary, has commissioned local Japanese lawyers to file a civil appeal against Mr. KAZUO.

On September 24, 2020, the High Court in Osaka announced that pursuant to Article 17 of the Civil Conciliation Act, Mr. KAZUO shall pay Tahsin Shoji Co., Ltd. 76,692,290 yen.

After the consultation of the local lawyers and considering the overall circumstance, the Board of Directors of the Company agreed on the judgment with no dissent.

(XIII) Other Material Risks and Response Measures: None.

Information security protection building code and actual implementation and response measures:

Through the establishment of information security management system and dedicated unit (Information Management Department), the Group strengthens information security protection, detection, and promotion. By regularly reporting the information management status to the Board of Directors, the Group assigned dedicated personnel to carry out management and organization to ensure normal operation of information systems. To reduce security incidents and assure information preservation, the Group also regularly upgrades software and hardware to make sure the confidentiality of the Group's data and the protection of personal information.

1. Juniper Network Firewall

All kinds of abnormal network uses are prevented to safeguard the security and smoothness of the Group's external network and reasonably manage employees' online access, thereby improving the use in line with the internal control regulations CC110 (Control of Information Security Inspection).

2. Chunghwa Telecom hinet Enterprise Information Services

Chunghwa Telecom Network Security Service is introduced to prevent more than 99% of outbound cyberattacks to ensure the safety of the company's information environment and the compliance with the internal control regulations CC110 (Control of Information Security Inspection).

3. Tahsin ERP Backup System

The Group has established an information management backup system to ensure the security and sustainable development of corporation operation system. Recovery procedures are rehearsed regularly every year to ensure personnel's technical implementation and experience inheritance of personnel as well as the compliance with the internal control regulations CC109 (Control of System Recovery Plan and Test Program).

4. Box Solution Email Protection System

Spam management mechanism has been established to block outbound spams, prevent and reduce various information security risks and ensure the compliance with the internal control regulations CC109 (Control of Information Security Inspection).

5. The Group's Email Backup System

Group has established an online backup system for the Group's e-mail system, so as to ensure the security of the e-mail system and consistent compliance with e-mail-related regulations, and store historical e-mails for ten years for the sake of inquiry and reference of transaction information. The backup system is in line with the BasellII Agreement and Sarbanes-Oxley Act of 2002 as well as the internal control regulations CC109 (Control of System Recovery Plan and Test Program).

6. Symantec Anti-virus System

The Group has established an internal computer anti-virus treatment mechanism and intrusion detection and control to prevent hacker attacks and ensure the effective access to computer resources and compliance with the internal control regulations CC110 (Control of Information Security Inspection).

7. The Group's File Backup Mechanism

The Group carried out on-site backup, remote backup in the same plant, remote backup in different plants, and offline backup. The Group

utilized online drives, external hard drives, and disks to regularly back up data, to ensure the access control of data and the security of account/password management. The mechanisms have successfully prevented several ransomware events and rescued the files in a timely and effective manner, thus minimizing the losses and following internal control regulations CC109 (Control of System Recovery Plan and Test Program).

(XIV) Does the Group Adopt Hedge Accounting: Not applicable.

The use of hedge accounting is only applicable when all the hedge conditions are met and highly effective results can be sufficiently proved. As a result, hedge accounting is not applicable to the group because the requirements are not satisfied.

VII. Other Important Matters:

- ① On February 19, 2020, the Company disposed of the land at No. 90 Plot, Huiguo Section, Taichung City, with a selling price of NT\$ 8,375.89 million and an expected disposal profit of NT\$ 5,754.207 million. Net profit after tax was NT\$5,252.869 million.
- ② On March 16, 2020, the Company's Board of Directors adopted the resolution on the proposed cash reduction to return the share capital of NT\$594 million, eliminate the shares of 59,400 shares, namely acquire 700 shares for every 1,000 shares and cash refund of NT\$ 3,000 per 1000 shares, with a capital reduction ratio of 30%, so as to adjust the capital structure, increase the return on shareholder's equity and earnings per share. The share capital after capital reduction was NT\$1.386 billion.

The proposal was approved by the Shareholders' Meeting on June 5, 2020, and the competent authority. The Board of Directors is authorized to implement the proposal by following the latest regulations.

The new base date for capital reduction was October 23, 2020. The issuance date for new shares was October 26, 2020; The distribution date for cash capital reduction was October 29, 2020.

- ③ On March 22, 2021, the Company's Board of Directors adopted the resolution on the proposed cash reduction to return the share capital of NT\$ 395.01 million, eliminate the shares of 39,501 thousand shares, namely acquire 715 shares for every 1,000 shares and cash refund of NT\$2,850 per 1000 shares, with a capital reduction ratio of 28.5%, so as to adjust the capital structure, increase the return on shareholder's equity and earnings per share. The share capital after capital reduction was NT\$990.99 million.

After the approval by the Shareholders' Meeting on June 11, 2021 and the competent authority, the Shareholders' Meeting will authorize the Board of Directors to set the base date for capital reduction and the base date for conversion of new shares by capital reduction. Other matters not covered herein shall be handled by the Board of Directors fully authorized by the general shareholders' meeting, which shall be in accordance with the provisions of the latest laws and regulations.

VIII. Special Notes

一、 Information on Affiliates

(I) Consolidated Operational Report of Affiliates

1. Overview of Affiliates
 2. Organizational Structure of Affiliates
- Tahsin Industrial Corporation

100%	100%	100%	100%	100%	100%	91.26%
Yuk Wing Development, Ltd.	Tahsin Industrial Corp., Ltd.	U. S. A	Tahsin			
Shoji Co., Ltd.	TAH VIET CO., LTD.	Tah Fa Investment Co., Ltd.	Myanmar	Tahsin		
Industrial Co., Ltd.	Putian Dafu Plastic Industrial Co., Ltd.					
	65%					
	Tahsin Phu My Joint Stock Company	100%	100%			
	Tah Fa Industrial Co., Ltd.	Ta				

Chi Enterprise Co., Ltd.

(2) Basic Information on Affiliates

Company Name	Date of Establishment	Location	Paid-up capital	Main Business Items
Tahsin Shoji Co., Ltd.	68.06.13	8-2, 2-Chome, Imagome Higashi-Osakashi, Japan	RMB 100,000,000	1. Domestic trading of artificial leather, synthetic resin, and various textile products in Japan. 2. Import and export of handbags, packaging, clothing material, and other supplies and goods.
Tahsin Industrial Corp., USA	74.10.31	685 ROUTE 10 RAN DOLPH. N. J07869 U. S. A	USD7,050,000	Sales of Tahsin's products, garments, rainwear and all kinds of plastic products.
Yuk Wing Development, Ltd.	78.03.03	Room 502, Hong Leong Industrial Center, House No.5 Wang Hoi Road, Kowloon Bay, Kowloon, Hong Kong	HK10,000	Trading
Putian Dafu Plastic Industry Co., Ltd.	79.09.20	Sixin Village, Hushi, Meizhouwan Bei'an, Putian, Fujian Province,	USD10,300,000	Production of rainwear and other plastic products and related products, and plastic machinery.

		China		
Tah Viet Co., Ltd.	83.08.02	Tân Thu □n □ông, Qu □n 7, H □ Chí Minh, Vietnam	USD6,803,396.5	Processing and production of rainwear, garments, leather products, wardrobe, etc.
Myanmar Tahsin Industrial Co., Ltd.	88.01.06	PLOTNO. D-1MINGALADONIND. PARK MINGALADON TOWNSHIP YANGON MYANMAR	USD14,700,000	Processing and production of rainwear, garments, etc.
Tah Fa Investment Co., Ltd.	88.05.18	19-1F., No. 285, Sec. 2, Taiwan Avenue, West District, Taichung City	NT180,000,000	Generic investments
Tah Fa Industrial Co., Ltd.	93.12.28	No. 17, Level 1, Lane 74, Section 3, Huilai Road, Xitun District Taichung City	NT3,000,000	Parking lot management and leasing business
Tah Chi Enterprise Co., Ltd.	99.11.16	No. 186, Section 1, Nangang Road, Nangang District, Taipei City	NT20,000,000	Wholesale and retail of fabrics, clothes, shoes, hats, garments, and daily necessities.
TAHHSIN PHU MY JOINT STOCK COMPANY	94.11.29	Phu My Industrial Zone, Tam, Phuoc Soci Phu Ninh District, Quang Nam Province, Vietnam	VND1,663,599(10 thousand)	Manufacturing and processing of ready-to-wear garments for export and domestic sales

(3) Overall Businesses Covered by the Affiliates: a. Production and sales of Tah Hsin's products.

b. Import and export trade.

c. Investment affairs.

(4) Information on Directors, Supervisors, and General Managers of Affiliates

April 30, 2021

Company Name	Title	Name or Representative	Shares Held	
			Shares	Shareholding Ratio
TAHSIN SHOJI CO., LTD.	Chairman of the Board	HU, PAO-TSE (representative of Tahsin Industrial Corp.)	200,000	100%
	Director	Wu, ZI-CONG		
	Director	Hu, Po-Yi "		
	Director	Liu, Wan-Cheng "		
	Director	Zongdao Yingzhi		
	Director	Tianye Haoyi		
	Supervisor	Hu, Bor-Chon "		
Tahsin Industrial Corp., USA	Chairman of the Board	HU, PO-YI (representative of Tahsin Industrial Corp.)	1,000	100%
	Director	Wu, Zi-Cong		
	Director	Hu, Bor-Chon		
Yuk Wing Development, Ltd.	Chairman of the Board	Wu, Zi-Cong (Representative of Tahsin Industrial Corp.)	-	100%
Putian Dafu Plastic Industry Co., Ltd.	Chairman of the Board	Lin, Hung-Pin (Representative of Tahsin Industrial Corp.)	-	91.26%
	Vice Chairman of the Board	Liu, Yueh		
	Director	Hu, Po-Yi (Representative of Tahsin Industrial Corp.)		
	Supervisor	Hu, Bor-Chon (Representative of Tahsin Industrial Corp.)		
Tah Viet Co., Ltd.	Chairman of the Board	HSU, SHU-FEN (representative of Tahsin Industrial Corp.)	-	100%
Myanmar Tahsin Industrial Co., Ltd.	Chairman of the Board	CHEN JIN-XUE (representative of Tahsin Industrial Corp.)	-	100%
Tah Fa Investment Co., Ltd.	Chairman of the Board	HU, PO-YI (representative of Tahsin Industrial Corp.)	18,000,000	100%
Tah Chi Enterprise Co., Ltd.	Chairman of the Board	WU, ZI-CONG (representative of Tah Fa Investment Co., Ltd.)	2,000,000	100%
TAHHSIN PHU MY JOINT STOCK COMPANY	Chairman of the Board	NGUYEN THI NHUNG		65%

2. Operational Overview of Affiliates

December 31, 2020

Unit: NT\$ thousand (earnings per share in NT\$)

Company Name	Capital	Total assets	Total liabilities	Net Value	Operating revenue	Net Operating Profit	Profit or Loss (after Tax)	EPS (after tax)	Remarks
TAHSIN SHOJI CO., LTD.	10,696	356,899	279,911	76,988	431,211	10,312	21,490	107.45	Professional sales of products of Tahsin Industrial Corp.
Tahsin Industrial Corp. U.S.A.	217,049	47,099	32,564	14,535	69,124	(16,478)	(15,615)	(15,615.16)	Professional sales of products of Tahsin Industrial Corp.
Yuk Wing Development, Ltd.	35	22,639	22,602	37	-	-	-	-	Holding company
Fujian Putian DAFU Plastic Industry Co., Ltd.	291,605	186,504	17,859	168,645	129,672	13,713	17,886	-	Professional production of products of Tahsin Industrial Corp.
Tah Viet Co., Ltd.	197,009	144,094	18,208	125,886	69,460	(4,070)	(4,624)	-	Professional production of products of Tahsin Industrial Corp.
Myanmar Tahsin Industrial Co., Ltd.	472,523	245,032	31,184	213,848	166,016	(7,146)	(6,563)	-	Professional production of products of Tahsin Industrial Corp.
Tah Fa Investment Co., Ltd.	180,000	1,503,746	884	1,502,862	154,020	146,978	147,435	8.19	Generic investments
Tah Chi Enterprise Co., Ltd.	20,000	9,075	2,700	6,375	10,585	(335)	(329)	(0.16)	Professional sales of products of Tahsin Industrial Corp.
TAHSIN PHU MY JOINT STOCK COMPANY (TAHSIN PHU MY JOINT STOCK COMPANY)	23,513	33,447	4,214	29,233	25,362	(1,781)	(1,747)	-	Professional production of products of Tahsin Industrial Corp.

3. Consolidated Financial Statements of Affiliates: Identical to the Company and Subsidiaries Consolidated Financial Statements (refer to #p. 295#)

4. Affiliates Report: None.

(II) If the Company is Required to Retain CPAs to Conduct a Special Audit of Internal Control System, the Audit Report shall be Disclosed: None.

II. Private Placement of Securities of the Most Recent Year up to the Publication Date of this Report: None.

III. Holding or Disposal of the Company's Shares by Subsidiary Companies of the Most Recent Year up to the Publication Date of this Report:

Unit: NT\$thousand; shares; %

Subsidiary Name (Note 1)	Paid-up Capital	Source of Capital	Shareholding Percentage of the Company	Date Acquired or Disposed of	Number and Amount of Shares Acquired (Note 2)	Number and Amount of Shares Disposed of (Note 2)	Profit and Loss of Investment	Number and Amount of Shares Held as of the Date of the Publication of the Annual Report	Status and Stock Pledge	Amount Guaranteed and Endorsed for Subsidiaries Provided by the Company	Amount of Capital Lent to Subsidiaries Provided by the Company
Tah Fa Investment Co., Ltd.	180,000	Working capital	3.60%	88.12.18	4,995,900 97,468	-	-	4,995,900 97,468	-	-	-

Explanation: Tahsin Industrial Corp. carried out capital reduction and new share release. Face value of each share reduced by NT\$3.

Note 1: Listed separately by subsidiary companies.

Note 2: The aforementioned amount refers to the actual amount obtained or disposed of.

Note 3: Status of holding and disposition should be listed separately.

Note 4: The impact on the financial performance and financial position of the company should also be explained.

4. Other Necessary Supplementary Information: None.

V. Events of Considerable Impact on Shareholders' Equity or on Prices of Securities as Specified in Subparagraph 2, Paragraph 2 of Article 36 of the Securities and Exchange Act: None.

Crowe (TW) CPAs

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285, Section 2,
Taiwan Boulevard,
West District,
Taichung City,
40308, Taiwan

Independent Auditors' Report

To Tahsin Industrial Corporation:

Audit Opinion

Tahsin Industrial Corporation's Parent Company Only Balance Sheets as of December 31, 2020 and 2019, in addition to the Parent Company Only Statements of Comprehensive Income, Parent Company Only Statements of Changes in Equity, Parent Company Only Statements of Cash Flows, and Notes to the Parent Company Only Financial Statements (including the Summary of Significant Accounting Policies) from January 1 to December 31, 2020 and 2019, have been audited by the CPAs.

According to our opinion, the Parent Company Only Financial Statements mentioned above have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" in all material aspects, and are considered to have reasonably expressed the parent company only financial conditions of Tahsin Industrial Corporation as of December 31, 2020 and 2019, as well as the parent company only financial performance and cash flows from January 1 to December 31, 2020 and 2019.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards. Our responsibilities under those standards are further described in the section titled "Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements." We are independent from the Company pursuant to the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other responsibilities in accordance with these requirements. We believe we have obtained sufficient and appropriate audit evidence to serve as a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Parent Company Only Financial Statements of Tahsin Industrial Corporation for the year ended December 31, 2020. Such matters have been dealt with in the course of auditing and compiling the parent company only financial statements and in the preparation of our audit opinion. As such, we do not respond to each key matter individually. The key audit matters for the parent company only financial statements of Tahsin Industrial Corporation for the year ended December 31, 2020 are as follows:

Revenue recognition

Please refer to Note 4 (18) of the Parent Company Only Financial Statements for accounting policies regarding revenue recognition; please see Note 5 (1)3 of the Parent Company Only Financial Statements for critical accounting judgments, estimates, and assumptions regarding revenue recognition; please see Note 6 (21) of the Parent Company Only Financial Statement for disclosure of information related to income.

Key Audit Matters

The operating revenue of Tahsin Industrial Corporation comes mainly from sale of products. Recognition of sales revenue is mainly to verify whether the control over goods is transferred to buyers and whether there are no non-performance obligations that may affect the acceptance of products, and also is the main indicator for investors and the management to assess the financial or business performance of the Company. As the accuracy of the amount and timing of revenue recognition has a great influence on the financial statements, we have thus included it as one of the key audit matters.

Audit procedures adopted:

Our audit procedures include (i) understanding and testing the effectiveness of internal control mechanisms adopted by the management on revenue recognition; (ii) sampling and reviewing records of sales revenue recognition (including shipping documents) over a certain period of time before the balance sheet date, and determining the appropriateness of recognition timing thereof; (iii) testing selected underlying transactions before and after the end of the reporting date to verify if they were recognized in the correct period; (iv) assessing whether the risks and rewards of goods, of which the revenue had been recognized, have been transferred; and (v) performing a trend analysis on major buyers and revenues by product to determine if material irregularities exist.

Cash and cash equivalents

Please refer to Note 4 (5) of the parent company only financial statements for details of the accounting policies for cash and cash equivalents; please refer to Note 6 (1) of the parent company only financial statements for details of the accounting items for cash and cash equivalents and time deposits with an original maturity of more than three months.

Key Audit Matters

As of December 31, 2020, the carrying amount of cash and cash equivalents and time deposits with initial term maturity date over three months (shown under other financial assets – current) held by Tahsin Industrial Corporation amounted to NTD5,260,037 thousand, accounting for approximately 41.38% of the total assets and the amounts are significant to the overall parent company only financial statements. We identified these as one of the key audit items due to the inherent risk of cash and cash equivalents and time deposits with initial term maturity date of over three months.

Audit procedures adopted:

1. Evaluate and test the effectiveness of the design and implementation of the internal control system for cash and cash equivalents and time deposits with initial terms of over three months.
2. Conduct significant transactions test and verification procedures for frequent bank accounts, including understanding the purpose of bank accounts, and review relevant transaction voucher to ascertain the reasonableness of the situation of income and expenses of large bank deposits.
3. Conduct an inventory verification process on cash and time deposits, including checking whether time deposits have provided guarantees or pledged to confirm consistency with the disclosures in the financial statements.
4. Obtain a breakdown of the balances of cash and cash equivalents and time deposits with initial terms maturity date of over three months and check the bank statements and the related relevant transaction voucher to confirm their existence. In addition, for all correspondence with financial institutions to check the amount of correspondence and check if there are limitations and has made appropriate disclosures.

Responsibilities of the Management and the Governance Unit for the Parent Company Only Financial Statements

To ensure that the parent company only financial statements do not contain material misstatements caused by fraud or errors, the management is responsible for preparing prudent parent company only financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and for preparing and maintaining necessary internal control procedures pertaining to the parent company only financial statements.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing Tahsin Industrial Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists in the parent company only financial statements. There may still be material misstatements due to fraud or errors.

If it could be reasonably anticipated that misstated amounts, individually or in aggregate, could have influenced the economic decisions made by the users of the parent company only financial statements, it will be deemed as material.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We have also performed the following tasks:

1. Identify and evaluate the risk of material misstatements due to fraud or error in the parent company only financial statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for audit opinion. As fraud may involve collusion, forgery, deliberate omissions, false statements, or violations of internal controls, the risk of an undetected material misstatement due to fraud is greater than that due to errors.
2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of Tahsin Industrial Corporation.
3. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Tahsin Industrial Corporation's ability to operate as a going concern. If we believe that there may be factors causing significant uncertainties, we are required to remind the users of the parent company only financial statements in our audit report of the relevant disclosures therein, or to amend our report if inappropriate disclosure was made. Our conclusions are based on information available at the date of the auditor's report. However, future events or circumstances may cause the Company to cease to continue as a going concern.
5. Evaluate the overall expression, structure and contents of the parent company only financial statements (including relevant Notes), and whether the parent company only financial statements fairly present relevant transactions and matters.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the parent company only financial statements within Tahsin Industrial Corporation to express opinions on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and other considerations, (including relevant protective measures).

From the matters communicated with those charged with governance, we determine the key audit items of Tahsin Industrial Company's parent company only financial statements for the year ended December 31, 2020. Such matters have been explicitly stated in our audit report, unless laws or regulations prevent their disclosures, or, in extremely rare cases, we decide not to communicate such matters in our audit report in consideration that the reasonably anticipated adverse impacts of such communication would be greater than the public interest it would promote.

Crowe Horwath (TW) CPAs

CPA: Chang, Fu-Lang

CPA: Chiu, Kuei-Ling

No. of the official approval: FSC No. 10200032833

March 22, 2021

Tahsin Industrial Corporation

Parent Company Only Balance Sheets

December 31, 2020 and 2019

Unit: Thousand NTD

Code	Assets	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
	Current Assets				
1100	Cash and cash equivalents (Notes 4 and 6 (1))	\$ 3,770,037	30	\$ 505,757	5
1120	Financial assets at fair value through other comprehensive income - current (Notes 6 (2))	3,034,533	24	2,373,280	25
1150	Notes receivable, net (Note 6 (3))	34,070	-	32,079	-
1160	Accounts receivable – related parties (Note 6 (3))	1,118	-	1,208	-
1170	Accounts receivable - net (Note 6 (4))	261,088	2	214,427	2
1180	Accounts receivable – related parties (Note 6 (4))	56,532	-	82,203	1
1200	Other receivables	5,519	-	2,750	-
1210	Other receivables - related parties	1,566	-	576	-
1220	Current income tax assets	2,586	-	1,071	-
130x	Inventories (Notes 4 and 6 (5))	451,084	4	459,922	5
1410	Prepayments	53,602	-	49,144	1
1460	Non-current assets held for sale (or disposition group), net (Notes 6 (6))	-	-	2,597,758	27
1476	Other financial assets - current	1,490,000	12	-	-
11xx	Total current assets	9,161,735	72	6,320,175	66
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 6 (7))	344,400	3	347,000	3
1550	Investments accounted for using the equity method (Notes 4 and 6 (8))	1,729,690	13	1,427,575	15
1600	Property, plant and equipment (Notes 4 and 6 (9))	1,122,488	9	1,116,361	12
1755	Right-of-use asset (Notes 4 and 6 (10))	253	-	51	-
1760	Investment properties - net (Notes 4 and 6 (11))	271,896	2	271,930	3
1840	Deferred tax assets (Note 6 (27))	78,023	1	74,410	1
1920	Refundable deposits	567	-	607	-
1970	Other long-term investment - net	810	-	810	-
1990	Other non-current assets - others	330	-	1,441	-
15xx	Total non-current assets	3,548,457	28	3,240,185	34
1xxx	Total Assets	\$ 12,710,192	100	\$ 9,560,360	100

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Tahsin Industrial Corporation

Parent Company Only Balance Sheets

December 31, 2020 and 2019

Unit: Thousand NTD

Code	Liabilities and equity	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
	Current liabilities				
2100	Short-term loans (Note 6 (12))	\$ -	-	\$ 77,000	1
2110	Short-term notes payable (Note 6 (13))	-	-	39,988	-
2150	Notes payable	92,939	1	117,232	1
2170	Accounts payable	51,983	-	29,820	-
2180	Accounts payable - related parties	1,664	-	-	-
2200	Other payables	155,788	1	114,832	1
2220	Other payables - related parties	19,437	-	28,953	-
2250	Provisions - current (Note 4 and 6 (4))	9,467	-	9,467	-
2260	Liabilities related to non-current assets held for sale (Note 6 (6))	-	-	527,820	6
2280	Lease liabilities - current (Note 6 (10))	202	-	51	-
2300	Other current liabilities	5,957	-	4,860	-
21xx	Total current liabilities	337,437	2	950,023	9
	Noncurrent liabilities				
2570	Deferred tax liabilities (Note 6 (27))	180,746	2	181,524	2
2580	Lease liabilities - non-current (Notes 6 (10))	51	-	-	-
2640	Net defined benefit liabilities - non-current (Notes 4 and 6 (5))	7,920	-	50,245	1
2645	Guarantee deposits received	4,912	-	7,268	-
25xx	Total non-current liabilities	193,629	2	239,037	3
2xxx	Total liabilities	531,066	4	1,189,060	12
	Equity				
3100	Share capital (Note 4 and 6 (16))	1,386,000	11	1,980,000	21
3200	Capital surplus (Note 6 (17))	151,782	1	105,429	1
3300	Retained earnings (Note 6 (18))	8,350,263	66	4,196,822	44
3400	Other equity (Note 6 (19))	2,388,550	19	2,207,928	23
3500	Treasury shares (Note 6 (20))	(97,469)	(1)	(118,879)	(1)
3xxx	Total equity	12,179,126	96	8,371,300	88
	Total liabilities and equity	\$ 12,710,192	100	\$ 9,560,360	100

(The accompanying notes are an integral part of the Parent Company Only Financial Statements.)

Chairman: Wu, Zi-Cong

Manager: Huang, Chun-Jia

Chief Accountant: Lai, Ken-Min

Tahsin Industrial Corporation

Parent Company Only Statements of Comprehensive Income

For the Years Ended December 31, 2020 and 2019

Unit: Thousand NTD

Code	Item	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
4000	Operating revenue (Notes 4 and 6 (21))	\$ 1,796,398	100	\$ 2,015,798	100
5000	Operating costs (Note 6 (5) (22))	(1,583,505)	(88)	(1,757,722)	(87)
5900	Gross profit (loss)	212,893	12	258,076	13
5910	Unrealized gain (loss) from sale, net (loss)	(3,939)	-	(2,315)	-
5920	Realized gain (loss) from sale (Loss)	2,315	-	3,551	-
5950	Net Gross Profit (loss)	211,269	12	259,312	13
	Operating expenses (Notes 6 (22))				
6100	Marketing expenses	(108,404)	(6)	(118,471)	(6)
6200	Administrative expenses	(93,680)	(6)	(108,382)	(5)
6450	Expected credit impairment loss (gain)	(1,249)	-	1,502	-
6000	Total operating expenses	(203,333)	(12)	(225,351)	(11)
6900	Operating profit (loss)	7,936	-	33,961	2
	Non-operating income and expenses				
7100	Interest income (Note 6 (23))	19,877	1	13,499	1
7010	Other income (Note 6 (24))	140,272	8	264,548	13
7020	Other gains and losses (Notes 4 and 6 (25))	5,656,038	315	401,761	20
7050	Finance costs (Notes 4 and 6 (26))	(547)	-	(3,027)	-
7070	Share of profit or loss of subsidiaries, associates, and joint ventures accounted for using the equity method	106,055	6	10,140	-
7000	Total non-operating income and expenses	5,921,695	330	686,921	34
7900	Net profit (loss) before tax	5,929,631	330	720,882	36
7950	Benefit of income tax (expense) (Note 6 (27))	(500,371)	(28)	(24,632)	(1)
8000	Income from Continuing Operations	5,429,260	302	696,250	35
8200	Net Income	5,429,260	302	696,250	35
	Other comprehensive income (Note 6 (28))				
	Items that will not be reclassified to profit or loss:				
8311	Remeasurement of defined benefit plans (Note 6 (15))	(3,113)	-	(24,627)	(1)
8316	Unrealized valuation profit or loss on investments in equity instruments at fair value through other comprehensive income	70,196	4	(144,020)	(7)
8336	Unrealized valuation gain or loss on investments in equity instruments measured at FVTOCI - subsidiaries, associates, and joint ventures	128,514	7	374,271	18
8310	Total items that will not be reclassified subsequently to profit or loss:	195,597	11	205,624	10
	Items that may be reclassified to profit or loss				
8361	Exchange differences on translation of foreign operating organizations' financial statements	(17,118)	(1)	(17,151)	(1)
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	3,424	-	3,430	-
8360	Total items that may be reclassified subsequently to profit or loss:	(13,694)	(1)	(13,721)	(1)
8300	Other comprehensive income - net	\$ 181,903	10	\$ 191,903	9
8500	Total Comprehensive Income for the Year	\$ 5,611,163	312	\$ 888,153	44
	Earnings Per Share				
9750	Basic earnings per share (Note 6 (29))	\$ 31.97		\$ 3.65	
9850	Diluted earnings per share (Note 6 (29))	\$ 31.89		\$ 3.65	

(The accompanying notes are an integral part of the Parent Company Only Financial Statements.)

Chairman: Wu, Zi-Cong

Manager: Huang, Chun-Jia

Chief Accountant: Lai, Ken-Min

Tahsin Industrial Corporation

Parent Company Only Statements of Changes in Equity
For the Years Ended December 31, 2020 and 2020
Unit: Thousand NTD

Items	Retained earnings				Other Equity		
	Share capital of common stock	Capital Surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of foreign operating organizations' financial statements	Unrealized valuation (losses) gains from financial assets measured at fair value through other comprehensive income
Balance as of January 1, 2019	\$1,980,000	\$ 96,162	\$ 736,766	\$2,581,834	\$ 444,199	\$ (56,561)	\$2,047,959
Appropriation and distribution of earnings:							
Provision for legal reserve	-	-	22,947	-	(22,947)	-	-
Ordinary cash dividends	-	-	-	-	(237,600)	-	-
Reversal of special reserve	-	-	-	(66,543)	66,543	-	-
Other changes in capital surplus	-	702	-	-	-	-	-
Net income for 2019 (net loss)	-	-	-	-	696,250	-	702
Other comprehensive income for 2019	-	-	-	-	(24,627)	(13,721)	230,251
Total comprehensive income in 2019	-	-	-	-	671,623	(13,721)	230,251
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	8,565	-	-	-	-	-
Balance as of December 31, 2019	\$1,980,000	\$ 105,429	\$ 759,713	\$2,515,291	\$ 921,818	\$ (70,282)	\$2,278,210
Balance as of January 1, 2020	1,980,000	105,429	759,713	2,515,291	921,818	(70,282)	2,278,210
Appropriation and distribution of earnings:							
Provision for legal reserve	-	-	73,817	-	(73,817)	-	-
Ordinary cash dividends	-	-	-	-	(1,277,100)	-	-
Reversal of special reserve	-	-	-	(1,941,491)	1,941,491	-	-
Other changes in capital surplus	-	319	-	-	-	-	-
Net income for 2020	-	-	-	-	5,429,260	-	319
Other comprehensive income for 2020	-	-	-	-	(3,113)	(13,694)	198,710
Total comprehensive income for 2020	-	-	-	-	5,426,147	(13,694)	198,710
Capital reduction	(594,000)	-	-	-	-	-	-
Retirement of treasury shares	-	-	-	-	-	-	-
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	-	-	-	-	-	-
Disposals of investments in equity instruments designated at fair value through other comprehensive income	-	46,034	-	-	-	-	21,410
Balance as of December 31, 2020	\$1,386,000	\$ 151,782	\$ 833,530	\$ 573,800	\$6,942,933	\$ (83,976)	\$2,472,526
							\$ (97,469)
							\$ 12,179,126

(The accompanying notes are an integral part of the Parent Company Only Financial Statements.)

Chairman: Wu, Zi-Cong

Manager: Huang, Chun-Jia

Chief Accountant: Lai, Ken-Min

Tahsin Industrial Corporation

Parent Company Only Statements of Cash Flows

For the Years Ended December 31, 2020 and 2020

Unit: Thousand NTD

Item	December 31, 2020	December 31, 2019
Cash flows from operating activities-indirect method		
Net profit (loss) before tax	\$ 5,929,631	\$ 720,882
Adjustments		
Total adjustments to reconcile profit (loss)		
Depreciation expenses	25,755	25,754
Expected credit losses (benefits)	1,249	(1,502)
Interest expenses	547	3,028
Interest revenue	(19,877)	(13,499)
Dividend income	(109,477)	(228,000)
Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using the equity method	(106,055)	(10,140)
Loss (gain) on disposal and disposition of property, plant and equipment	(2,166)	(444,250)
Loss (gain) on disposal of investment property	-	(14,315)
Loss (gain) on disposal of non-current assets classified as held for sale	(5,754,207)	-
Gain on reversal of impairment loss on non-financial assets	-	(19,633)
Unrealized gain (loss) from sale, net (loss)	3,939	2,315
Realized loss (gain) on sales	(2,315)	(3,551)
Unrealized exchange loss (gain)	2,996	5,544
Other items	319	702
Total adjustments to reconcile profit (loss)	(5,959,292)	(697,547)
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in notes receivable	(2,052)	24,274
Decrease (increase) in notes receivable - related parties	90	1,085
Decrease (increase) in accounts receivable	(49,501)	70,105
Decrease (increase) in accounts receivable - related parties	24,327	26,285
Decrease (increase) in other receivables	(644)	2,210
Decrease (increase) in other receivables - related parties	(1,044)	(151)
Decrease (increase) in inventories	8,838	27,616
Decrease (increase) in prepayments	(4,458)	(8,223)
Total changes in operating assets	(24,444)	143,201
Changes in operating liabilities		
Increase (decrease) in notes payable	(24,293)	(25,128)
Increase (decrease) in accounts payable	22,163	(14,822)
Increase (decrease) in accounts payable - related parties	1,664	-
Increase (decrease) in other payables	44,989	(11,363)
Increases (decreases) in other payables - related parties	(9,516)	14,629
Increase (decrease) in other current liabilities	1,097	(2,723)

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Tahsin Industrial Corporation

Parent Company Only Statements of Cash Flows

For the Years Ended December 31, 2020 and 2019

Unit: Thousand NTD

Item	December 31, 2020	December 31, 2019
Increase (decrease) in net defined benefit liabilities	\$ (45,438)	\$ (81,789)
Total changes in operating liabilities	(9,334)	(121,196)
Total changes in operating assets and liabilities	(33,778)	22,005
Total adjustments	(5,993,070)	(675,542)
Cash generated from operations	(63,439)	45,340
Interest received	19,931	13,701
Dividends received	125,352	249,600
Interest paid	(561)	(3,087)
Income tax refunded (paid)	(1,515)	(520)
Net cash provided by (used in) operating activities	79,768	305,034
Cash flows from investing activities		
Acquisition of financial assets at fair value through other comprehensive income	(635,291)	-
Disposal of financial assets at fair value through other comprehensive income	46,834	-
Investments accounted for using the equity method	(36,844)	(57,883)
Disposal of non-current assets held for sale	8,351,965	-
Acquisition of property, plant and equipment	(35,779)	(26,303)
Disposal of property, plant, and equipment	2,292	529,428
Increase in refundable deposits	-	(39)
Decrease in refundable deposits	40	-
Disposal of investment properties	-	16,887
Increase in other financial assets	(1,490,000)	-
Decrease in other non-current assets	1,111	674
Income tax refunded (paid)	(1,029,158)	-
Net cash provided by (used in) investing activities	5,175,170	462,764
Cash flows from financing activities		
Decrease in short-term loans	(77,000)	(259,000)
Decrease in short-term bills payable	(40,000)	(230,000)
Increase in guarantee deposits received	84	3,564
Decrease in guarantee deposits received	(2,440)	(4,908)
Repayments of principal portion of the lease	(202)	(203)
Cash dividends paid	(1,277,100)	(237,600)
Capital reduction	(594,000)	-
Net cash provided by (used in) financing activities	(1,990,658)	(728,147)
Increase (decrease) in cash and cash equivalents	3,264,280	39,651
Cash and cash equivalents, beginning of the period	505,757	466,106
Cash and cash equivalents, end of the period	\$ 3,770,037	\$ 505,757

(The accompanying notes are an integral part of the Parent Company Only Financial Statements.)

Chairman: Wu, Zi-Cong

Manager: Huang, Chun-Jia

Chief Accountant: Lai, Ken-Min

Tahsin Industrial Corporation

Notes to Parent Company Only Financial Statements

For the Years Ended December 31, 2020 and 2020

(Amount in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. Company History

Tahsin Industrial Corporation ("The Company") was incorporated under the Company Act of Taiwan, the Republic of China (R.O.C.) in 1958. The Company and its subsidiaries are primarily engaged in manufacturing and trading of a variety of plastic raincoats, nylon raincoats, overalls, wardrobes, nylon jackets, PP corrugated boards, TC garments, leather goods, handbags, file folders, plastic film, carrier bags and laminating machines, etc. The Company was approved by the Securities and Futures Bureau under the Financial Supervisory Commission (formerly the Securities and Futures Commission) for listing in 1992.

2. Date and Procedures of Authorization for Issuance of the Financial Statements

The parent company only financial statements have been approved and released by the Board of Directors on March 22, 2021.

3. Application of Newly Issued, Revised, and Amended Standards and Interpretations

- a. The impact of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (hereinafter referred to as "IFRSs") endorsed and effected by the Financial Supervisory Commission (hereinafter referred to as the "FSC"):

The following table summarizes the new, amended, and revised standards and interpretations of IFRSs endorsed by the FSC and applicable in 2020.

New release /Revised/Amended Standards and Interpretations	Effective Date Issued by IASB
IFRS 3 Amendment "Definition of a Business"	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020
Amendments to IFRS 9, IAS 39, and IFRS 7 "Interest Rate Benchmark Reform"	January 1, 2020
Amendments to IFRS 16 "Covid-19-Related Rent Concessions"	June 1, 2020 (Note)

Note: The FSC allows application in advance on January 1, 2020.

With the exception of the following, the application of the latest IFRSs endorsed and issued into effect by the FSC should not result in significant changes in the accounting policies of the Company:

Amendments to IAS 1 and IAS 8 "Definition of Material"

This amendment clarifies the definition of materiality. If the omission, misrepresentation or ambiguity of information can be reasonably expected to influence the decisions made by primary users of general-purpose financial statements based on those financial statements (which provide financial information of parent company only financial statements), then such information is material. The Company adopted the amendment on January 1, 2020. The threshold for materiality was amended to be "could reasonably be expected to influence users" and the disclosures in the individual financial statements were adjusted by removing immaterial information which may obscure material information.

- b. Effects of not yet applying the newly-announced and revised IFRSs endorsed by FSC:

The following table summarizes the new, revised, amended standards and interpretations of IFRSs endorsed by the FSC and are applicable in 2021.

New release /Revised/Amended Standards and Interpretations	Effective Date Issued by IASB
The Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)	Released on June 25, 2020
Extension of Amendments to IFRS 16 "Covid-19-Related Rent Concessions"	Effective from the date of June 1, 2020 (Note 1)
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Change in Interest Rate Indicators – Second Stage" ¹⁵	January 1, 2021 (Note 2)

Note 1: This amendment applies to annual reporting periods beginning after June 1, 2020.

Note 2: This amendment applies annual reporting periods beginning after January 1, 2021.

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

- c. Effects of IFRSs issued by IASB but not yet endorsed by FSC:

The following table summarizes the newly issued, amended and revised standards in the IFRSs that have already been issued by the IASB but are yet to be endorsed by the FSC and related interpretations:

New release /Revised/Amended Standards and Interpretations	Effective Date of Issuance by the IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture" between Its Associate/Joint Venture"	Yet to be decided
IFRS 17 - "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS1 "Classify Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use" Price before use"	January 1, 2022 (Note 2)

Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 3)
Amendments to References to the Conceptual Framework in IFRS 3	January 1, 2022 (Note 4)
Annual improvement of IFRS 2018-2020	January 1, 2022 (Note 5)
Amendments to IAS 1 in "Disclosure of Accounting Policies"	January 1, 2023
Amendments to IAS 8 in "Accounting estimate"	January 1, 2023

- Note 1: Unless otherwise specified, the aforementioned New/Amended/Revised Standards and Interpretations shall be effective for the annual reporting period after the specified dates.
- Note 2: A company applies the amendments retrospectively only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period (January 1, 2021) presented in the financial statements.
- Note 3: This amendment applies to contracts that have not fulfilled all their obligations on January 1, 2022.
- Note 4: The amendments are to be applied prospectively to business mergers whose acquisition date starts in the annual reporting periods beginning on or after January 1, 2022.
- Note 5: The amendments to IFRS 9 apply to the exchanges of financial liabilities or the alterations in its terms that occur during the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 apply to the measurement of fair value for annual reporting periods beginning on or after January 1, 2022; the amendments to IFRS 1 apply retroactively to annual reporting periods beginning on or after January 1, 2022.

1) Amendments to IAS1 "Classifying Liabilities as Current or Non-current"

The amendments clarify that for a liability to be classified as non-current, the Company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the end of the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Company will exercise that right. If the right to defer the settlement of liabilities of the Company is subject to the compliance with specific conditions, the Company must have met certain conditions on the terminal date of the reporting period, regardless of whether the lender has tested whether the Company has complied with such conditions at a later date. For the purpose of debt classification, the aforementioned full repayment refers to the transfer of cash, other economic resources or equity instruments of the Company to the transaction counterparty to eliminate the liabilities. However, if the terms of the liability may be based on the choice of the counterparty to transfer the equity instrument of the Company, which resulted in its settlement, and if the option is recognized separately in equity in accordance with IAS 32 "Financial Instruments: Expression," it will not affect the classification of liabilities.

2) Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of these items is measured in accordance with IAS 2 "Inventories," while any proceeds from selling these items and the cost of these items are recognized in profit or loss in accordance with applicable standards.

The amendments apply to property, plant and equipment that arrived at the location and achieved the condition required for their operating method expected by the management on or after January 1, 2021 (starting date of the earliest expression period). Upon initial application of the amendments, the cumulative effect of initial application of the amendments is recognized as an adjustment to the opening balance of the retained earnings (or other components of equity, as appropriate), at the beginning date of the earliest period presented, and recompile the information of the comparison period.

3) Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"

The amendments specify that when assessing whether a contract is onerous, the "cost of fulfilling a contract" includes both the incremental costs of fulfilling that contract (e.g., direct labor and materials) and an allocation of other costs that relate directly to fulfilling contracts (e.g., an allocation of depreciation for an item of property, plant and equipment used in fulfilling the contract). The Company will recognize the cumulative effect as retained earnings at the date of first-time adoption of the amendment when the amendment is first applied.

4) Amendment to IFRS 3 "Amendments to References to the Conceptual Framework"

The amendment is to update the index of the conceptual framework and add the provision that the purchaser should apply IFRIC 21 "Levies" to determine whether there is any obligation for the public course to pay liabilities on the acquisition date.

5) Annual Improvements to IFRSs 2018-2020

The Annual Improvements to IFRS Standards 2018-2020 amended certain standards. For the amendments to IFRS 9, in order to assess whether the exchange of financial liabilities or amendments to terms is significantly different, compare whether there is a 10% difference between the discounted cash flow of the new and old contract terms (including the net amount of fees paid or charged for entering

into new contracts or amending contracts), the above fees charged only include fees paid or charged between such borrower and lender.

6) Amendment to IAS 1, "Disclosure of Accounting Policies"

The objective of the amendment was to improve accounting policy disclosures and help stakeholders provide more relevant information for investors and primary users of financial statements.

7) Amendments to IAS 8 "Accounting estimate"

The amendment defines accounting estimates as monetary amounts that are subject to measurement uncertainty in financial statements and provides further explanations and examples to assist companies in differentiating between changes in accounting policies and changes in accounting estimates.

As of the date of authorization of the Parent Company Only Financial Statements, the Company has continued to assess the effects of amendments to other standards and interpretations on its financial conditions and performance. Related impacts will be disclosed upon completion of the assessment.

4. Summary of Significant Accounting Policies

The main accounting policies used in preparing the parent company only financial statements are described below. Unless otherwise stated, these policies are consistently applicable throughout all reporting periods.

a. Compliance declaration

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

b. Preparation basis

1) Except for the following significant items, these parent company only financial statements have been prepared under the historical cost convention:

- a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- b) Financial assets measured at fair value through other comprehensive income.
- c) Liability based on cash-settled share-based payment arrangement measured at fair value.
- d) Defined benefit liability is derived from retirement plan assets less the present value of net defined benefit obligation.

- 2) Significant accounting estimates are required when preparing financial statements based on the IFRSs recognized by FSC. When the Company adopts the accounting policies, the management is required to exercise judgments on highly judgmental or complex items or significant assumptions and estimates with regard to the financial statements. For more details, please refer to Note 5.
 - 3) When preparing parent company only financial statements, the Company adopts the equity method for investments in subsidiaries, affiliates or joint ventures. In order to align profit or loss, other comprehensive income, and equity from the current year in the Parent Company Only Financial Statements with those attributable to the Company's owners, the differences in accounting treatment with individual and consolidated basis have led to adjustments in "investments accounted for using the equity method," "share of profit or loss of subsidiaries, associates, and joint ventures accounted for using the equity method," "share of other comprehensive income of subsidiary, associates, and joint ventures accounted for using the equity method" and related equity items.
 - 4) During the first-time retrospective application of IFRS 16 on January 1, 2019, the Company chose not to restate the parent company only financial statements and notes for the year ended December 31, 2018, and recognized the difference as retained earnings or other rights on January 1, 2019.
- c. Translation of foreign currency
- 1) Foreign currency transactions and balances
 - a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
 - b) Balances of monetary assets and liabilities denominated in foreign currencies are adjusted at the spot exchange rates prevailing at the balance sheet date. Exchange gains or losses arising from such adjustments are recognized in profit or loss.
 - c) Non-monetary assets and liabilities denominated in foreign currencies that are measured at FVTPL, are retranslated at the exchange rates prevailing at the balance sheet date, where their translation differences are recognized in profit or loss as part of the fair value gain or loss. Non-monetary assets and liabilities denominated in foreign currencies measured at FVTOCI are retranslated at the exchange rates prevailing at the balance sheet date, where their translation differences are recognized in other comprehensive income. However, non-

monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the initial transaction dates.

2) Conversion of foreign operations

- a) The operating results and financial position of all subsidiaries, affiliates, and jointly controlled entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the end of the financial reporting period;
 - ii. Income and expenses on the statements of comprehensive income are translated at the average exchange rates of that period; and
 - iii. All resulting exchange differences are recognized in other comprehensive income.
- b) When the foreign operation partially disposed of or sold is a related enterprise or jointly controlled entity, exchange differences that were recorded in other comprehensive income are proportionately reclassified to income as part of the profit or loss of sale. However, if the Company still holds partial interests in the former associate or jointly controlled entity but has already lost influence over the related enterprise or lost joint control over the jointly controlled entity, such transaction is accounted for as disposal of all interests in such foreign operation.
- c) When the foreign operation that is partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interests in this foreign operation. However, if the Company still retains partial interests in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in this foreign operation.

d. Standards for distinguishing between current and non-current assets and liabilities

- 1) Assets that meet one of the following criteria are classified as current assets:
 - a) Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle.
 - b) Holders primarily for trading purposes.
 - c) Assets expected to be realized within 12 months after the balance sheet date.

- d) Cash or cash equivalents, except for those used for exchange, settlement of liabilities or other restrictions more than 12 months after the balance sheet date.

The Company classifies all the assets that do not meet the above-mentioned criteria as non-current.

- 2) Liabilities that meet one of the following criteria are classified as current liabilities:
 - a) Liabilities that are expected to be settled within the normal operating cycle.
 - b) Holders primarily for trading purposes.
 - c) Those who are restricted by the exchange or liquidation of debts within 12 months after the balance sheet date (even if a long-term refinancing or rescheduling payment agreement is completed after the balance sheet date and before the financial statements are approved, it is also a current liability).
 - d) Those who cannot unconditionally deferred the repayment schedule to at least twelve months after the publication of the balance sheet. Terms of a liability that could, at the option of the counter-party, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all the liabilities that do not meet the above-mentioned criteria as non-current.

e. Cash and cash equivalents

The cash and cash equivalents include cash in treasury, bank discount and short-term investments that can be converted into fixed cash at any time with little change in value at risk and high liquidity (including fixed deposit with an original date due within three months).

f. Financial instrument

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Initially, financial assets and liabilities should be recognized at fair value. Upon initial recognition, transaction costs that are directly attributable to the acquisition or issuance of the financial assets and financial liabilities (except for financial assets and financial liabilities at fair value through profit or loss) should be added to, or subtracted from the fair value of such financial assets and financial liabilities. Transaction costs that are directly attributable to financial assets and financial liabilities measured at FVTPL are immediately recognized in profit or loss.

1) Financial assets

a) Types of measurement

Financial assets purchased or sold in a regular way are recognized using transaction date accounting.

Financial assets held by the Company comprise financial assets measured at fair value through profit or loss, financial assets at amortized cost, investments in debt instruments measured at fair value through other comprehensive income, and investments in equity instruments measured at fair value through other comprehensive income.

i. Financial assets at fair value through profit or loss

Financial assets measured at FVTPL include financial assets measured at FVTPL and financial assets designated as measured at FVTPL. Financial assets measured at FVTPL include investments in equity instruments not designated by the Company as measured at FVTOCI and investments in debt instruments not classified as measured at amortized cost or FVTOCI.

When a financial asset meets one of the following criteria, the Company shall, at initial recognition, designate the financial asset as a financial asset measured at FVTPL:

- (a) It is a hybrid (combined) contract; or
- (b) They eliminate or significantly reduce a measurement or recognition inconsistency; or
- (c) It is managed on a fair value basis and its performance is evaluated in accordance with a documented risk management or investment strategy.

Financial assets measured at fair value through profit and loss are measured at fair value, of which any dividends and interest accrued are recognized as other revenue and remeasurement gains or losses are recognized in profits or losses. Please refer to Note 12 (3) for the methods of determining fair values.

ii. Financial assets at amortized cost

A financial asset of the Company is measured at amortized cost if both of the following conditions are met:

- (a) Financial assets are under a business model whose purpose is to hold financial assets and collecting contractual cash flows; and

- (b) The terms of the contract generate a cash flow on a specified date that is entirely for the payment of interest on the principal and the amount of principal in circulation.

After initial recognition, financial assets measured at amortized cost are measured at the gross carrying amount determined based on the effective interest method less any impairment losses, and any gains or losses on foreign exchange are recognized in profit or loss.

Except for the following two situations, interest revenue is calculated by the effective interest rate multiplied by the gross carrying amount of financial assets:

- (a) For purchased or create credit-impaired financial assets, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.
- (b) For financial assets that are not purchased or originated credit-impaired but subsequently have become credit-impaired, interest income is calculated by applying the effective interest rate to the amortized cost balance of such financial assets.

iii. Investments in debt instruments at fair value through other comprehensive income

Investments in debt instruments of the Company are classified as financial assets at FVTOCI if both of the following conditions are met:

- (a) Financial assets are under a business model whose purpose is to hold financial assets and collecting contractual cash flows; and
- (b) The terms of the contract generate a cash flow on a specified date that is entirely for the payment of interest on the principal and the amount of principal in circulation.

Investments in debt instruments at FVTOCI are measured at fair value. Among changes in the carrying amount, interest revenue calculated using the effective interest method, gain or loss on foreign exchange, and impairment loss of foreign exchange or gain on reversal of impairment loss of foreign exchange are recognized in profit or loss; other changes are recognized in other comprehensive income and reclassified as profit or loss upon disposal of investments.

iv. Investments in equity instruments at fair value through other comprehensive income

At the time of original recognition, the Company make an irrevocable decision to designate an equity instrument that is neither held for trading nor contingent consideration arising from a business combination to be measured at fair value through other comprehensive income.

Investments in equity instruments at FVTOCI are measured at fair value, and subsequent changes in the fair value are recognized in other comprehensive income and accumulated in other equity. Upon disposal of investments, the cumulative profit or loss is directly transferred to retained earnings and is not reclassified as profit or loss.

Dividends on investments in equity instruments at FVTOCI are recognized in profit or loss when the Company's right to receive payments is established, unless such dividends clearly represent the recovery of the investment cost in part.

b) Impairment of financial assets

- i. The Company assesses financial assets (including accounts receivable) measured at amortized cost based on expected credit losses on each balance sheet date, debt instrument investments measured at fair value through other comprehensive income, operating lease receivables, and Impairment losses on contract assets.
- ii. Accounts receivable, contract assets and operating lease receivables are recognized as allowance losses based on expected credit loss during the term of duration. For other financial assets, whether there is a significant increase in credit risk after initial recognition shall be determined first. If there is no significant increase in credit risk, the allowance for loss is recognized based on the 12-month expected credit losses. If there is a significant increase in credit risk, the allowance for loss is recognized based on the lifetime expected credit losses.
- iii. The expected credit loss is the weighted average credit loss determined by the risk of default. The 12-month expected credit losses refer to expected credit losses arising from possible default of financial instruments within 12 months after the reporting date. The lifetime expected credit losses refer to expected credit losses arising from all possible default of financial instruments in the expected duration.
- iv. Through the loss allowance account, the carrying amount of all financial assets is reduced for the impairment loss, but the allowance

loss of debt instrument investment measured at fair value through other comprehensive income is recognized in other comprehensive income and does not reduce its carrying amount.

c) Derecognition of financial assets

The Company will derecognize a financial asset when one of the following conditions is met:

- i. The right to a contract from the financial asset cash flow is void.
- ii. Transfer of contractual rights to receive cash flow from financial assets, and transfer of almost all risks and rewards of ownership of financial assets.
- iii. Almost all risks and rewards of ownership of financial assets have neither been transferred nor retained, but control over financial assets has not been retained.

On de-recognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received is recognized in profit or loss. On derecognizing an investment in a debt instrument in its entirety at FVTOCI, the difference between the carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss. On derecognizing an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, rather than reclassified as profit or loss.

2) Equity instruments

The debt and equity instruments issued by the Company are classified as financial liabilities or equity instruments in accordance with the definition of financial liabilities and equity instruments and the contractual substance.

Equity instruments refer to any contracts containing an enterprise's residual interest after subtracting liabilities from assets. Equity instruments issued by the Company are recognized as the net of proceeds less direct issuance costs.

3) Financial liabilities

a) Subsequent measurement

Except the following situation, all the financial liabilities are measured at amortized cost using the effective interest method.

- i. Financial liabilities measured at fair value through profit and loss refer to financial liabilities held for trading or designated as financial liabilities at fair value through profit and loss at the time of initial recognition. A financial liability is classified as held for trading if it has been acquired principally for the purpose of repurchasing it in the near term and is a derivative that is not designated and effective as a hedging instrument. When financial liabilities meet one of the following criteria, the Company designates them to be measured at FVTPL on initial recognition:
 - (a) It is a hybrid (combined) contract; or
 - (b) They eliminate or significantly reduce a measurement or recognition inconsistency; or
 - (c) It is a tool to manage and evaluate its performance on a fair value basis based on a documented risk management or investment strategy.
 - ii. Financial liabilities measured at fair value through profit and loss are measured at fair value at the time of initial recognition, and related transaction costs are recognized as profit and loss. For subsequent fair value measurements, changes in fair value are recognized in current profit or loss.
 - iii. Designated as a financial liability measured at fair value through profit or loss, the amount of changes in fair value due to changes in credit risk is recognized in other comprehensive income, and will not be reclassified to profit or loss in the future. The remaining fair value changes in the liability are reported in profit or loss. However, if the above accounting treatment causes or exacerbates the improper accounting ratio, the profit or loss of the liability will be fully listed in profit or loss.
- b) Derecognition of financial liabilities

The Company will derecognize a financial liability only when the obligation is discharged, cancelled or expired. When financial liabilities are derecognized, the difference between the carrying amount and the amount of paid consideration (including any transferred non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

g. Inventories

Inventories are measured at the lower of cost and net realizable value. The perpetual inventory system is adopted and the cost is determined using the weighted average method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item-by-item approach is used in applying lower of cost and net realizable value. Net realizable value refers to the balance of the estimated selling price in the ordinary course of business less the estimated costs to be incurred till completion and related variable selling expenses.

h. Non-current assets held for sale (or disposal groups)

When the carrying amount of a non-current assets (or a disposal groups) is mainly recovered through a sale transaction rather than continuing use, and the asset is highly likely to be sold, the non-current assets shall be classified as an asset held for sale, and measured at the lowest of their carrying amount and fair value less costs to sell.

i. Subsidiaries and affiliates using the equity method

- 1) Subsidiaries refer to all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- 2) Unrealized gains or losses arising from the transactions between the Company and its subsidiaries have been eliminated. Accounting policies of its subsidiaries have been adjusted where necessary, and are consistent with the policies adopted by the Company.
- 3) The Company's share of profit or loss in subsidiaries after acquisition is recognized in profit or loss, whereas its share of other comprehensive income in subsidiaries after acquisition is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the company shall continue to recognize losses in proportion to its shareholding.
- 4) A change in the shareholding of a subsidiary that does not result in loss of control (a transaction with a non- controlling interest) is treated as an equity transaction, that is, a transaction with the owner. The difference between the adjusted amount of non-controlling interest and the fair value of the consideration paid or received is directly recognized in equity.
- 5) When the Company loses control over a subsidiary, the retained investment in such former subsidiary is remeasured and the remeasured value is regarded as the fair

value on initial recognition of a financial asset, or as the cost on initial recognition of an investment in an associate or joint venture. Difference between fair value and carrying amount is recognized in profit or loss. All amounts recognized in other comprehensive income in relation to that subsidiary should be accounted for on the same basis as would be required if the Company had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the company reclassifies the gain or loss from equity to profit or loss.

- 6) Associates are entities over which the Company has significant influence but not control. In general, it is presumed that an investor has significant influence, if an investor holds, directly or indirectly 20% or more of the voting power of the investee. Investments in associates by the Company are treated using the equity method and recognized at cost when acquired.
- 7) The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. If the Company's share of loss in any of its related enterprises equals or exceeds its interest in the related enterprise (including other unsecured receivables), it does not recognize further losses, unless it has legal obligations and constructive obligations in the related enterprise, or makes payments on behalf of the related enterprise.
- 8) Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associates have been adjusted as necessary, and are consistent with the policies adopted by the Company.
- 9) Where an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, the "capital surplus" and "investments accounted for under the equity method" shall be adjusted for the increase or decrease of its share of equity interest. Where its investment proportion decreases, in addition to the above adjustments, the profit or loss previously recognized in other comprehensive income due to decrease in its ownership interest and the profit or loss to be reclassified to profit or loss during the disposal of assets or liabilities shall be reclassified to profit or loss based on the proportion of decrease.
- 10) Upon loss of significant influence over an associate, the Company shall remeasure the remaining investment retained in the former associate at its fair value. Any

difference between the fair value and the carrying amount is recognized in profit or loss for the period.

- 11) When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are handled on the same basis as would be required if the relevant assets or liabilities were disposed of. That is, the profits or losses recognizes in other comprehensive income are reclassified to profit or loss upon disposal of such assets or liabilities. In circumstances where the Company loses significant influence over this associate, such assets or liabilities are reclassified to profit or loss. If the Company still has a significant influence on the related enterprise, only the amount of previously recognized in other comprehensive income is transferred according to the above-mentioned method.
- 12) When the Company disposes of its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.
- 13) According to "Regulations Governing the Preparation of Financial Reports by Securities Issuers," the profit or loss of the period and other comprehensive income presented in parent company only financial statements shall be the same as the allocations of profit or loss of the period and of other comprehensive income attributable to owners of the parent presented in the financial statements prepared on a consolidated basis, and the owners' equity presented in the parent company only financial statements shall be the same as the equity attributable to owners of the parent presented in the financial statements prepared on a consolidated basis.

j. Property, plant, and equipment

- 1) Property, plant, and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- 2) Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The replaced part of the carrying amount is derecognized. All other repair and maintenance costs incurred are recognized in current profit or loss during the period in which they are incurred.
- 3) Land is not depreciated. The cost model is adopted for other property, plant and equipment, which is depreciated on a straight-line basis based on the estimated useful life. The Company reviews the residual values, useful lives, and depreciation

methods of each asset at the end of each financial year. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" from the date of the change. The useful life of each asset is as follows:

Buildings	5 - 55 years
Machinery and utilities equipment	5 - 18 years
Transportation equipment	5 - 12 years
Miscellaneous equipment	5 - 15 years

- 4) Property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The amount of gain or loss arising from the derecognition of property, plant and equipment is the difference between the net disposal value and the carrying amount of the asset, and is recognized in current profit or loss.

k. Leases

The Company assesses whether the contract is (or includes) a lease on the date of its establishment. Where a contract includes a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to the lease component on the basis of the relative separate price of each lease component and the aggregate separate price of non-lease components.

- 1) The Company is a lessee:

The Company recognizes right-of-use assets and lease liabilities at the beginning of the lease start date for other leases, except for leases of low-value underlying assets and short-term leases that recognize expenses on a straight-line basis.

Right-of-use assets

The right-of-use asset is initially measured at cost (including the original measured amount of the lease liability, the lease payment paid before the lease commencement date minus the lease incentive received, the original direct cost and the estimated cost of the recovery target asset), and subsequently measured at cost minus the accumulated depreciation and the accumulated impairment loss and adjusted for the remeasurement of the lease liability.

Except for right-of-use assets that meet the definition of investment property, right-of-use assets are listed on parent company only balance sheets as separate line items.

The right-of-use assets shall be depreciated on a straight-line basis from the beginning of the lease to the expiration of the term of the useful life or the expiration

of the lease period, whichever is earlier. However, if the ownership of the underlying assets will be acquired at the end of the lease term, or if the cost of the right-of-use assets reflects the exercise of the purchase option, the depreciation shall be accrued from the beginning of the lease to the expiration of the term of the useful life of the underlying assets.

Lease liabilities

Lease liabilities are initially measured at the present value of lease payments (including fixed payments; substantive fixed payments; variable lease payments depending on the index or a rate; amounts expected to be paid by the lessee under residual value guarantees. The exercise price of a purchase option that is reasonably certain to be exercised and penalties for terminating the lease reflected in the lease term minus the present value measurement of the lease incentives received. If the implied interest rate on the lease is easy to defined, the lease payment is discounted with that interest rate. If the interest rate is not easy to determine, the lessee's incremental borrowing rate shall be used.

Subsequently, the lease liability is measured on the basis of amortized cost using the effective interest method, and the interest expense is apportioned during the lease period. When there is a change in a lease term, valuation of exercise price of a purchase option of the underlying asset, expected payable amount based on residual value, or indexes or rates which are used to determine variable lease payments, resulting in a change in future lease payments, the Company re-measures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the re-measurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the parent company only balance sheets.

Changes in leases that do not depend on an index or a rate in lease agreements are recognized as expenses in the period in which they take place.

2) The Company is a lessor:

Leases in which the lessee assumes substantially all of the risks and rewards of ownership are classified as finance leases. Otherwise, it is classified as an operating lease.

When a lease includes elements of land and buildings, the Company assesses the classification of each element as a financial lease or an operating lease, and apportions the lease payment (including any one-time front-end payment) to the land and buildings according to the fair value of the lease right of the land and buildings on the establishment date of the contract. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is

generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

When the Company sublets the right-of-use asset, it judges the classification of sublease based on the right-of-use asset (not the underlying assets). However, if the main lease is a short-term lease where the recognition exemption is applicable to the Company, the sublease is classified as an operating lease.

The lease payments of finance lease include fixed payments, substantive fixed payments, variable lease payments depending on the index or rate, guaranteed residual value, the exercise price of the purchase option that is reasonably certain to be exercised, and has been reflected in the penalties for terminating minus incentives receivable. The net amount of lease investment is measured as the sum of the present value of lease receivables and unguaranteed residual value plus the original direct cost and expressed as finance lease receivable. The Company allocates the financing income to the lease term on a systematic and reasonable basis to reflect the fixed rate of return that the unexpired net lease investment can obtain on a regular basis.

Under operating leases, the amount of lease income after deducting lease incentives will be recognized as lease income on a straight-line basis. The initial direct costs incurred in acquisition of operating leases is added to the carrying amount of the underlying assets; and an expense is recognized for the lease on a straight-line basis over the lease term.

The changes in leases that do not depend on an index or a rate in lease agreements are recognized as expenses in the period in which they take place.

1. Investment Properties

Investment real estate is real estate (including real estate in the construction process) held for the purpose of earning rent or capital appreciation or both. Investment property also includes land whose future use is yet to be decided. Investment property also includes right-of-use assets that meet the definition of investment property.

Investment property is initially measured at cost (including transaction costs), and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized on a straight-line basis.

Investment property under construction is recognized at cost less accumulated impairment loss. Cost includes professional service fees and borrowing costs that are eligible for capitalization. Depreciation of such assets begins when they reach the expected state of use.

Except the amount of interest or loss listed in the investment real estate, that is, the difference between the net disposal price and carrying amount is recognized as profit and loss.

m. Impairment on non-financial assets

The Company estimates the recoverable amount of assets that have signs of impairment on the balance sheet date. When the recoverable amount is lower than its carrying amount, impairment loss is recognized. Recoverable amount refers to the fair value of an asset less costs to sell or its value in use, whichever is higher. When the recognition of asset impairment in the previous year no longer exists, the impairment loss is reversed to the extent of the amount of losses recognized in the previous year.

n. Liability reserve

Provision is a present legal or constructive obligation arising from a past event, where an inflow of economic benefits is probably required to pay off the obligation. The obligation can also be recognized when its amount can be estimated reliably. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

o. Employee benefits

1) Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and should be recognized as expenses in the period when the employees render service.

2) Pension

a) Defined contribution plan

Under a defined contribution plan, the amount of pension funds that should be contributed on an accrual basis is recognized as current pension expense. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

b) Defined benefit plan

- i. The determination of the net obligation under the defined benefit plan is based on the discounted amount of future benefits earned by employees

during the current or past periods when services are (were) rendered. Such obligation is recognized at the amount of the net of the present value of the net defined obligation less the fair value of the plan asset. The defined benefit obligations are calculated each year by the actuary through the projected unit credit method. The discount rate is determined by referring to the market yield rate of high-quality corporate bonds whose balance sheet date is consistent with the currency and period of the determined benefit plan. In countries where there is no deep market for such bonds, the market yield rates (on the balance sheet date) of government bonds are used.

ii. B. Determine the re-measurement amount caused by the benefit plan and recognize it as other comprehensive profits or losses during the occurrence period, and express it as retained earnings.

iii. C. Expenses related to past service costs are immediately recognized as gains or losses.

c) Compensation to employees, directors and supervisors

Employees' compensation and directors' and supervisors' compensation are recognized in expenses and liabilities when they are subject to legal or constructive obligations, and when the amounts can be reasonably estimated. Any difference between the actual amount allocated after the resolution and the estimated amount is treated as changes in accounting estimates.

d) Termination benefits

Termination benefits refer to the benefits provided when the employee terminates his employment before the normal retirement date or when the employee decides to accept the Company's offers in exchange for termination of employment. The Company recognizes expenses at the earlier of when it can no longer withdraw the termination contracts or when it recognizes relevant restructuring costs. Benefits that are not expected to be fully settled within 12 months after the balance sheet date shall be discounted.

p. Share capital and treasury shares

1) Share capital

Common stock is listed as equity. An incremental cost directly attributable to the issuance of new shares or warrants stated in equity is presented under equity as a deduction to proceeds.

2) Treasury shares

Issued shares repurchased by the Company are recognized in "treasury stock" as a deduction to equity based on the amount of consideration paid during share buyback (including directly attributable costs). When the disposal price for a treasury stock is higher than its carrying amount, the difference between its disposal price and its carrying amount is listed as capital reserve - treasury stock transactions. When its disposal price is lower than its carrying amount, the difference between the above shall offset against capital reserve arising from the trading of the same type of treasury stock. If deficiency arises, it is debited into retained earnings. The carrying amount of a treasury stock is determined using weighted average and calculated separately based on reasons for repurchase.

During retirement, treasury stock is debited into capital reserve - premium on issued shares and share capital according to the proportion of shares. If its carrying amount is higher than the sum of its face value and premium on issued shares, the difference between both of the above shall be offset against capital reserve arising from the trading of the same type of treasury shares. If deficiency arises, it is then offset against retained earnings. If its carrying amount is lower than the sum of its face value and premium on issued shares, the difference between the aforementioned shall be debited into capital reserve arising from the trading of the same type of treasury share.

q. Income tax

- 1) The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- 2) The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date where the Company generates taxable income. Senior management regularly assesses the status of income tax returns in accordance with applicable income tax-related regulations, and shall estimate income tax liabilities based on taxes that are expected to be paid to the tax authority when necessary. An additional income tax is levied on undistributed earnings in accordance with the Income Tax Act. After the distribution plan for the earnings generated in the current year is approved at the shareholders' meeting in the following year, undistributed earnings shall be recognized as income tax expense based on the actual distribution of earnings.
- 3) Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheets. The deferred income tax liabilities arising from the originally recognized goodwill are not recognized. If

the deferred income tax originates from the initial recognition of assets or liabilities in transactions (excluding merger) and does not affect accounting profits or taxable incomes (taxable losses) at the time of transactions, it is not recognized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

- 4) Deferred income tax assets are recognized to the extent that temporary differences, unused tax losses and unused tax credits are likely to be available for future tax income. The unrecognized and recognized deferred income tax assets are reassessed on each balance sheet date.
- 5) Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis, or realize the asset and settle the liability, simultaneously.
- 6) Tax incentives from acquisitions of equipment or technology, research and development expenditures, employees' training costs and equity investments are recognized in the form of tax credits.

r. Revenue recognition

The recognition principle on the revenue of the Company from customer contracts is as follows:

- 1) Identify the customer contracts;
- 2) Identify the performance obligations in the contract;
- 3) Determine the transaction price;
- 4) Allocate the transaction price to the performance obligations in contracts; and
- 5) Recognize revenue upon satisfaction of performance obligations.
 - a) Sales revenue of commodities

The Company recognizes revenue when control over products is transferred to customers. The transfer of control over products means that products are delivered to customers with no unfulfilled obligations that may affect customers' acceptance of the products. Deliver refers to the time when customers accept products based on the terms of transactions, the risk of obsolescence and loss is transferred to customers, and the Company has objective evidence that all acceptance conditions are met.

The Company recognizes accounts receivable when goods are delivered, as it has the right to receive the payment unconditionally at that time.

When material is supplied for processing, control over the ownership of processed goods is not transferred. Thus, supply of material is not recognized as revenue.

b) Service revenue

The Company provides service as an OEM and recognizes revenue when service is transferred to customers (that is, control over assets is obtained by customers) without subsequent obligations.

s. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their capital expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized as profit or loss in the period in which they are incurred.

5. Major Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions

When the Company prepares the parent company only financial statements, the significant judgments, estimates, and assumptions used in the accounting policies adopted by the Company are as follows:

a. Significant judgments for applying the accounting policies

1) Judgments on the business model of classification of financial assets

The Company assesses the business model of financial assets based on the class of financial assets managed to achieve the specific business purpose. This assessment

requires all relevant evidence, including the measurement method for asset performance, risk of impact on performance, and compensation for the management, and also requires judgment. The Company continues to assess whether the business model is judged appropriately and monitor the financial assets measured at amortized cost and investments in debt instruments at FVTOCI derecognized before maturity to determine whether such disposal is consistent with the purpose of the business model. If it finds that the business model has changed, the Company will reclassify financial assets in accordance with IFRS 9 requirements, and applied prospectively from the date of reclassification.

2) Investment properties

The Company holds a portion of its properties for the purposes of earning rentals or capital appreciation, whereas the rest portion is for own use. When each part of a property cannot be sold separately and the part held for own use is less than 20 percent of the individual property, the property is classified as investment property

3) Revenue recognition

According to IFRS 15, the Company judges whether control over specific goods or service is obtained prior to the transfer of such products or service to customers and whether it is the principal or agent in the transaction. If the Company is the agent in the transaction, the net amount of the transaction is recognized as revenue.

The Company is the principal if any of the following conditions applies:

- a) The Company acquires control of the goods or assets in advance from another party before they are transferred to customers; or
- b) By controlling the right of provision of service by another party, the Company has the discretion to have another party to provide services to customers on behalf of the Company; or
- c) The goods or services provided to customers are a combination of other goods or services and the goods and services of which the control is obtained by the Company from another party.

Indicators used to help judge whether the Company controls specific products or service before the transfer of such products or service to customers include (but are not limited to):

- a) The Company takes main responsibility for the commitment of completing the provision of specific commodity or labor service.
- b) The Company bears the inventory risk before and after the specific goods or services is transferred to the customer.

c) The Company has discretionary power to set prices.

4) Lease term

In determining the lease term, the Company considers all relevant facts and circumstances that give rise to an economic incentive to exercise (or not to exercise) the option, including all expected changes in facts and circumstances from the commencement date to the exercise date of the option. Factors to be considered include the contractual terms and conditions for the period covered by the option, significant leasehold improvements made (or anticipated) during the contract period, the significance of the underlying assets to the Company's operations, etc. The lease period is reassessed whenever there are significant events or changes in circumstances within the control of the Company.

b. Significant accounting related estimates and assumptions

1) Estimated impairment loss on financial assets.

The estimated impairment of accounts receivable is based on the Company's assumed default rate and expected loss rate. The Company considers the historical experience, current market conditions, and forward-looking information to make assumptions and select the inputs for impairment assessment. Where the future cash flows are less than expected, a material impairment loss may arise.

2) Fair value measurement and valuation process

When assets and liabilities measured at fair value have no quoted prices in an active market, the Company determines based on relevant laws and regulations or its judgment whether assets and liabilities are valued externally and determines the appropriate fair value valuation techniques. If the estimated fair value cannot be derived from Level 1 inputs, the Company shall determine the inputs with reference to the analysis of financial conditions and operating results of investees, recent transaction prices, quoted prices of the same equity instruments in a non-active market, quoted prices of similar instruments, and valuation multiples of comparable companies. If changes in future inputs are not as expected, changes in the fair value may occur. The Company regularly updates inputs based on market conditions to monitor the appropriateness of fair value measurement. For a description of fair value measurement technology and input values, please refer to Note 12 (3) for details.

3) Impairment assessment of tangible assets and intangible assets

The company assesses the impairment of assets based on its subjective judgment and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilized and their industrial characteristics. Any changes in these estimates

arising from changes in economic conditions or business strategies could lead to significant impairment losses in the future.

4) Investment loss assessment using the equity method

When there is an indication that an investment accounted for using the equity method may be impaired, the company will immediately assess the impairment of the investment. The company assesses the recoverable amount based on the discounted value of the expected future cash flows from the investee or the discounted value of future cash flows arising from expected cash dividends and disposal of the investment, and assesses the reasonableness of underlying assumptions.

5) Realizability of deferred income tax assets

Deferred tax assets are recognized only when it is probable that sufficient taxable profits will be available against which the deductible temporary differences can be utilized in the future. When the realizability of deferred tax assets is assessed, it is necessary to involve significant accounting judgments and estimates of the senior management, including assumptions on future growth in sales revenue and profit margins, tax exemption periods, available tax credits, and tax planning. Any changes in the global economic environment and industrial environment, as well as changes in laws and regulations may result in major adjustments to deferred tax assets.

6) Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgments and estimates.

The Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value.

7) Calculation of net defined benefit liability

When calculating the present value of the defined benefit obligations, the Company must use judgments and estimates to determine the relevant actuarial assumptions on the balance sheet date, including the discount rate and the future growth rate of salaries. Any changes in actuarial assumptions may lead to significant effects on the amount of the Company's defined benefit obligations.

8) Lessee's incremental borrowing rate of interest

When determining the lessee's incremental borrowing rate of interest used for lease payment discounting, the reference interest rate is the risk-free interest rate of the same currency and the relevant period, and the estimated lessee credit risk discount and

lease specific adjustment (such as asset specific and secured factors) are taken into account.

6. Explanation of Important Accounting Items

a. Cash and cash equivalents

Items	December 31, 2020	December 31, 2019
Cash	\$ 1,127	\$ 1,265
Bank deposits	2,627,619	354,592
Cash equivalents (short-term commercial papers due within three months)	1,141,291	149,900
Total	<u>\$ 3,770,037</u>	<u>\$ 505,757</u>

- 1) The Company deals with financial institutions having high credit quality. The Company also deals with various financial institutions in order that credit risks can be diversified. Therefore, the expected risk of default is pretty low.
- 2) The Company's original maturity date is more than three months' time deposits transferred to other financial assets - current, the details are as follows:

Items	December 31, 2020	December 31, 2019
Time deposit (Original maturities of more than three months)	\$ 1,490,000	-

- 3) The Company did not pledge cash or equivalent cash as of December 31, 2020 and 2019.

b. Financial assets measured at fair value through other comprehensive income - current

Items	December 31, 2020	December 31, 2019
Equity instruments		
Stocks listed in TWSE or TPEX	\$ 1,558,964	\$ 976,174
Fun beneficiary certificate	10,061	-
Subtotal	<u>\$ 1,569,025</u>	<u>\$ 976,174</u>
Valuation adjustments	1,465,508	1,397,106
Total	<u>\$ 3,034,533</u>	<u>\$ 2,373,280</u>

- 1) The Company has chosen to classify the equity investments of domestic listed companies with stable dividends as financial assets measured at FVTOCI, which were valued at NTD3,034,533 thousand and NTD2,373,280 thousand respectively for year December 31, 2020 and 2019.
- 2) In 2020, the Company adjusted its investment position to diversify risk, and sold part of the common shares of the listed company at the fair value of NTD46,834 thousand. The remaining equities - the unrealized appraisal profits and losses of financial assets

measured at fair value through other comprehensive income of NTD4,394 thousand were transferred to retained earnings.

- 3) The Company did not pledge financial assets (current) measured at fair value through other comprehensive income as of December 31, 2020 and December 31, 2019.
- 4) Please refer to Note 12 for details of relevant credit risk management and assessment methods.

c. (Net) Notes receivable and net notes receivable - related parties

Item	December 31, 2020	December 31, 2019
Notes receivable		
Arising by operations	\$ 35,124	\$ 33,071
Less: Allowance for loss	(1,054)	(992)
Notes receivable net amount	<u>\$ 34,070</u>	<u>\$ 32,079</u>
Notes receivable - related parties		
Arising by operations	\$ 1,118	\$ 1,208
Less: Allowance for loss	-	-
Accounts receivable - related parties, net	<u>\$ 1,118</u>	<u>\$ 1,208</u>

- 1) As of December 31, 2020 and 2019, the Company did not pledge any notes receivable as collateral.
- 2) Please refer to the following accounts receivable for the disclosure of the allowance for loss of notes receivable.

d. (Net) Net accounts receivable and accounts receivable-related party

Items	December 31, 2020	December 31, 2019
<u>Trade receivables</u>		
Measured at amortized cost		
Total carrying amount	\$ 269,456	\$ 221,468
Less: Allowance for loss	(8,368)	(7,041)
Net accounts receivable	<u>\$ 261,088</u>	<u>\$ 214,427</u>
<u>Trade receivables - related party</u>		
Measured at amortized cost		
Total carrying amount	\$ 57,004	\$ 82,815
Less: Allowance for loss	(472)	(612)
Accounts receivable - related parties, net	<u>\$ 56,532</u>	<u>\$ 82,203</u>

- 1) The Company's accounts receivable from the sale of goods met the credit standards according to the industry characteristics, business scale, and profitability of its counterparties, where the average credit period was between 60-120 days.
- 2) The Company did not pledge the accounts receivable as of December 31, 2020 and 2019.
- 3) The Company adopts the simplified method to recognize the allowance loss of notes receivable and accounts receivable according to the expected credit loss during the duration. The lifetime expected credit losses took into account the past history of default and the current financial and operating conditions of customers. There was no significant difference in the loss patterns between different customer bases according to the historical experience of the company's credit losses. Therefore, the provision matrix did not further differentiate customer bases but only set the expected credit loss rate based on the overdue days of accounts receivable.

The Company uses the provision matrix to measure the loss of allowance on notes receivable and accounts receivable (including related parties) as follows:

December 31, 2020	Total Carrying Amount	Loss allowance (lifetime ECLs)	Amortized Cost
Not past due	\$ 332,559	\$ 9,118	\$ 323,441
0 to 30 days overdue	16,149	748	15,401
31 to 180 days overdue	13,986	24	13,962
181 to 365 days overdue	8	4	4
More than one year overdue	-	-	-
Total	<u>\$ 362,702</u>	<u>\$ 9,894</u>	<u>\$ 352,808</u>

December 31, 2019	Total Carrying Amount	Loss allowance (lifetime ECLs)	Amortized Cost
Not past due	\$ 298,385	\$7,746	\$ 290,639
0 to 30 days overdue	38,926	774	38,152
31 to 180 days overdue	1,251	125	1,126
181 to 365 days overdue	-	-	-
More than one year overdue	-	-	-
Total	<u>\$ 338,562</u>	<u>\$ 8,645</u>	<u>\$ 329,917</u>

The expected credit loss rate of the Company in each of the age of receivables mentioned on above (excluding abnormal accounts, 100% of which shall be presented), not overdue as 0%-3%, 2% -10% within 30 days overdue, 10%-15% within 180 days overdue, and 100% overdue for more than one year.

- 4) The changes in the allowance loss of notes receivables and accounts receivables (including notes receivables, accounts receivables and collections) are as follows:

Items	December 31, 2020	December 31, 2019
Beginning balance	\$ 8,645	\$ 10,147
Add: Provision of impairment loss	1,249	-
Less: Reversal of impairment loss	-	(1,502)
Less: Write-off of unrecoverable accounts	-	-
Effect of foreign currency exchange differences	-	-
Ending balance	<u>\$ 9,894</u>	<u>\$ 8,645</u>

The amounts shown above did not include other credit enhancements.

- 5) Please refer to Note 12 for details of relevant credit risk management and assessment methods.

e. Inventories and operating cost

Items	December 31, 2020	December 31, 2019
Raw materials	\$ 106,043	\$ 85,744
Materials	38,034	43,553
Work in process	157,469	165,719
Finished goods	154,456	170,206
Subtotal	<u>\$ 456,002</u>	<u>\$ 465,222</u>
Less: loss allowance	<u>(4,918)</u>	<u>(5,300)</u>
Net Amount	<u>\$ 451,084</u>	<u>\$ 459,922</u>

- 1) The losses (gains) related to inventories recognized as operating costs in the current period are as follows:

Items	December 31, 2020	December 31, 2019
Cost of goods sold	\$ 1,586,935	\$ 1,770,334
Unallocated manufacturing costs	2,387	7,485
Allowance for inventory valuation and obsolescence loss (gain from price recovery)	(382)	(8,349)
Loss on discarding of inventory	-	-
Loss on physical inventory	28	14
Income from sale of scraps	<u>(5,463)</u>	<u>(11,762)</u>
Total operating costs	<u>\$ 1,583,505</u>	<u>\$ 1,757,722</u>

- 2) In 2020 and 2019, the Company offset the inventory to the net realizable value or recovered the net realizable value of the inventory due to the digestion of inventory. As a result, the loss (gains on inventory value recoveries) of inventory depreciation recognized by the Company was (NTD382 thousand) and (NTD8,349 thousand), respectively.
- 3) The Company did not pledge the inventory as of December 31, 2020 and 2019.

f. Non-current Assets Held for Sale and Liabilities Directly Related to Non-current Assets Held for Sale

On November 12, 2019, the Board of Directors of the Company had approved and decided to put on the sale of land at Plot No. 90, Huiguo Section, Xitun District, Taichung City, thereby transferring relevant assets and liabilities to "for sale" disposal group. The sale transaction was signed on February 26, 2020 and completed on May 25, 2020 at a sale price of NTD8,375,890,000, with estimated gain on disposal value of NTD5,754,207 thousand (the net amount after tax is NTD5,252,869 thousand). The land was revalued before 2012, in accordance to Order No. 1010012865 issued by the FSC issued on provision for setting aside of special reserve on April 6, 2012, NTD1,941,491 thousand shall be reversed to unappropriated earned surplus.

1) Assets of disposal groups held for sale

Items	December 31, 2020	December 31, 2019
Investment properties	-	\$ 2,597,758

2) Liabilities directly associated with non-current assets held for sale

Items	December 31, 2020	December 31, 2019
Deferred income tax liabilities - land value added tax	-	\$ 527,820

g. Financial assets at fair value through other comprehensive income - non-current

Item	December 31, 2020	December 31, 2019
Investments in equity instruments		
Domestically unlisted stocks	\$ 125,000	\$ 125,000
Valuation adjustments	219,400	222,000
Total	<u>\$ 344,400</u>	<u>\$ 347,000</u>

- 1) The Company invests in the stocks of the aforementioned domestic OTC companies pursuant to its medium-term and long-term strategies for the purpose of making a profit. The management of the Company believes that if the short-term fair value fluctuations of these investments are included in the profit and loss, it is inconsistent with the aforementioned long-term investment plan, so they choose to designate these investments as measured at fair value through other comprehensive income.
- 2) As of December 31, 2020 and 2019, The Company did not pledge any financial assets measured at fair value through other comprehensive income.
- 3) Please refer to Note 12 for details of relevant credit risk management and assessment methods.

h. Investment by equity method

Investee	December 31, 2020	December 31, 2019
Subsidiaries		
Tahsin Shoji Co., Ltd.	\$ 75,990	\$ 55,274
Tahsin Industrial Corporation U.S.A.	13,144	30,093
Tai Ho Co., Ltd. (Tai Ho Co.)	37	39
Dafu Plastic Industry Co., Ltd.	153,810	134,822
Tah Viet Co., Ltd.	125,885	137,030
Tah Fa Investment Co., Ltd.	1,239,329	981,522
Myanmar Tah Hsin Industrial Co., Ltd.	213,199	194,776
Less: Recognized as treasury stock (Tah Fa Investment)	(97,469)	(118,879)
Subtotal	\$ 1,723,925	\$ 1,414,677
Affiliated companies:		
Individually insignificant affiliated companies	5,765	12,898
Subtotal	\$ 5,765	\$ 12,898
Total	\$ 1,729,690	\$ 1,427,575

1) Subsidiaries

- a) For information of the subsidiaries, please refer to Note 4 (3) of the Company's consolidated financial statements for the year ended December 31, 2020.
- b) The profit or loss and other comprehensive income of investments accounted for using the equity method of the Company were calculated based on the financial statements audited by the CPAs, except for Tai Ho Co., Ltd. However, the Company's management believed that the unaudited financial statements of Tai Ho Co., Ltd. would not lead to significant adjustments.

2) Associates

The Company's share of individually insignificant associates is summarized as follows:

	December 31, 2020	December 31, 2019
The Company's share of:		
Net income	\$(7,272)	\$ (891)
Other comprehensive income (net income)	138	561
Total Comprehensive Income for the Year	\$(7,134)	\$ (330)

- 3) The Company did not provide pledges for its investments using the equity method on December 31, 2020 and 2019.

i. Property, plant, and equipment

Items	December 31, 2020	December 31, 2019
Owner-occupied	\$ 1,040,874	\$ 1,035,024
Leased out under operating lease	81,614	81,337
Total	<u>\$ 1,122,488</u>	<u>\$ 1,116,361</u>

1) Owner-occupied

Items	December 31, 2020	December 31, 2019
Land	\$ 831,397	\$ 831,397
Buildings	481,229	481,229
Machinery and equipment	276,816	462,333
Transportation equipment	15,526	16,236
Other equipment	42,269	42,330
Construction in progress and equipment to be inspected	4,277	25,413
Total cost	<u>\$ 1,651,514</u>	<u>\$ 1,858,938</u>
less: accumulated depreciation	(610,640)	(823,914)
Accumulated impairment	-	-
Total	<u>\$ 1,040,874</u>	<u>\$ 1,035,024</u>

	Land	Buildings	Machinery and equipment	Transportation equipment	Other equipment	Construction in progress and equipment to be inspected	Total
Cost							
Balance as of January 1, 2020	\$ 831,397	\$ 481,229	\$ 462,333	\$ 16,236	\$ 42,330	\$ 25,413	\$ 1,858,938
Purchase	-	-	18,440	-	4,663	8,117	31,220
Disposal	-	-	(231,199)	(710)	(6,735)	-	(238,644)
Reclassification	-	-	27,242	-	2,011	(29,253)	-
Balance as of December 31, 2020	<u>\$ 831,397</u>	<u>\$ 481,229</u>	<u>\$ 276,816</u>	<u>\$ 15,526</u>	<u>\$ 42,269</u>	<u>\$ 4,277</u>	<u>\$ 1,651,514</u>
Accumulated depreciation and impairment							
Balance as of January 1, 2020	-	\$ 342,664	\$ 434,678	\$ 15,150	\$ 31,422	-	\$ 823,914
Depreciation expenses	-	10,328	9,685	378	4,868	-	25,259
Disposal	-	-	(231,155)	(710)	(6,668)	-	(238,533)
Balance as of December 31, 2020	<u>-</u>	<u>\$ 352,992</u>	<u>\$ 213,208</u>	<u>\$ 14,818</u>	<u>\$ 29,622</u>	<u>-</u>	<u>\$ 610,640</u>

	Land	Buildings	Machinery and equipment	Transportation equipment	Other equipment	Construction in progress and equipment to be inspected	Total
Cost							
Balance as of January 1, 2019	\$ 1,000,434	\$ 502,232	\$ 506,649	\$ 19,721	\$ 121,481		\$ 2,150,517
Purchase	-	-	1,623	-	3,053	\$ 26,526	31,202
Disposal	(94,844)	(4,060)	(46,122)	(3,485)	(83,134)	-	(231,645)
Transferred to "investment properties"	(74,193)	(16,943)	-	-	-	-	(91,136)
Reclassification	-	-	183	-	930	(1,113)	-
Balance at December 31, 2019	\$ 831,397	\$ 481,229	\$ 462,333	\$ 16,236	\$ 42,330	\$ 25,413	\$ 1,858,938
Accumulated depreciation and impairment							
Balance as of January 1, 2019	-	\$ 353,214	\$ 471,783	\$ 17,996	\$ 108,667	-	\$ 951,660
Depreciation expenses	-	10,445	7,555	635	6,515	-	25,150
Disposal	-	(4,061)	(40,407)	(3,481)	(68,380)	-	(116,329)
Transferred to "investment properties"	-	(16,934)	-	-	-	-	(16,934)
Recognized (reversed) impairment loss	-	-	(4,253)	-	(15,380)	-	(19,633)
Balance at December 31, 2019	-	\$ 342,664	\$ 434,678	\$ 15,150	\$ 31,422	-	\$ 823,914

- a) Amount of borrowing costs capitalized for property, plant and equipment and interest rate collars on such borrowing costs:

	December 31, 2020	December 31, 2019
Amount capitalized	-	-
Interest rate collars	-	-

- b) For information on guarantees provided by owner-occupied property, plant and equipment, please refer to Note 8.
- c) In July 2017, as the Company passed a resolution to temporarily suspend the operations of a coating plant, resulting in the reduction of future economic benefit of equipment and machinery for production of coating and laminating products. The recoverable value is lesser than carrying value and as the said machinery and equipment were partially disposed of in 2019, the profit and loss of sale of the said

equipment was recorded in the 2019 parent company only statements of comprehensive income as other profits and losses. The cumulative reversal of impairment was NTD19,633 thousand. As of March 31, 2020, there is no sign of impairment of the properties, plants and equipment, so no impairment assessment has been made.

The Company measures the recoverable cost for machinery and equipment using the fair value less costs of disposal method, with related fair value at Level 3 fair value measurement, and this takes reference from market transaction and possible price for machinery and equipment given its state.

2) Operating lease rental

Items	December 31, 2020	December 31, 2019
Land	\$ 80,936	\$ 80,936
Buildings	30,475	30,475
Machinery and equipment	1,233	1,940
Other equipment	341	78
Total cost ⁴⁹	\$ 112,985	\$ 113,429
less: accumulated depreciation	(31,371)	(32,092)
Accumulated impairment	-	-
Total	\$ 81,614	\$ 81,337

	Land	Buildings	Machinery and equipment	Other equipment	Total
Cost					
Balance as of January 1, 2020	\$ 80,936	\$ 30,475	\$ 1,940	\$ 78	\$ 113,429
Purchase	-	-	211	341	552
Disposal	-	-	(918)	(78)	(996)
Balance as of December 31, 2020	\$ 80,936	\$ 30,475	\$ 1,233	\$ 341	\$ 112,985
Accumulated depreciation and impairment					
Balance as of January 1, 2020	-	\$ 30,377	\$ 1,650	\$ 65	\$ 32,092
Depreciation expenses	-	37	173	51	261
Disposal	-	-	(905)	(77)	(982)
Balance as of December 31, 2020	-	\$ 30,414	\$ 918	\$ 39	\$ 31,371

	Land	Buildings	Machinery and equipment	Other equipment	Total
<u>Cost</u>					
Balance as of January 1, 2019	\$ 173,072	\$ 30,475	\$ 1,994	\$ 78	\$ 205,619
Purchase	-	-	53	-	53
Disposal	-	-	(107)	-	(107)
Transferred to "investment properties"	(92,136)	-	-	-	(92,136)
Balance at December 31, 2019	<u>\$ 80,936</u>	<u>\$ 30,475</u>	<u>\$ 1,940</u>	<u>\$ 78</u>	<u>\$ 113,429</u>
<u>Accumulated depreciation and impairment</u>					
Balance as of January 1, 2019	-	\$ 30,291	\$ 1,544	\$ 50	\$ 31,885
Depreciation expenses	-	86	212	15	313
Disposal	-	-	(106)	-	(106)
Balance at December 31, 2019	<u>-</u>	<u>\$ 30,377</u>	<u>\$ 1,650</u>	<u>\$ 65</u>	<u>\$ 32,092</u>

- a) The Company leases part of lands, plants and offices, and other assets under operating lease with lease terms of 1-2 years. The lessee has no preferential right to take over the asset at the end of the lease term.
- b) The total amount of lease payments that will be collected in the future for operating leases of owner-occupied property, plant and equipment is as follows:

	December 31, 2020	December 31, 2019
Year 1	\$ 7,484	\$ 6,470
Year 2	6,239	-
Year 3	-	-
Year 4	-	-
Year 5	-	-
Over 5 years	-	-
Total	<u>\$ 13,723</u>	<u>\$ 6,470</u>

- c) The Company did not pledge real estate, plant and equipment leased under operating leases for others on December 31, 2020 and 2019.
- 3) The adjustments to the acquisition of properties, plants and equipment listed in the statements of cash flows are as follows:

Items	December 31, 2020	December 31, 2019
Increased amount of property, plant and equipment	\$ 31,772	\$ 31,255
Increase or decrease in equipment payment	4,007	(4,952)
Cash paid for acquisition of property, plant, and equipment	<u>\$ 35,779</u>	<u>\$ 26,303</u>

j. Tenancy agreement

1) Right-of-use assets

Items	December 31, 2020	December 31, 2019
Buildings	\$ 404	\$ 254
less: accumulated depreciation	(151)	(203)
Accumulated impairment	-	-
Net amount	<u>\$ 253</u>	<u>\$ 51</u>

Cost	Buildings	Total
Balance as of January 1, 2020	\$ 254	\$ 254
Increase in the period	404	404
Decrease in the period	(254)	(254)
Balance as of December 31, 2020	<u>\$ 404</u>	<u>\$ 404</u>
Accumulated depreciation and impairment		
Balance as of January 1, 2020	\$ 203	\$ 203
Depreciation expenses	202	202
Recognized (reversed) impairment loss	(254)	(254)
Balance as of December 31, 2020	<u>\$ 151</u>	<u>\$ 151</u>

Cost	Buildings	Total
Balance as of January 1, 2019	-	-
Adjustments to first applying IFRS 16	\$ 254	\$ 254
Increase in the period	-	-
Decrease in the period	-	-
Balance at December 31, 2019	<u>\$ 254</u>	<u>\$ 254</u>
Accumulated depreciation and impairment		
Balance as of January 1, 2019	\$ -	\$ -
Depreciation expenses	203	203
Recognized (reversed) impairment loss	-	-
Balance at December 31, 2019	<u>\$ 203</u>	<u>\$ 203</u>

2) Lease liabilities

Items	December 31, 2020	December 31, 2019
Carrying amount of lease liabilities		
Current	<u>\$ 202</u>	<u>\$51</u>
Non-current	<u>\$51</u>	<u>-</u>

The discount rate range for lease liabilities is 1%.

Information on lease liability maturity analysis is as follows:

	December 31, 2020	December 31, 2019
Less than one year	\$ 204	\$ 51
1-5 year(s)	51	-
5-10 years	-	-
10-15 years	-	-
15-20 years	-	-
20 years or more	-	-
Total undiscounted lease payments	<u>\$ 255</u>	<u>\$ 51</u>

3) Important lease activities and terms

The Company leases the building as a sales office for 2 years. In accordance to the contract, the Company may not sublet the leased assets to others without the consent of the lessor.

As of December 31, 2020 and 2019, there is no sign of impairment of the right to use assets, so there is no need to make an impairment assessment.

4) Other lease information

- a) Please refer to Note 6 (9) " Property, plant and equipment" and Note 6 (11) " Investment properties" for the agreement on the lease of the Company's own property, plant and equipment and investment property under operating leases.
- b) In 2020 and 2019, the Company decided to apply recognition exemption to short-term lease and low value asset lease, and not recognize related right-of-use assets and lease liabilities for the said leases.
- c) The information on lease-related expenses of the Company in 2020 and 2019 is as follows:

Items	December 31, 2020	December 31, 2019
Expenses relating to short-term leases	<u>\$ 452</u>	<u>\$ 488</u>
Expenses relating to low-value asset lease	<u>\$ 124</u>	<u>\$ 94</u>
Variable lease payments not included in lease liability measurement	<u>\$ -</u>	<u>\$ -</u>
Total cash flows on lease	<u>\$ 780</u>	<u>\$ 787</u>

k. Investment properties

Items	December 31, 2020	December 31, 2019
Land	\$ 271,832	\$ 271,832
Buildings	22,348	22,348
Total cost ⁵³	\$ 294,180	\$ 294,180
less: accumulated depreciation	(22,284)	(22,250)
Accumulated impairment	-	-
Total	\$ 271,896	\$ 271,930

- 1) The changes in the costs, accumulated depreciation and impairments of investment property are as follows:

	Land	Buildings	Total
<u>Cost</u>			
Balance as of January 1, 2020	\$ 271,832	\$ 22,348	\$ 294,180
Balance as of December 31, 2020	\$ 271,832	\$ 22,348	\$ 294,180
<u>Accumulated depreciation and impairment</u>			
Balance as of January 1, 2020	-	\$ 22,250	\$ 22,250
Depreciation expenses	-	34	34
Balance as of December 31, 2020	-	\$ 22,284	\$ 22,284

	Land	Buildings	Total
<u>Cost</u>			
Balance as of January 1, 2019	\$ 2,707,125	\$ 5,405	\$ 2,712,530
Purchase	-	-	-
Disposal	(3,864)	-	(3,864)
Reclassified as non-current assets held for sale	(2,597,758)	-	(2,597,758)
From property, plant and equipment	166,329	16,943	183,272
Balance at December 31, 2019	\$271,832	\$ 22,348	\$294,180
<u>Accumulated depreciation and impairment</u>			
Balance as of January 1, 2019	-	\$ 5,228	\$ 5,228
Depreciation expenses	-	88	88
Disposal	-	-	-
From property, plant and equipment	-	16,934	16,934
Balance at December 31, 2019	-	\$ 22,250	\$ 22,250

2) Rental revenue and direct operating expenses of investment property:

Items	December 31, 2020	December 31, 2019
Rental income from investment property	\$12,719	\$20,367
Direct operating expenses incurred from investment properties that generate current rental income (Note)	\$ 1,119	\$38,884
that generates rental income in the current period		
Direct operating expense from investment property	-	-
that do not generate rental income in the current period		

Note: The rental income from property, plant, and equipment in 2019 was NTD4,415 thousand, direct operating expenses incurred was NTD458 thousand. As of December 31, 2019, the rental income from non-current assets transferred to "for sale" classification was NTD11,400 thousand, and direct operating expenses incurred was NTD36,622 thousand.

- 3) The lease term of investment property is 2-5 years. The lessee does not have a bargain purchase option to acquire the asset at the expiration of the lease periods.
- 4) In addition to the fixed lease payment, some lease contracts also stipulate that the lessee shall pay the pre agreed percentage of the variable lease payment according to his monthly turnover exceeding the specified amount.
- 5) The total amount of lease payments that to be collected in the future for investment property by operating leases is as follows:

	December 31, 2020	December 31, 2019
Year 1	\$ 8,082	\$ 12,257
Year 2	5,433	7,579
Year 3	-	5,055
Year 4	-	-
Year 5	-	-
More than 5 years	-	-
Total	\$ 13,515	\$ 24,891

- 6) Depreciation of investment property-housing and construction on a straight-line basis in 10 to 20 years.
- 7) The fair value of the investment property held by Tahsin Group as at December 31, 2020 and 2019 was NTD1,168,913 thousand as estimated from the transaction prices of land or buildings located in the adjacent areas inquired by the "Registering the

Actual Selling Price of Real Estate" of Department of Land Administration, Ministry of the Interior.

- 8) The Company did not provide investment properties as collateral for others as of December 31, 2020 and 2019.

l. Short-term loans

December 31, 2020: None

Nature of borrowing	December 31, 2019	
	Amount	Interest Rate
Credit loan	\$ 77,000	0.93% - 0.95%

For short-term borrowings, the Company pledged part of properties and plants as collateral. Please refer to Note 8 for details.

m. Short-term notes payable

Items	December 31, 2020	December 31, 2019
Payable to commercial paper	-	\$ 40,000
less: unamortized discount	-	(12)
Net amount	-	\$ 39,988
Range of interest rates	-	0.938%

The Company has no short-term notes payable pledged to others.

n. Provisions - current

Items	December 31, 2020	December 31, 2019
Beginning balance	\$ 9,467	\$ 9,467
Current additional provisions recognized	6,572	6,904
Current reductions arising from payments	(6,572)	(6,904)
Ending balance	\$ 9,467	\$ 9,467

Provisions were calculated by estimating compensation for employees' accumulated leaves that could occur based on the historical experience, judgments of the senior management, and other known reasons.

o. Pension

1) Defined contribution plans

- a) The Company adopts a pension plan under the "Labor Pension Act," which is a state-managed defined contribution plan. According to the Labor Pension Act,

the Company makes monthly contributions at 6% of their monthly salaries to employees' individual pension accounts in the Bureau of Labor Insurance.

- b) Contributions made in accordance with the specific percentage stipulated in the defined contribution plan amounted to NTD4,600 thousand and NTD4,740 thousand for the years ended December 31, 2020 and 2019, respectively, and were recognized as expenses in the parent company only statements of comprehensive income.

2) Defined benefit plans

- a) The Company's pension system under the "Labor Standards Act" of the Republic of China (Taiwan) is a defined welfare retirement plan managed by the government. The payment of the employee's pension is based on the period of service and the average salary of 6 months before the approved retirement date. The Company contributes monthly an amount equal to 9% of the employees' monthly salaries to a retirement fund that is deposited in Bank of Taiwan under the name of The Supervisory Committee of Workers' Retirement Fund. Before the end of year, if the balance at the retirement fund is not sufficient to pay employees who will meet the retirement criteria next year, a lump-sum deposit for the shortfall should be made once before the end of March of the following year. However, as the Company considers using its working capital for its operations, the Company plans to make up the difference totaling NTD300 million in two installments every year over five years (between 2016 and 2020). The Company has submitted the full-installment contribution plan to the Labor Affairs Bureau which has acknowledged receipt of the plan in May 2016. The Bureau of Labor Funds, Ministry of Labor administers the account. The Company has no right over its investment and administration strategies.
- b) The amounts recognized in the balance sheet for obligations from defined benefit plans are as follows:

Items	December 31, 2020	December 31, 2019
Present value of defined benefit obligations	\$(281,040)	\$(286,327)
Fair value of plan assets	273,120	236,082
Net Defined Benefit (Liabilities) Assets	\$ (7,920)	\$ (50,245)

c) The changes in net definite benefit liabilities are listed as follows:

Items	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Balance as of January 1, 2020	\$ (286,327)	\$ 236,082	\$ (50,245)
Service costs			
Current Service costs	(3,088)	-	(3,088)
Previous Service costs	(140)	-	(140)
Interest expenses (income)	(2,119)	1,915	(204)
Recognized in profit or loss	(5,347)	1,915	(3,432)
Remeasurements			
Return on planned assets (excluding the amounts included in net interest)	-	6,169	6,169
Actuarial (gains) losses -			
Changes in demographic assumptions	-	-	-
Changes in financial assumptions	(7,103)	-	(7,103)
Experience adjustments	(2,179)	-	(2,179)
Recognized in other comprehensive income	(9,282)	6,169	(3,113)
Contribution by the employer	-	45,687	45,687
Welfare payment amount	19,916	(16,733)	3,183
Balance as of December 31, 2020	\$ (281,040)	\$ 273,120	\$(7,920)

Items	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Balance as of January 1, 2019	\$ (271,220)	\$ 163,813	\$ (107,407)
Service costs			
Current Service costs	(3,349)	-	(3,349)
Interest expenses (income)	(3,029)	2,276	(753)
Recognized in profit or loss	(6,378)	2,276	(4,102)
Remeasurements			
Return on planned assets (excluding the amounts included in net interest)	-	3,766	3,766
Actuarial (gains) losses -			
Changes in demographic assumptions	(6)	-	(6)
Changes in financial assumptions	(10,856)	-	(10,856)
Experience adjustments	(17,531)	-	(17,531)
Recognized in other comprehensive income	(28,393)	3,766	(24,627)
Contribution by the employer	-	80,891	80,891
Welfare payment amount	19,664	(14,664)	5,000
Balance as of December 31, 2019	\$ (286,327)	\$ 236,082	\$ (50,245)

- d) The Company is exposed to the following risks due to the implementation of the pension system under the Labor Standards Act: The Company is exposed to the following risks due to:

i. Investment Risks

The Bureau of Labor Funds, Ministry of Labor invests the labor pension fund in equity securities, debt securities, and bank deposits in domestic (foreign) banks through independent implementation and commissioned operations. However, the distributed amount from the plan assets received by the Company shall not be lower than interest on a two-year time deposit at a local bank.

ii. Interest rate risk

The decline in the interest rate of government bonds will increase the present value of defined welfare obligations, and at the same time, the debt investment return of the planned assets will also increase accordingly. Both of which will partially offset the impact of the net defined welfare liabilities.

iii. Investment Risks

The calculation basis for determining the present value of the benefit obligation is to refer to the future salaries of the project members. Therefore, the salary increase of plan members will increase the present value of the defined benefit obligation.

- e) The present value of the determined benefit obligation formulated by the Company is calculated by certified actuaries. The principal assumptions adopted on the valuation date are as follows:

Items	Valuation date	
	December 31, 2020	December 31, 2019
Discount rate	0.50%	0.75%
Rate of future salary increase	1.50%	1.50%
Average duration of defined benefit obligations	10.4 years	10.8 years

- i. Future Mortality Rate is estimated based on the 2012 Taiwan Standard Ordinary Experience Mortality Table.
- ii. If the major actuarial assumptions are subject to reasonably possible changes with other assumptions unchanged, the present value of defined benefit obligations will increase (decrease) as follows:

Items	December 31, 2020	December 31, 2019
Discount rate	0.75%	0.75%
Increase by 0.25%	<u>\$(7,130)</u>	<u>\$(7,305)</u>
Decrease by 0.25%	<u>\$ 7,366</u>	<u>\$ 7,585</u>
Rate of future salary increase	1.50%	1.50%
Increase by 0.25%	<u>\$ 7,163</u>	<u>\$ 7,391</u>
Decrease by 0.25%	<u>\$(6,943)</u>	<u>\$(7,156)</u>

As actuarial assumptions may be related to one another, the likelihood of fluctuation in a single assumption is not high. Therefore, the aforementioned sensitivity analysis may not reflect the actual fluctuations of the present value of defined benefit obligations.

- f) The Company expects to make contributions of NTD6,000 thousand to the pension plans in the year ended December 31, 2021.

p. Capital Shares

- 1) The reconciliation of the Company's outstanding number of common stocks and its amounts at beginning and end of period is as follows:

Items	December 31, 2020	
	Number of Shares (Thousands)	Amount
Balance at January 1	198,000	\$ 1,980,000
Capital reduction	<u>(59,400)</u>	<u>(594,000)</u>
Balance at December 31	<u>138,600</u>	<u>\$ 1,386,000</u>

Items	December 31, 2019	
	Number of Shares (Thousands)	Amount
Balance at January 1	198,000	\$ 1,980,000
Balance at December 31	<u>198,000</u>	<u>\$ 1,980,000</u>

- 2) As of December 31, 2020 and 2019, the Company had an authorized capital of NTD 2,415,227 thousand, which is divided into 241,523 thousand shares at par value of NTD10 per share. The paid-in capital was NTD1,386 million and NTD1,980 million, respectively. The actual number of shares issued was 138,600 thousand shares and 198,000 thousand shares, respectively.
- 3) The Company's Board of Directors decided on June 5, 2020, in order to adjust the capital structure, enhance the return of shareholders' equity and profit per share, and proposed to return NTD594,000 thousand of capital shares, eliminate 59,400 thousand shares, and reduce the capital ratio by 30%. The application was approved with Order No. 1090350493 issued by the FSC on August 4, 2020; On August 12, 2020, the Board

of Directors set the base date of cash reduction to be August 19, 2020. The registration of capital reduction was completed at the Ministry of Economic Affairs on August 26, 2020. The payment date of cash distribution for the capital reduction is October 29, 2020.

q. Capital surplus

Items	December 31, 2020	December 31, 2019
Treasury share transactions	\$ 148,648	\$ 102,614
Difference between the price received from acquisition or disposal of interest in subsidiaries and book value	2,113	2,113
Value of the acquired or disposed shares of subsidiaries		
Others (return of overdue unclaimed dividends)	1,021	702
Total	<u>\$ 151,782</u>	<u>\$ 105,429</u>

r. Retained earnings and dividend policy

- 1) The surplus distribution policy stipulated in the original articles of association stipulates that if there is profit in its general final account, the Company shall first pay all taxes and dues and cover accumulated losses, and then set aside 10% of such profits as a legal reserve. However, where such legal reserve amounts to the total amount of capital stock, this provision shall not apply. In addition, special surplus reserve shall be allocated or reversed in accordance with laws and regulations or regulations of the competent authority. If there is any surplus, the balance shall be added to the accumulated undistributed surplus. The Board of Directors shall prepare a distribution motion, to be submitted to the shareholders' meeting for resolution before issuance of new shares.

After the shareholders' meeting on June 5, 2020, it was revised as follows: The Company's surplus distribution or loss allowance can be made after the end of each semi-financial year, if there is any surplus in the semi-financial year's final accounts, the Company shall first pay all taxes and dues and cover accumulated losses, and then set aside 10% of such profits as a legal reserve. However, where such legal reserve amounts to the total amount of capital stock, this provision shall not apply. As stipulated by laws or regulations or competent authority, the remaining balance shall then be appropriated for provisions and rotating special reserves. If there are still surplus and/or accumulated undistributed earnings, the Board of Directors drafts a distribution proposal to issue new shares, it shall be submitted to the shareholders meeting for resolution after the distribution.

Pursuant to Paragraph 5 of Article 240 of the Company Act, the Company may authorize the distributable dividends and bonuses or in whole or in part legal reserve and capital reserve as provided in Paragraph 1 of Article 241 of the Company Act may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

The Company has too diverse products to be divided by the stages of growth. With steady profitability and sound financial structure, the Company is able to distribute dividends and bonuses in cash at a ratio of 20% to 100% in principle. However, when there is any important investment, the Company may reallocate all dividends and bonuses for a capital increase.

- 2) The statutory surplus reserve shall not be used except for the loss of the Company and the issuance of new shares or cash in proportion to the original share of the shareholders. However, if new shares or cash is issued, it shall be limited to the surplus exceeding 25% of the paid-in capital.
- 3) Appropriated retained earnings
 - a) The Company may allocate earnings only after providing special reserve for debt balance under other equity on the balance sheet date, and the reversal of debit balance under other equity, if any, may be stated as distributable earnings.
 - b) When initial application of IFRSs in accordance with Order No. 1010012865 issued by the FSC dated April 6, 2012 shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified, the proportion of the original special reserve may be converted into distributable retained earnings. In May 2020 and June 2019, due to the disposal of land revalued before the year 2012, NTD1,941,491 thousand and NTD66,543 thousand were transferred from special reserves to retained earnings.
- 4) The Company's resolutions on earnings distribution and dividend per share for the years of 2019 and 2018 approved by the shareholders' meeting on June 5, 2020 and June 14, 2019 are as follows:

Items	Profit distribution plan		Dividends per Share (NTD)	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Legal reserve	\$ 73,817	\$ 22,947		
Ordinary cash dividends	722,700	237,600	3.65	1.20

- 5) The appropriations of earnings and dividends per share for earnings distribution for the first half of the year of 2020 had been proposed by the Board of Directors on November 11, 2020, and they were as follows:

Items	Profit distribution plan	Dividends per Share (NTD)
	First half of 2020	First half of 2020
Ordinary cash dividends	\$ 554,400	4.00

- 6) The appropriations of earnings and dividends per share for the second half of the year had been proposed by the Company's Board of Directors on March 22, 2021, and they are as follows:

Items	December 31, 2020	Dividends per Share (NTD)
Legal reserve	\$ 737,203	
Ordinary cash dividends	554,400	4.00

- 7) Information on employee compensation resolved by the Board meetings is available on the "Market Observation Post System" of the Taiwan Stock Exchange Corporation.

s. Other Equities

Items	Exchange differences on translation of foreign operating organizations' financial statements	Unrealized valuation (losses) gains from financial assets measured at fair value through other comprehensive income	Total
Balance as of January 1, 2020	\$ (70,282)	\$2,278,210	\$ 2,207,928
Exchange differences on translation of financial statements of foreign operations	(13,694)		(13,694)
Unrealized valuation profit or loss on investments in equity instruments at fair value through other comprehensive income		70,196	70,196
The shares of subsidiaries, affiliates and joint ventures are recognized by the equity method		128,514	128,514
Disposals of investments in equity instruments designated at fair value through other comprehensive income		(4,394)	(4,394)
Balance as of December 31, 2020	\$ (83,976)	\$2,472,526	\$ 2,388,550

Items	Exchange differences on translation of foreign operating organizations' financial statements	Unrealized valuation (losses) gains from financial assets measured at fair value through other comprehensive income	Total
Balance as of January 1, 2019	\$ (56,561)	\$2,047,959	\$ 1,991,398
Exchange differences on translation of financial statements of foreign operations	(13,721)		(13,721)
Unrealized valuation profit or loss on investments in equity instruments at fair value through other comprehensive income		(144,020)	(144,020)
The shares of subsidiaries, affiliates and joint ventures are recognized by the equity method		374,271	374,271
Balance at December 31, 2019	<u>\$ (70,282)</u>	<u>\$2,278,210</u>	<u>\$ 2,207,928</u>

t. Treasury shares

December 31, 2020

Subsidiary Name	Number of shares at the beginning of the period	Net increase (decrease)	Unit: Thousand shares
			Number of shares at the end of the period
Tah Fa Investment Co., Ltd.	7,137	(2,141)	4,996

December 31, 2019

Subsidiary Name	Number of shares at the beginning of the period	Net increase (decrease)	Unit: Thousand shares
			Number of shares at the end of the period
Tah Fa Investment Co., Ltd.	7,137	-	7,137

Investments in the Company's shares held by its subsidiaries are regarded as treasury stock, where these subsidiaries can still receive dividends from the Company but are not able to exercise their voting rights. As of December 31, 2020 and December 31, 2019, the Company's investment company, Tah Fa Investment Co., Ltd., held 4,996 thousand shares and 7,137 thousand shares issued by the Company, respectively, with a total cost of NTD97,469 thousand and NTD118,879 thousand, respectively. The investment company continued to hold its shares due to a stable share price, where its market price per share was NTD72.20 and NTD47.35 as of December 31, 2020 and December 31, 2019, respectively.

u. Operating revenue

Items	December 31, 2020	December 31, 2019
Revenue from Customer Contracts		
Sales revenue	\$ 1,803,540	\$ 2,023,224
Less: Sales Return	(5,227)	(2,053)
Sales Allowances	(1,915)	(5,373)
(Net) Revenue from Contracts with Customers	\$ 1,796,398	\$ 2,015,798

1) Explanation regarding customer contract

The Company produces plastic products for the midstream and downstream of the plastics industry. Applied to daily supplies, the main products include rainwear, garments, PP corrugated boards, and binding machines, and laminators. In terms of export, materials of rainwear and garments are prepared in Taiwan for production overseas; in terms of domestic sales, rainwear and garments, including workwear, are sold by distributors. The Company's products are sold at fixed prices according to the contractual terms.

2) Customer contract revenue breakdown

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following operating segments:

Product Category	December 31, 2020	December 31, 2019
Raincoat	\$ 848,280	\$ 1,097,750
Garment	423,898	407,742
Binding machine	134,071	171,957
PP corrugated board	234,955	241,548
Other	155,194	96,801
Total	\$ 1,796,398	\$ 2,015,798

Region	December 31, 2020	December 31, 2019
Taiwan	\$ 379,213	\$ 414,291
South America	273,917	510,521
Europe	641,551	614,817
Japan	330,611	266,977
Others	171,106	209,192
Total	\$ 1,796,398	\$ 2,015,798

3) Contract balane

The Company's accounts receivable and contract liabilities relating to revenue from contracts with customers are as follows:

Items	December 31, 2020	December 31, 2019
Notes receivable and payments	\$ 362,702	\$ 338,562
Less: provision for losses	(9,894)	(8,645)
Total	<u>\$ 352,808</u>	<u>\$ 329,917</u>
Contract liabilities - current (recognized in other current liabilities - others)	<u>\$ 5,463</u>	<u>\$ 4,361</u>

a) Significant changes in contract assets and liabilities

The changes in contract assets and contract liabilities mainly arise from the difference between the time of fulfilling the obligations and the time of customer payment, and there are no other significant changes.

- b) The amount of contract liabilities from the beginning of the year that are recognized in operating revenue in 2020 and 2019 were NTD4,361 thousand and NTD7,135 thousand, respectively.

4) Unfulfilled customer contracts

The Company's unfulfilled contracts for the sale of goods or services as of December 31, 2020 and 2019 are expected to last for less than one year and are expected to be fulfilled and recognized as revenue in the next year.

v. Employee benefits, depreciation and amortization expenses

Category	December 31, 2020		Total
	Belonging to operating costs	Belonging to operating expenses	
Employee benefits expense			
Salary expenses	\$ 106,175	\$ 105,279	\$ 211,454
Labor and health insurance	9,813	9,500	19,313
Pension expenses	3,311	4,330	7,641
Director's remuneration	-	6,326	6,326
Other employee benefits	4,509	5,976	10,485
	<u>\$ 123,808</u>	<u>\$ 131,411</u>	<u>\$ 255,219</u>
Depreciation expenses	<u>\$ 20,241</u>	<u>\$5,514</u>	<u>\$ 25,755</u>
Amortization expense	<u>-</u>	<u>-</u>	<u>-</u>

Category	December 31, 2019		Total
	Belonging to operating costs	Belonging to operating expenses	
Employee benefits expense			
Salary expenses	\$ 110,765	\$ 110,835	\$ 221,600
Labor and health insurance	10,515	9,706	20,221
Pension expenses	3,778	4,602	8,380
Director's remuneration	-	8,231	8,231
Other employee benefits	4,939	8,353	13,292
	<u>\$ 129,997</u>	<u>\$ 141,727</u>	<u>\$ 271,724</u>
Depreciation expenses	<u>\$ 19,492</u>	<u>\$6,262</u>	<u>\$ 25,754</u>
Amortization expense	<u>-</u>	<u>-</u>	<u>-</u>

- 1) Additional information on the number of employees and employee benefits expenses of the company as of December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Numbers of Employees	<u>356</u>	<u>376</u>
Number of directors who are not employees	<u>5</u>	<u>4</u>
Average employee benefits expenses	<u>\$ 709</u>	<u>\$ 708</u>
Average employee salary expenses	<u>\$ 602</u>	<u>\$ 596</u>
Adjustment of average employee salary expenses	<u>1.08%</u>	<u>0.33%</u>
Supervisor's Remuneration	<u>\$ 874</u>	<u>\$ 2,249</u>

The Company's salary and remuneration policies are as follows:

- a) The remuneration of the Directors and Supervisors of the Company is divided into two categories: 1) Monthly fixed remuneration and according to Article 27 of the Company's Articles of Incorporation. and 2) If the company makes a profit during the distribution period, the profits distributed as employee compensation shall be no less than 0.5% of the total profits and that distributed as remuneration to Directors and Supervisors shall be no more than 0.5% of the total profits. However, when the Company has accumulated losses, the amount to cover the losses should be reserved in advance. The resolution on the compensation of the employees and the remuneration of directors and supervisors in the preceding paragraph shall be approved and adopted by a special resolution of the board of directors and submitted to the shareholders' meeting. If the Director is also an employee, additional remuneration is provided according to the provisions of (2) and (3) below.

The total amount of staff remuneration and directors' remuneration allocated in accordance with the Articles of Association for the year ended December 31,

2020 was NTD59,900 thousand, which was mainly due to the non-operating gains and losses of NTD5,754,207 thousand in the year ended December 31, 2020. Due to the significant amount and considering the reasonableness of the comparison between before and after the financial statements, the accounts are separately listed as follows:

	Operating Expenses	Non-Operating Expenses	Total
Employees' Compensation	\$ 1,230	\$ 28,770	\$ 30,000
Director Remuneration	976	24,847	25,823
Supervisor's Remuneration	154	3,923	4,077
	<u>\$ 2,360</u>	<u>\$ 57,540</u>	<u>\$ 59,900</u>

- b) For remuneration of General Manager and Deputy General Managers, in addition to fixed monthly salary in accordance to corporate standards, year-end bonus and festive bonuses are issued based on the operation of the Company. The remuneration of the General Manager and Deputy General Manager of the Company shall be paid in monthly fixed salary, and year-end bonus, festival bonus, etc. according to the Company's operating conditions. The salary structure of the manager and the payment standard of year-end bonus shall be reviewed by the salary Committee and submitted to the Board of Directors for approval.
 - c) Employees' salaries are paid monthly at fixed rates in accordance with the Company's salary standards, and year-end bonuses, holiday bonuses, etc. are paid according to the Company's year-end bonus calculation methods and in accordance with Article 27 of the Company's Articles of Association: No less than 0.5% of the Company's profit shall be allocated for employees and no more than 0.5% for Directors and Supervisors, if the company makes a profit during the distribution period. However, when the Company has accumulated losses, the amount to cover the losses should be reserved in advance. The resolution on the compensation of the employees and the remuneration of directors and supervisors in the preceding paragraph shall be approved and adopted by a special resolution of the board of directors and submitted to the shareholders' meeting.
- 2) The compensation to employees and remuneration to directors and supervisors for the years of 2020 and 2019 were resolved and approved by the Board of Directors of the Company on March 22, 2021 and March 16, 2020. Relevant amounts recognized in the financial statement are as follows:

	2020		December 31, 2019	
	Employees' Compensation	Remuneration of directors	Employees' Compensation	Remuneration of directors
Approved amount of distribution	\$30,000	\$29,900	\$3,650	\$3,640
Amounts recognized in the annual financial statements	30,000	29,900	3,650	3,640
Differences	-	-	-	-

- a) The employee remunerations listed above are all paid in cash.
- b) If there are changes made to the amount after the annual financial report is published, the changes shall be handled as changes in accounting estimates and recognized in the next year's financial statements.
- 3) For information on the Company's remunerations for employee and Directors as resolved by the Board of Directors, please visit the "Market Observation Post System" of Taiwan Stock Exchange.

w. Interest income

Items	December 31, 2020	December 31, 2019
Interest income		
Interest on bank deposits	\$ 18,747	\$ 11,064
Other interest income (overdue interest)	1,130	2,435
Total	<u>\$ 19,877</u>	<u>\$ 13,499</u>

x. Other income

Items	December 31, 2020	December 31, 2019
Rental income		
Investment properties		
Not depending on index or rate changes and	\$ 15,526	\$ 20,367
Contingent rent		
Other operating leases		
Not depending on index or rate changes and	7,508	7,508
Contingent rent		
Other rental	219	230
Total rental income	<u>23,253</u>	<u>28,105</u>
Dividend revenue	109,477	228,000
Other income	7,542	8,443
Total	<u>\$ 140,272</u>	<u>\$ 264,548</u>

y. Other gains and losses

Items	December 31, 2020	December 31, 2019
Gain (loss) on disposal of property, plant and equipment	\$ 2,166	\$ 444,250
Gain (loss) on disposal of investment property	-	14,315
Gain on disposal of non-current assets held for sale (group) (Note)	5,754,207	-
Net foreign exchange gains (losses)	(23,112)	(10,933)
Impairment of property, plant and equipment	-	19,633
Miscellaneous expenses	(77,223)	(65,504)
Total	<u>\$ 5,656,038</u>	<u>\$ 401,761</u>

(Note) The Company sold land at Plot No. 90, Huiguo Section, Xitun District, Taichung City on February 26, 2020. The sale price was NTD 8,375,890 thousand. The ownership transfer was completed on May 25, 2020, resulting in a gain on disposal benefit of NTD5,754,207 thousand.

z. Finance costs

Items	December 31, 2020	December 31, 2019
Interest expense:		
Bank loans	\$ 545	\$ 3,026
Interest on lease liabilities	2	1
Subtotal	<u>\$ 547</u>	<u>\$ 3,027</u>
Less: Amount qualified for capitalization	-	-
Financial costs	<u>\$ 547</u>	<u>\$ 3,027</u>

aa. Income tax

Income Tax Expense

1) Income tax expense (benefit) components:

Items	December 31, 2020	December 31, 2019
<u>Current income tax</u>		
Income tax generated in the current period	-	-
Income tax overestimate/underestimate for previous years	-	\$ 3,843
Surtax on unappropriated earnings	-	410
Land appreciation tax	\$ 1,029,157	-
Total income tax for the year	<u>1,029,157</u>	<u>4,253</u>
<u>Deferred income tax</u>		
Origination and reversal of temporary differences	(528,786)	20,379
Impact of changes in tax rate	-	-
Deferred income tax expenses	<u>(528,786)</u>	<u>20,379</u>
Income tax expense (gains)	<u>\$ 500,371</u>	<u>\$ 24,632</u>

2) Income tax expense (benefit) related to other comprehensive income:

Items	December 31, 2020	December 31, 2019
Exchange differences on translation of foreign operating organizations' financial statements	\$ (3,424)	\$ (3,430)
Total	<u>\$ (3,424)</u>	<u>\$ (3,430)</u>

The reconciliation of accounting income and income tax expense recognized in profit and loss for the current year is as follows:

Items	December 31, 2020	December 31, 2019
Net profit before taxes	<u>\$ 5,929,631</u>	<u>\$ 720,882</u>
Net profit before tax is calculated at the statutory tax rate	\$ 1,185,926	\$ 144,176
Tax effect of adjusting items:		
Effect of items not included when calculating taxable income		
Unpaid pensions	(9,088)	(16,358)
Loss (Gain) on investments accounted for using equity method	(21,211)	(2,028)
Tax-free income and stopped taxable income from securities transactions	(1,172,736)	(139,471)
Impairment loss (reversal of impairment loss)	-	(3,926)
Unrealized exchange gains and losses	3,048	4,888
Other adjustments	14,062	12,720
Income tax adjustment for the previous year	-	3,843
Additional income tax on unappropriated earnings	-	409
Land appreciation tax	1,029,157	-
Net change in deferred income tax	<u>(528,787)</u>	<u>20,379</u>
Income tax expense (gains) recognized in profit or loss	<u>\$ 500,371</u>	<u>\$ 24,632</u>

The tax rate applicable to the Company was 20% and, and the tax rate applicable to undistributed earnings since year of 2018 is 5%.

In July of 2019, the President announced the amendment to the Statute for Industrial Innovation, which clearly stipulated that the undistributed earnings from 2018 onwards to build or purchase specific assets or technologies to reach a certain amount can be recognized as deduction items in the calculation of undistributed earnings. The Company only deducted the capital expenses that has actually been invested when calculating the tax on unappropriated earnings.

3) Deferred income tax assets or liabilities from temporary difference, loss carry forwards and investment credits:

Items	2020			
	Beginning balance	Recognized in profit (loss)	Recognized in other comprehensive income	Ending balance
Deferred tax assets:				
Temporary differences				
Unrealized inventory valuation losses	\$ 196	\$ (76)	-	\$ 120
Unrealized employee benefit liabilities	1,893	-	-	1,893
Impairment loss of financial assets	2,708	(2,708)	-	-
Unrealized loss on disposal of assets	201	(75)	-	126
Unrealized exchange losses	2,759	3,048	-	5,807
Foreign investment losses under the equity method	49,083	-	-	49,083
Debit (credit) accounting by foreign operating agencies	17,570	-	\$ 3,424	20,994
Exchange differences in financial statement translation				
Subtotal	<u>\$74,410</u>	<u>\$ 189</u>	<u>\$ 3,424</u>	<u>\$78,023</u>
Deferred tax liabilities				
Temporary differences				
Unrealized benefits of disposing of assets	\$ (778)	\$ 778	-	-
Land appreciation tax	(708,566)	527,820	-	\$ (180,746)
Subtotal	<u>\$ (709,344)</u>	<u>\$ 528,598</u>	<u>-</u>	<u>\$ (180,746)</u>
Total	<u>\$ (634,934)</u>	<u>\$ 528,787</u>	<u>\$ 3,424</u>	<u>\$ (102,723)</u>

Items	2019			
	Beginning balance	Recognized in profit (loss)	Recognized in other comprehensive income	Ending balance
Deferred tax assets:				
Temporary differences				
Unpaid pensions	\$ 4,981	\$(4,981)	-	-
Unrealized inventory valuation losses	1,866	(1,670)	-	\$ 196
Unrealized employee benefit liabilities	1,893	-	-	1,893
Impairment loss of financial assets	2,708	-	-	2,708
Unrealized loss on disposal of assets	279	(78)	-	201
Impairment loss of non-financial assets	3,927	(3,927)	-	-
Unrealized exchange losses	-	2,759	-	2,759
Foreign investment losses under the equity method	63,703	(14,620)	-	49,083
Debit (credit) of exchange difference on translation of	14,140	-	\$ 3,430	17,570
Exchange differences on translation of financial statements of foreign operations				
Subtotal	<u>\$93,497</u>	<u>\$ (22,517)</u>	<u>\$ 3,430</u>	<u>\$74,410</u>
Deferred tax liabilities				
Temporary differences				
Unrealized exchange gains	\$(2,129)	\$ 2,129	-	-
Unrealized benefits of disposing of assets	(787)	9	-	\$ (778)
Land Value Increment Tax (Note)	(739,997)	31,431	-	(708,566)
Subtotal	<u>\$ (742,913)</u>	<u>\$33,569</u>	<u>-</u>	<u>\$ (709,344)</u>
Total	<u>\$ (649,416)</u>	<u>\$11,052</u>	<u>\$ 3,430</u>	<u>\$ (634,934)</u>

Note: The balance at the end of the period includes a total of NTD527,820 thousand of deferred income tax liabilities transferred to the "Liabilities directly related to non-current assets to be sold."

4) Items not recognized as deferred tax assets

Items	December 31, 2020	December 31, 2019
Loss on investment accounted for using the equity method	\$ 51,210	\$ 53,520

5) The Company's corporate income tax returns have been assessed by the Tax Authorities until 2018.

bb. Other comprehensive income

Items	December 31, 2020		
	Pre-tax	Income Tax Expense (Gain)	Net Amount After Taxes
Items that are not reclassified to profit or loss:			
Re-measurements of defined benefit plans	\$ (3,113)	-	\$ (3,113)
Unrealized valuation gains (losses) of investment in equity instrument measured at fair value through other comprehensive income	70,196	-	70,196
FVTOCI			
Unrealized gains (losses) of investments in equity instruments measured at fair value through other comprehensive income by subsidiaries, affiliates and joint ventures	128,514	-	128,514
Subtotal	195,597	-	195,597
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on financial statement translation of foreign operation organization	(17,118)	\$3,424	(13,694)
Subtotal	(17,118)	3,424	(13,694)
Recognized in other comprehensive income	\$178,479	\$3,424	\$181,903
Items	December 31, 2019		
	Pre-tax	Income Tax Expense (Gain)	Net Amount After Taxes
Items that are not reclassified to profit or loss:			
Re-measurements of defined benefit plans	\$(24,627)	-	\$(24,627)
Unrealized valuation gains (losses) of investment in equity instrument measured at fair value through other comprehensive income	(144,020)	-	(144,020)
Unrealized gains (losses) of investments in equity instruments measured at fair value through other comprehensive income by subsidiaries, affiliates and joint ventures	374,271	-	374,271
Subtotal	205,624	-	205,624
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on financial statement translation of foreign operation organization	(17,151)	\$3,430	(13,721)
Subtotal	(17,151)	3,430	(13,721)
Recognized in other comprehensive income	\$188,473	\$3,430	\$191,903

cc. Earnings per Share

Items	2020	2019
A. Basic earnings per share:		
Net profit attributable to common shareholders of the parent company	\$ 5,429,260	\$ 696,250
Weighted average number of outstanding shares (thousand shares)	169,842	190,863
Basic earnings per share (after tax) (NTD)	\$ 31.97	\$3.65
B. Diluted earnings per share:		
Net profit attributable to common shareholders of the parent company	\$ 5,429,260	\$ 696,250
Weighted average number of outstanding shares	169,842	190,863
The effect of diluting potential common stocks:		
Number of employees' compensation impacts (note)	433	95
Calculate the weighted average number of outstanding shares of diluted earnings per share	170,275	190,958
Diluted earnings per share (after tax) (NTD)	\$ 31.89	\$3.65

(Note) If the Company chooses to offer employee compensation or share profits in the form of cash or stock, while calculating diluted earnings per share, and assuming that the compensation is paid in the form of stock, the dilutive potential common shares will be included in the weighted average number of outstanding shares to calculate diluted earnings per share. The dilutive effect of such potential common shares shall continue to be considered when calculating diluted earnings per share before the number of shares to be distributed as employee compensation is approved in the following year.

dd. Reconciliation of liabilities from fund-raising activities

Items	January 1, 2020	Cash flow	Non-cash changes		December 31, 2020
			Fluctuation in exchange	Other non-cash changes	
Short-term loans	\$77,000	\$ (77,000)	-	-	-
Short-term notes payable	39,988	(40,000)	-	\$ 12	-
Lease liabilities (including current and non-current)	51	(202)	-	404	253
Guarantee deposits received	7,268	(2,356)	-	-	4,912
Total liabilities from financing activities	\$ 124,307	\$ (119,558)	-	\$ 416	\$5,165

Items	January 1, 2019	Cash flow	Non-cash changes		December 31, 2019
			Fluctuation in exchange	Other non-cash changes	
Short-term loans	\$ 336,000	\$ (259,000)	-	-	\$ 77,000
Short-term notes payable	269,936	(230,000)	-	\$ 52	39,988
Lease liabilities (including current and non-current)	254	(203)	-	-	51
Guarantee deposits received	8,612	(1,344)	-	-	7,268
Total liabilities from financing activities	\$ 614,802	\$ (490,547)	-	\$ 52	\$ 124,307

7. Related Party Transactions

- a. The parent company and the ultimate controlling party

The Company has no parent company and ultimate controller.

- b. Name and relation of related party

<u>Name of Related Party</u>	<u>Relationship with the Company</u>
Tahsin Shoji Co., Ltd. (Tahsin Shoji. Japan)	Subsidiary
TAHSIN INDUSTRIAL CORP U.S.A. (T.H.U.S.A.)	Subsidiary
Tai Ho Co., Ltd. (Tai Ho Co.,)	Subsidiary
Fujian Putian DAFU Plastic Industry Co., Ltd. (Dafu Company)	Subsidiary
Tah Viet Co., Ltd. (Tah Viet)	Subsidiary
Myanmar Tah Hsin Industrial Co., Ltd. (Myanmar Tahsin)	Subsidiary
Tahsin Plastic Industrial (Dongguan) Co., Ltd. (Tahsin Dongguan)	Subsidiary (Note: it completed liquidation in September 2019 and company registration was cancelled)
Tah Fa Investment Co., Ltd. (Tah Fa)	Subsidiary
Tah Fa Industrial Co., Ltd. (Tah Fa Industrial)	Sub-Subsidiary (Note: it completed liquidation in April 2020 and company registration cancelled thereafter)
Tah Chi Enterprise Co., Ltd. (Tah Chi Co.)	Sub-subsidiary
Good Harvest Machinery Industrial Co., Ltd. (Good Harvest Co.)	Related enterprise
Truong Giang Garment Joint-stock Company (TGC)	Associate of subsidiary
Tahhsin Phu My Joint Stock Company (formerly known as Phu My Kim Anh Garment Company Limited)	Affiliate of subsidiary (Became a sub-subsidiary due to increase in investment in December 2019)
Tah Chun Trading Co., Ltd. (Tah Chun)	Other related parties
Fujian Putian DAFU Plastic Industry Co., Ltd. (DAFU Co., Ltd.)	Other related parties
TAMERICA PRODUCTS, INC.(T.P.I.)	Other related parties
HAVE OUR PLASTIC INC. CANADA (HOP CANADA)	Other related parties
ORGANIZE-IT-ALL, INC. (OIA)	Other related parties
HOP INDUSTRIAL CORP. U.S.A. (HOP U.S.A.)	Other related parties
Yuk Wing Development Limited (Yuk Wing Limited)	Other related parties
All directors, presidents, and vice presidents	Main members of the senior management

c. Substantial Transaction with Related Party

The Company's transactions with related parties are disclosed as follows:

1) Operating revenue

Ledger account	Type/name of related party	December 31, 2020	December 31, 2019
Sales revenue	Subsidiary		
	T.H.U.S.A.	\$ 59,394	\$ 227,474
	Others	137,054	141,035
	Sub-subsidiary	8,779	7,166
	Other related parties	91,900	114,965
Total		<u>\$ 297,127</u>	<u>\$ 490,640</u>

The Company's transaction price of sales revenue to related parties is based on the transaction prices and conditions of customers, the terms and conditions conformed to normal business practices, and payment period is about 1 to 3 months.

2) Purchases

Type/name of related party	December 31, 2020	December 31, 2019
Subsidiary	\$ 33,580	-

The transaction price of purchases made by the company from related parties is determined based on transaction prices and terms of general manufacturers.

3) Contract asset: None.

4) Contract liability: None.

5) Accounts receivable from related parties (excluding loans and contract assets to related parties)

Items	Type/name of related party	December 31, 2020	December 31, 2019
Notes receivable	Sub-subsidiary	<u>\$1,118</u>	<u>\$1,208</u>
Trade receivables	Subsidiary		
	Tahsin Shoji	\$ 21,824	\$ 29,463
	T.H.U.S.A.	18,633	32,255
	Sub-subsidiary	812	708
	Other related parties		
	Others	15,735	20,389
Total		<u>\$ 57,004</u>	<u>\$ 82,815</u>

Items	Type/name of related party	December 31, 2020	December 31, 2019
Less: provision for losses		(472)	(612)
Net amount		<u>\$ 56,532</u>	<u>\$ 82,203</u>
Other receivables	Subsidiary		
	Tahsin Shoji	\$ 517	\$ 338
	Others	81	234
	Other related parties	968	4
Total		<u>\$1,566</u>	<u>\$ 576</u>
Less: provision for losses		-	-
Net amount		<u>\$1,566</u>	<u>\$ 576</u>

6) Accounts payable from related parties (excluding loans from related parties)

Items	Type/name of related party	December 31, 2020	December 31, 2019
Accounts payable	Subsidiary	\$1,664	-
Other payables	Subsidiary	\$ 12,569	\$ 22,746
	Sub-subsidiary	2,077	-
	Other related parties	4,791	6,207
Total		<u>\$ 19,437</u>	<u>\$ 28,953</u>

7) Prepayment

Items	Type/name of related party	December 31, 2020	December 31, 2019
Prepayments	Subsidiary	\$2,637	\$2,637

8) Property transaction: None.

9) Tenancy agreement: None.

10) Rental agreement:

The Company leases part of its offices, machineries and equipment and other assets to Ta Chun and DAFU as operating lease. The machinery and equipment leased is used for processing products, and the rental income is calculated based on the amount of depreciation.

The lease term of all the above contracts is one year As of December 31, 2020 and 2019, the total future lease payment to be received is zero. The rental income recognized for years 2020 and 2019 were NTD243 thousand and NTD254 thousand respectively.

11) Loan to related parties: None.

12) Loan from related parties: None.

13) Endorsements/Guarantees Provided for Others

Details of guarantee and endorsement provided by the Company for related parties' bank loans are as follows:

Type/name of related party	December 31, 2020	December 31, 2019
Subsidiary	\$ 138,150	\$ 138,000
	Including JPY 500,000 thousand	Including JPY 500,000 thousand

14) Others

a) Income items

Ledger account	Type/name of related party	December 31, 2020	December 31, 2019
Commission income	Subsidiary	\$ 283	\$ 242
	Other related parties		
	OIA	-	2,859
Total		<u>\$ 283</u>	<u>\$3,101</u>

b) Expenses

Ledger account	Type/name of related party	December 31, 2020	December 31, 2019
Processing fees	Subsidiary		
	Tah Viet Co., Ltd.	\$ 72,188	\$ 80,756
	Myanmar Tahhsin Industrial Co., Ltd.	174,871	173,196
	Others	17,021	25,022
	Sub-subsidiary	16,967	-
	Other related parties		
	Truong Giang Garment Joint-stock Company (TGC)	39,727	59,335
	Others	9,649	25,016
Total		<u>\$ 330,423</u>	<u>\$ 363,325</u>
Business expenses	Subsidiary	\$ 153	-
	Other related parties		
	Yuk Wing Limited	1,085	\$1,114
Total		<u>\$1,238</u>	<u>\$1,114</u>

d. Remuneration to the top management

Item	December 31, 2020	December 31, 2019
Salaries and other short-term employee benefits	\$ 54,502	\$ 32,867
Post-employment benefits	-	-
Other long-term employee benefits	-	-
Benefits for departing employees	-	-
Share-based payments	-	-
Total	<u>\$ 54,502</u>	<u>\$ 32,867</u>

8. Pledged Assets

The following assets were provided as collateral for various borrowings and performance guarantees:

Items	December 31, 2020	December 31, 2019
Property, Plant, and Equipment	<u>\$ 692,822</u>	<u>\$ 700,519</u>

9. Significant Contingent Liabilities and Unrecognized Contractual Commitments

- a. For the years ended December 31, 2020 and 2019, the guaranteed notes received by the Company for project performance guarantees and ensure payment claims, etc. were NTD15,108 thousand and NTD13,931 thousand, respectively.
- b. As of December 31, 2020 and 2019, the guarantee notes issued by the Company for processing and other guarantees on behalf of customers were 0 and NTD2,020 thousand respectively.
- c. For information on the Company's endorsements and guarantees for others as of December 31, 2020 and 2019, please refer to Note 7 (3)11. and Note 13 (1)2.

10. Significant Disaster Losses

The Company's operating income for the year of 2020 was reduced due to the impact of the global outbreak of COVID 19. Despite the slowdown of domestic epidemics and the government's policies were gradually loosened. However, many countries are implementation of social distancing/mandatory lockdown, the global economic situation continues to shrink, consumption patterns have also changed, and the follow-up operation schedule of the Company is still uncertain.

After assessing the impact of the aforementioned epidemic, the Company's ability to continue operations, the impairment of assets and the financing risks have no material impact.

11. Significant Events after the Balance Sheet Date

The Company's Board of Directors decided on March 22, 2021, in order to adjust the capital structure, enhance the return of shareholders' equity and profit per share, and proposed to return NTD395,010 thousand of capital shares, eliminate 39,501 thousand shares, and reduce the capital ratio by 28.50%. The proposal will be raised for discussion during the shareholders' meeting on June 11, 2021.

12. Others

a. Capital Risk Management

The Company plans its needs for working capital and dividend payments in the future based on the characteristics of the industries to which its operations belong and future development of the company, and by taking into consideration changes in the external environment, to ensure that it can continue the operations, give back to shareholders, and protect the interests of stakeholders at the same time, as well as maintain the best capital structure to enhance shareholder value in the long run. To maintain an adjustable capital structure, the Company may adjust the amount of dividends paid to shareholders by issuing new shares, distributing cash to shareholders or buying back its shares.

The Company monitors its funds by regularly reviewing the asset-to-debt ratio.

b. Financial instruments

1) Financial risk of financial instruments

a) Financial risk management policies

The daily operations of the Company are affected by a number of financial risks, including market risk (exchange risk, interest rate risk, and other price risk), credit risk, and liquidity risk. To reduce related financial risks, the company is committed to identifying, assessing and avoiding market uncertainties, so as to reduce potentially unfavorable effects of market changes on its financial performance.

The Company's major financial activities are reviewed by its Board of Directors according to the relevant regulations and its internal control system. During the implementation of a financial plan, the Company must strictly comply with the financial procedures relating to overall financial risk management and segregation of duties.

b) The nature and degree of significant financial risks

i. Market risks

(a) Exchange rate risk

The Company is exposed to exchange rate risks arising from sales, purchases and net investments in foreign operating entities that are not denominated in the functional currency of the Company. The company's functional currency is New Taiwan dollar. Such transactions are mainly denominated in U.S. dollars. The company's receivables and payables due in foreign currencies are denominated in the same currency. At this moment, natural hedges may arise in various sections. To avoid the decrease in the value of foreign currency assets and fluctuations in future cash flows due to changes in exchange rates, the company uses derivative instruments (including pre-sale forward exchange contracts) to hedge exchange rate risks. The use of such derivative instruments can assist the company in reducing the effects of changes in foreign exchange rates, but is still unable to fully eliminate such effects. The use of such derivative instruments can assist the company in reducing the effects of changes in foreign exchange rates, but is still unable to fully eliminate such effects.

Due to the fact that net investments in foreign operating entities are strategic investments, the company has not hedged these investments.

- (i) The analysis of foreign exchange exposures and sensitivity is as follows:

Item	December 31, 2020			December 31, 2019		
	Foreign currency (in thousands)	Exchange rate (NTD)	Presented amount (New Taiwan Dollars)	Foreign currency (in thousands)	Exchange rate (NTD)	Presented amount (New Taiwan Dollars)
(Foreign currency: Functional currency)						
Financial assets						
Monetary items						
USD:NTD	\$ 31,095	28.48	\$ 885,584	\$ 23,981	29.98	\$ 718,965
Non-monetary items						
USD:NTD	17,768	28.48	506,038	16,573	29.98	496,866
JPY:NTD	275,027	0.2763	75,990	200,268	0.276	55,274
Financial liabilities						
Monetary items						
USD:NTD	1,078	28.48	30,711	948	29.98	28,428

The sensitivity analysis of the Company's exchange rate risk is mainly performed to assess the effects of appreciation/depreciation of foreign currency monetary and non-monetary items on the company's profit or loss and equity at the end of the reporting period. The exchange rate risk of the

Company is mainly affected by the fluctuation of the exchange rate of USD and JPY. When the appreciation/depreciation of USD and JPY is 5%, the after-tax net profit of the Company in 2020 and 2019 will increase/decrease by NTD34,195 thousand and NTD28,657 thousand respectively, and the equity will increase/decrease by NTD24,041 thousand and NTD23,384 thousand respectively.

- (ii) Due to the exchange rate volatility, total exchange gains and losses (including realized and unrealized) on the Company's monetary items amounted to (NTD23,112 thousand) and (NTD10,933 thousand) as of December 31, 2020 and 2019, respectively.

(b) Other price risk

As the investment in equity instruments held by the Company in the parent company only balance sheets is classified as financial assets measured at fair value through other comprehensive income, the Company is exposed to the price risk of equity instruments.

The Company mainly invests in stocks and beneficiary certificate of domestic listed and OTC companies. The price of these equity instruments will be affected by the certainty of the future value of the investment targets. If the price of equity instruments rises or falls by 5%, other comprehensive profit and loss after tax in 2020 and 2019 will increase or decrease by NTD168,947 thousand and NTD136,014 thousand due to the rise or decrease of fair value of financial assets measured by fair value through other comprehensive income.

(c) Interest rate risk

The Company's financial assets and financial liabilities subject to interest rate exposure on the reporting date are as follows:

Items	Carrying amount	
	December 31, 2020	December 31, 2019
Interest rate risk with fair value		
Financial liabilities	-	\$ 40,000
Interest rate risk with cash flow		
Financial assets	\$ 5,213,522	\$492,887
Financial liabilities	-	(77,000)
Net amount	\$ 5,213,522	\$415,887

(i) Sensitivity analysis of interest rate risk with fair value instruments

The Company has yet to classify any fixed-rate financial assets and liabilities as measured at fair value through profit or loss. Besides, it has also yet to designate derivative instruments (interest rate swaps) as a hedging tool under the fair value hedge accounting model. Therefore, changes in interest rates on the reporting date will not affect profit or loss.

(ii) Sensitivity analysis of interest rate risk with cash flow

The company's variable interest rate financial instruments belong to floating interest rate assets (liabilities). Therefore, changes in market interest rates will result in changes in effective interest rates, thereby causing fluctuations in future cash flows. Every 1% increase in the market interest rate would lead to an increase in net profit before tax for 2020 and 2019 by NTD52,135 thousand and NTD4,159 thousand, respectively.

ii. Credit risk

Credit risk refers to the risk that a counterparty violates contractual obligations and causes financial loss to the company. The Company's credit risk comes mainly from accounts receivable arising from its operating activities, bank deposits arising from its investing activities, and other financial instruments. Operations-related credit risks and financial credit risks are managed separately.

(a) Operational-related credit risk

To maintain the quality of accounts receivable, the company has established procedures for the management of operations-related credit risks.

Factors that may affect customers' ability to pay, such as the financial status of a customer, the Company's internal credit rating, historical transaction records, and current economic conditions, are taken into account in the risk assessment of individual customers.

(b) Financial credit risk

The credit risks of bank deposits and other financial instruments are measured and monitored by the Company's financial department. The Company does not expect significant credit risk because the

counterparties are creditworthy and investment-graded financial institutions, companies and government agencies without any significant default concerns.

(i) The risk of credit concentration

As of December 31, 2020 and 2019, the top ten clients accounted for 77.65% and 77.78%, respectively, of Tahsin Group's accounts receivable. No significant credit concentration risk was shown from the remaining accounts receivables.

(ii) Measurement of expected credit impairment losses

1-1. Accounts receivable: A simplified approach is adopted, please refer to Note 6 (4) for more information.

2-1. Basis for judging whether the credit risk increases significantly: None. (The Company has no investments in debt instruments measured at amortized cost or investments in debt instruments measured at FVTOCI.))

3-1. The Company obtained collateral of NTD95,000 thousand from some customers to avoid the credit risks of some financial assets.

iii. Liquidity risk

(a) Liquidity risk management:

The objective of the company's liquidity risk management is to maintain cash and cash equivalents, highly liquid securities and sufficient bank facilities required for its operations, so as to ensure that the company possesses adequate financial flexibility.

(b) Analysis of maturity of financial liabilities:

The following table shows the analysis of the company's financial liabilities based on the maturity and undiscounted due amount of these financial liabilities within the agreed repayment periods:

Non-derivative financial liabilities	December 31, 2020					Contractual cash flows	Carrying amount
	less than 6 months	7-12 months	1-2 year(s)	2-5 years	More than 5 years		
Accounts payable (including related parties)	\$92,939	-	-	-	-	\$92,939	\$92,939
Trade payables (including related parties)	53,647	-	-	-	-	53,647	53,647
Other payables (including related parties)	115,325	\$ 29,900	\$ 30,000	-	-	175,225	175,225
Guarantee deposits received	861	240	3,811	-	-	4,912	4,912
Total	<u>\$ 262,772</u>	<u>\$ 30,140</u>	<u>\$ 33,811</u>	<u>-</u>	<u>-</u>	<u>\$ 326,723</u>	<u>\$ 326,723</u>

Non-derivative financial liabilities	December 31, 2019					Contractual cash flows	Carrying amount
	less than 6 months	7-12 months	1-2 year(s)	2-5 years	More than 5 years		
Short-term loans	\$77,097	-	-	-	-	\$77,097	\$77,000
Short-term notes payable	40,000	-	-	-	-	40,000	39,988
Accounts payable (including related parties)	117,232	-	-	-	-	117,232	117,232
Trade payables (including related parties)	29,820	-	-	-	-	29,820	29,820
Other payables (including related parties)	136,495	\$3,650	\$3,640	-	-	143,785	143,785
Guarantee deposits received	3,061	3,967	240	-	-	7,268	7,268
Total	<u>\$ 403,705</u>	<u>\$7,617</u>	<u>\$3,880</u>	<u>-</u>	<u>-</u>	<u>\$ 415,202</u>	<u>\$ 415,093</u>

The Company does not expect a significant difference in the cash flows timing or the actual amount from the maturity analysis.

2) Types of financial instruments

The book value of various financial assets and financial liabilities of the Company as at December 31, 2020 and 2019 are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Financial assets measured at amortized cost		
Cash and cash equivalents	\$3,770,037	\$ 505,757
Notes and accounts receivable (including related parties)	352,808	329,917
Other receivables (including related parties)	7,085	3,326
Other financial assets - current	1,490,000	-
Refundable deposits	567	607
Financial assets at fair value through other comprehensive income	3,034,533	2,373,280
Financial assets - current		
Financial assets at fair value through other comprehensive income	344,400	347,000
Financial assets -non-current		
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost		
(I) Short-term loans	-	77,000
(II) Short-term notes payable	-	39,988
Notes and accounts payable (including related parties)	146,586	147,052
Other payables (including related parties)	175,225	143,785
Lease liabilities (including current portion)	253	51
Guarantee deposits received	4,912	7,268

c. Information on fair value:

- 1) Please refer to Note 12 (3)2. for the information on fair value of financial assets and financial liabilities of the Company not measured at fair value. Please refer to Note 6 (11) for information on the fair value of financial assets and investments in real estate measured at cost of the Company.
- 2) Definition of fair value hierarchy

Level 1:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities. An active market is a market that meets all of the conditions set below: the items traded in the market are homogeneous, willing buyers and sellers can normally be found at any time and prices are available to the public. The Company invests in listed and OTC stocks, beneficiary certificates, investments in on-the-run Taiwan's government bonds, and derivative instruments with quoted prices in active markets are all included.

Level 2:

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (e.g., price) or indirectly (e.g., derived from price) from the active markets. The fair value of the company's investments in off-the-run government bonds, corporate bonds, financial bonds, convertible corporate bonds, and most derivative instruments belong to this level.

Level 3:

Level 3 inputs refer to inputs that measure fair value to the extent that relevant observable inputs are not available in the market. Some of the Company's investments in derivative instruments and equity instruments without active market.

3) Financial instruments not measured by fair value:

The Company's financial instruments not measured at fair value, such as cash and cash equivalents, notes and amounts receivable, other financial assets, deposits, notes and amounts payable, and the carrying value of guarantee deposits, are reasonable approximations to their fair values.

4) Fair value hierarchy

The financial instruments measured at fair value by the Company is on a recurring basis, and the information on the fair value hierarchy of the Company is as follows:

Items	December 31, 2020			Total
	Level 1	Level 2	Level 3	
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through other comprehensive income at FVTPL				
Equity securities	\$ 3,034,533	-	\$ 344,400	\$ 3,378,933
Total	<u>\$ 3,034,533</u>	<u>-</u>	<u>\$ 344,400</u>	<u>\$ 3,378,933</u>

Items	December 31, 2019			Total
	Level 1	Level 2	Level 3	
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through other comprehensive income at FVTPL				
Equity securities	\$ 2,373,280	-	\$ 347,000	\$ 2,720,280
Total	<u>\$ 2,373,280</u>	<u>-</u>	<u>\$ 347,000</u>	<u>\$ 2,720,280</u>

5) Fair value valuation technique for instruments measured at fair value:

- a) If a financial instrument has a quoted price in an active market, the quoted price will be adopted as the fair value.

The categories and characteristics of fair value measurement for the financial instruments with active markets held by the Company were as follows:

- i. Listed company stocks: closing prices.
 - ii. Open-end funds: net worth.
- b) The fair value of stocks of unlisted (OTC) companies without an active market held by the Company is mainly estimated by the market method, and the judgment is made with reference to the evaluation of similar companies, third-party quotations, company net worth and operating conditions.
- c) Valuation of derivative financial instruments adopts valuation models that are commonly used by market participants, such as discounted cash flows method and option pricing model. Forward foreign exchange contracts are usually valued based on the current forward exchange rates.
- d) The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.

6) Transfers between Level 1 and Level 2 fair value hierarchy: None.

7) Statement of changes in Level 3 fair value hierarchy:

Items	Equity securities	
	December 31, 2020	December 31, 2019
Opening balance	\$ 347,000	\$ 403,000
Recognized in other comprehensive income	(2,600)	(56,000)
Acquisition in the current period	-	-
Disposal in the current period	-	-
Transfer into Level 3	-	-
Transfer out of Level 3	-	-
Ending balance	<u>\$ 344,400</u>	<u>\$ 347,000</u>

- 8) Quantitative information about the significant unobservable inputs (Level 3) used in the fair value measurement:

	Fair value as of December 31, 2020	Valuation Technique	Material Unobservable Inputs	Percentage	Relationship of inputs to fair value
Non-derivative equity instruments:					
Investment in shares of companies	\$ 344,400	Net asset value method	Not applicable	Not applicable	Not applicable

	December 31, 2019		Material unobservable input value		Relationship of inputs to fair value Fair Value
	Fair Value	Valuation Technique		Percentage	
Non-derivative equity instruments:					
Investment in shares of companies	\$ 347,000	Net asset value method	Not applicable	Not applicable	Not applicable

- 9) Valuation process for Level 3 fair value measurement:

The valuation process regarding Level 3 fair value is conducted by the Company's finance department, by which the independence of fair value of financial instruments is verified through use of independent data source in order to make the valuation results close to market conditions. Such valuation results are regularly reviewed therefrom so as to ensure their reasonableness.

- d. Transfer of financial assets: none
- e. Offsetting financial assets and financial liabilities: None.

13. Additional Disclosures

- a. Information on significant transactions
- 1) Loaning to Others: None.
 - 2) Endorsements/Guarantees Provided for Others: Table 1.
 - 3) Securities Held at End of Period (Excluding Investments in Subsidiaries, Associates, and Joint Ventures): Table 2.
 - 4) The Accumulated Purchase or Sale of the Same Securities Amounting to NTD300 Million or More Than 20% of Paid-in Capital: Table 3.

- 5) Acquisition of Property Amounting to NTD300 million or More Than 20% of Paid-in Capital: None.
 - 6) Disposal of Property Amounting to NTD300 Million or More Than 20% of Paid-in Capital: Table 4
 - 7) Purchases or Sales with Related Parties Amounting to NTD100 Million or More than 20% of Paid-in Capital: Table 5.
 - 8) Receivables From Related Parties Amounting to NTD100 Million or More Than 20% of Paid-in Capital: None.
 - 9) Derivatives Transactions: None.
- b. Information on Investee Companies: Table 6.
- c. Information on Investments in Mainland China
- 1) Information on any investee company in mainland China (name, main business, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income, carrying amount of investment at end of period, repatriations of investment income, and limit on the amount of investment in mainland China): Table 7.
 - 2) Significant transactions with Hong Kong Tai Ho Co., Ltd. for reinvestment in DAFU Plastic Industry Co., Ltd.:
 - a) Amount of sales and balance of the account payables at the end of the period: The purchase amount is NTD33,580,000 and account payable at the end of the period is NTD1,664 thousand.
 - b) Amount of sales and balance of the receivables at the end of the period: Sales amount is NTD876 thousand.
 - c) The amount of property transactions and the amount of the gains or losses: none
 - d) Bill endorsement, guarantee or provision of collateral: none
 - e) Financial accommodation: None
 - f) In 2020, product processing fees of NTD17,021 thousand by DAFU Plastic Industry Co., Ltd. through Tai Ho Co., Ltd. Other payables (include purchasing of raw materials) at the end of the period were NTD3,025 thousand.
 - g) The Company (hereafter referred to as the Principal) entrusts Tai Ho Co., Ltd. (hereafter referred to as the Agent) to invest in DAFU Plastic Industry Co., Ltd. in Putian, China, and both parties agree to abide by the following terms and conditions:

- i. The client appointed the trustee to invest in mainland China to establish Fujian Putian Dafu Plastic Industry Co., Ltd. in Putian, China with a total amount of USD8,100,000.
 - ii. The Agent shall apply to the Chinese competent authority for investment and capital increase in DAFU Plastic Industry Co., Ltd. in the Agent's name. The fund is to be remitted to the Mainland Area from Hong Kong by the Agent.
 - iii. Should Fujian Putian DAFU Plastic Industry Co., Ltd. has any income or interest distribution, the trustee shall first receive the interest and then remit it to it to the client.
 - iv. If DAFU Plastic Industry Co., Ltd. is required to return the investment fund due to capital reduction, cessation of operation or other reasons, the Agent shall firstly obtain the said amount and then transfer the amount in full to the Principal.
 - v. If the Agent is required to transfer the investment fund, dividends, or profits due to the reasons listed in the preceding two paragraphs, the Agent shall notify the Principal and the payment shall be made in the way specified by the Principal.
 - vi. Based on the entrusted investment relationship, the rights and obligations of the trustee to Fujian Putian DAFU Plastic Industry Co., Ltd. are transferred to the client, and the trustee does not guarantee its profits and losses
 - vii. The Agent shall exercise due care of a prudent administrator in discretionary investment, capital increase, exchange settlement, and receipt of dividends.
 - viii. The Agent shall send the financial statements of DAFU Plastic Industry Co., Ltd. to the Principal regularly, and the Principal may entrust a certified public accountant or other audit personnel to audit the financial statements.
 - ix. Matters not stipulated in this power of attorney shall be handled in accordance with relevant laws and regulations of the Republic of China on domestic and foreign financial practices, etc.
- h) The Company increased investment in Tai Ho Co., Ltd. by HKD10,075,000 (equivalent to USD1,300,000), which was then to be re-invested in DAFU Plastic Industry Co., Ltd.

d. Information of Major Shareholders: Table 8

TABLE 1

Tahsin Industrial Corporation

Endorsements/Guarantees Provided for Others
January 1 to December 31, 2020

Unit: Thousand NTD

Number/Endorser/Guarantor	Counterparty of endorsements/guarantees		Limit on Endorsements/Guarantees Provided for Single Entity	Maximum balance of endorsement/guarantee amount for current period	Endorsement/Guarantee Balance, End of Period	Actual drawdown amount	Endorsement/Guarantee Amount Secured by Property	Ratio of Cumulative Endorsement/Guarantee Amount to Net Worth in Latest Financial Statements	Endorsement/Guarantee Ceiling	Endorsements/guarantees provided by the company to the subsidiaries	Endorsements/guarantees provided by the subsidiaries to the parent company	Endorsement/Guarantee to Investee in the Mainland Area
	Name	Relationships										
0	Tahsin Industrial Corporation Ltd	Shoji(2) The subsidiaries in which the Company directly holds more than 50% of their common shares.	\$ 2,435,825	\$ 141,150	\$ 138,150	\$ 124,335	\$ -	1.13%	\$ 6,089,563	Y	N	N

Note 1: The amounts/guarantees of endorsement by the Company to a single enterprise shall not exceed 20% of the net worth of the Company's latest financial statements (December 31, 2020).

Note 2: The total amount of the Company's external endorsements/guarantees is limited to 50% of the Company's net worth as stated in its latest financial statements (as of December 31, 2020).

TABLE 2

Tahsin Industrial Corporation
Securities Held at End of Period (Excluding Investments in Subsidiaries, Associates, and Joint Ventures)
December 31, 2020
Unit: NTD Thousand/ Number of shares: 1000

Holding Company	Type and Name of Securities	Relationship with Securities Issuer	Ledger account	Shares	End of the period		Remarks
					Carrying amount	Shareholding Ratio	
Tahsin Industrial Corporation	Stocks, Nan Ya Plastic Corporation	-	Financial assets at fair value through other comprehensive income - current	32,600	\$ 2,343,940	0.41%	\$ 2,343,940
	Stocks/Formosa Taifata Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	200	6,210	0.01%	6,210
	Stocks /Feng Hsin Steel Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	200	14,220	0.03%	14,220
	Stocks/Mega Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	3,160	94,168	0.02%	94,168
	Stocks/Formosa Plastics Corporation	-	Financial assets at fair value through other comprehensive income - current	1,175	113,270	0.02%	113,270
	Stocks/Taiwan Semiconductor Manufacturing Company Limited	-	Financial assets at fair value through other comprehensive income - current	850	450,500	-%	450,500
	Beneficiary certificates/Yuantai P-shares Taiwan Top 50 ETF	-	Financial assets at fair value through other comprehensive income - current	100	12,225	-%	12,225
	Stocks/Asia Pacific Investment Corporation	-	Financial assets at fair value through other comprehensive income - non-current	10,000	344,400	2.35%	344,400
	Stocks/Chungwa Telecom Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	90	9,810	-%	9,810
	Stocks/Taiwan Semiconductor Manufacturing Company Limited	-	Financial assets at fair value through other comprehensive income - non-current	67	35,510	-%	35,510
Tah Fa Investment Co., Ltd.	Stocks/Tahsin Industrial Corporation	The investment company which values the Company using the equity method	Financial assets at fair value through other comprehensive income - current	4,996	360,704	3.60%	360,704
	Stocks/Tah Cheng Investment Co., Ltd.	The investee company which values the investment using the equity method	Financial assets at fair value through other comprehensive income - non-current	2,500	360,948	33.33%	360,948

Note: 1. A subsidiary holding shares of the parent company has been presented as treasury stock according to the initial investment cost.

2. It was approved for dissolution on June 20, 2002 and is currently under liquidation.

TABLE 3

Tahsin Industrial Corporation

The Accumulated Purchase or Sale of the Same Securities Amounting to NTD300 Million or More Than 20% of Paid-in Capital
January 1 to December 31, 2020

Unit: NTD Thousand/ Number of shares: 1000

Company Name	Type and Name of Securities	Ledger account	Counterparty	Relationships	Beginning of Period		Purchase		Sale				End of Period	
					Shares	Amount	Shares	Amount (Note 1)	Shares	Selling Price	Carrying Cost	Gains or losses on disposal (Note 2)	Shares	Amount
Tahsin Industrial Corporation	Stocks/Taiwan Semiconductor Manufacturing Company Limited	Financial assets at fair value through other comprehensive income - current	-	-	-	\$ -	950	\$ 492,940	100	\$ 46,834	\$42,440	\$ 4,394	850	\$ 450,500

Note: 1. It includes the equity instruments investment appraisal gains and losses measured at fair value through other comprehensive gains and losses.

2. Gain on disposal of investments is transferred directly to retained earnings.

TABLE 4

Tahsin Industrial Corporation

Disposal of Property Amounting to NTD300 Million or More Than 20% of Paid-in Capital
January 1 to December 31, 2020

Unit: Thousand NTD

Company making disposal of real estate	Name of real estate	Date of occurrence of the event	Original date of acquisition	Carrying amount	Transaction amount	Amount collected	Gain or loss from disposal	Counterparty	Relationships	Purpose of disposal	Reference basis for price decision	Other agreed Items
Tahsin Industrial Corporation	Plot No. 90, Huiguo Section, Taichung City	Feb. 26, 2020	Nov. 1993	\$ 2,597,758	\$ 8,375,890	Fully charged	\$ 5,754,207	Highwealth Construction corp.	None	Revitalize and enhance real estate benefits	The appraisal value from the appraisal report is NTD7,209,847,000 and NTD7,080,173,000.	None

TABLE 5

Tahsin Industrial Corporation

Purchases or Sales with Related Parties Amounting to NTD100 Million or More than 20% of Paid-in Capital
January 1 to December 31, 2020

Unit: Thousand NTD

Purchasing (Selling) Company	Name of the counterparty	Relationships	Transaction status				Unusual Transaction Terms and Reasons		Notes/Accounts receivable (payable)		Remarks
			Purchase (Sale)	Amount	Percentage of Total Purchases (Sales)	Credit Period	Unit Price	Credit Period	Balance	Percentage total of accounts receivable (payable)	
Tahsin Industrial Corporation	Tahsin Shoji Co., Ltd.	Subsidiary	Sales	\$ 122,385	6.81%	D/A 120 days	As per normal selling prices	Longer credit period of 120 days compared to normal L/C 30 days or T/T 30 days	\$ 21,824	6.02%	
Tahsin Shoji Co., Ltd.	Tahsin Industrial Corporation	The company's parent company	Purchase	122,385	35.12%	D/A 120 days	As per normal purchase price	D/A 120 days	(21,824)	73.14%	

TABLE 6

Tahsin Industrial Corporation

Information on Investee Companies, Names, and Location. . . (Excluding mainland China investees)
December 31, 2020

Unit: NT\$ Thousand/Number of shares: 1000

Name of investors	Investee	Location	Principal Business Activities	Initial investment amount		Held at the end		Profit or Loss of Investee for Current Period	Investment Profit/Loss Recognized in the Current Period	Remarks
				End of Current Period	End of Previous Period	Shares	Ratio			
Tahsin Industrial Corporation	Tahsin Shoji Co., Ltd.	8-2, 2-Chome, Inagome Higashi-Osaka-shi, Japan	1. Domestic trading of artificial leather, other synthetic resins and various fiber products. 2. Import and export business of handbags, packaging bags, clothing and other supplies and general goods.	\$10,696 JPY100,000	\$10,696 JPY100,000	200	100.00%	\$21,490	\$21,904	Note 1
	Tahsin Industrial Corporation, USA	111 Howard Blvd, Suite 206, Mt Arlington, N.J.07856	Sale of Tahsin products, ready-to-wear, raincoats, PVC products, etc.	183,332 USD5,960	183,332 USD5,960	1	100.00%	(15,615)	(15,472)	Note 1
	Tai Ho Co., Ltd.	No. 16 Wang Hoi Road, Kowloon Bay, Hong Kong (Room 1503, Telford Building)	Trading	35 HK10	35 HK10	-	100.00%	-	-	
	Tah Viet Co., Ltd.	Tân Thuận Đông, Quận 7, Hồ Chí Minh, Vietnam	Processing of raincoats, ready-to-wear garments, leather goods, wardrobes, etc.	197,009 USD6,803	197,009 USD6,803	-	100.00%	(4,624)	(4,624)	
	Myanmar Tah Hsin Industrial Co., Ltd.	Plot No. D-1 Mingaladon Industrial Park, Mingaladon	Processing of raincoats, ready-to-wear garments, leather goods, wardrobes, etc.	472,523 USD14,700	435,680 USD13,500	-	100.00%	(6,563)	(6,190)	Note 1
	Tah Fa Investment Co., Ltd.	West District, Taichung City	Generic investments	180,000	180,000	18,000	100.00%	147,434	101,400	Note 2
	Good Harvest Machinery Industrial Co., Ltd.	Zhunan Township, Miaoli County, Taiwan	Chemical machinery, piping system, rubber machinery, plastic machinery, other machineries	50,000	50,000	5,000	26.51%	(12,909)	(7,272)	Note 1

Continued on next page

Continued from previous page

TABLE 6

Tahsin Industrial Corporation

Information on Investee Companies, Names, and Location... (Excluding mainland China investees)

December 31, 2020

Unit: NTD Thousand/Number of shares: 1000

Name of investors	Investee	Location	Principal Business Activities	Initial investment amount		Held at the end		Profit or Loss of Investee for Current Period	Investment Profit/Loss Recognized in the Current Period	Remarks
				End of Current Period	End of Previous Period	Shares	Ratio			
Tah Fa Investment Co., Ltd.	Tah Cheng Investment Co., Ltd.	West District, Taichung City	Generic investments	\$21,000	\$21,000	2,100	41.18%	\$44,884	\$ -	
	Tah Quan Investment Co., Ltd.	West District, Taichung City	Generic investments	87,000	87,000	8,700	44.39%	107,484	-	
	Tah Fa Industrial Co., Ltd.	Xiun District, Taichung City	Parking lot management and leasing business	-	3,000	-	-%	(9)	-	Note 3
	Tah Chi Enterprise Co., Ltd.	No. 186, Sec. 1, Nangang Rd., Nangang Dist., Taipei City	Wholesale and retail of fabric, clothing, shoes, caps, umbrella, clothing products, furniture, bedding, kitchen appliance, installation products; daily necessities; cultural and educational products; musical instruments, sports and recreational products	20,000	15,000	2,000	100.00%	(329)	-	
Tah Viet Co., Ltd.	TRUONG GIANG GARMENT JOINT-STOCK COMPANY	No. 239, Huynh Thuc Khang St, An Xuan, Tam Ky, Quang Nam Province, Vietnam	Manufacture and processing of ready-to-wear garments for export and domestic sales; sales and marketing of various garment supplies, equipment and raw materials; provision of consultancy services in fashion and textile industry	8,765 USD294	8,765 USD294	29	35.00%	1,827	-	
	TAHHSIN PHU MY JOINT STOCK COMPANY	Phu My Industrial Zone, Tam, Phuoc Soi Phu Ninh District, Quang Nam Province, Vietnam	Manufacturing and processing of ready-to-wear garments for export and domestic sales	21,851 USD732	16,662 USD553	-	65.00%	(1,747)	-	

Note: 1. The investment gains and losses recognized during the period include the net (un)realized gains and losses between affiliated companies.

2. The investment gains and losses recognized in the current period include the amount of write-off of cash dividends received by the company of NTD46,034,000.

3. The company was liquidated in April 2020 and the registration was cancelled.

TABLE 7

Tahsin Industrial Corporation

Information on Investee Companies, Names, and Location. ... (Excluding mainland China investees)
December 31, 2020

Unit: NTD Thousand/Number of shares: 1000

Tahsin Industrial Corporation

Information on Investments in Mainland China
January 1 to December 31, 2020

Unit: Thousand NTD

Investees in the Mainland China	Principal Business Activities	Paid-up capital	Investment method (Note 1)	Accumulated Investment Amount Remitted from Taiwan at Beginning of Period	Investment Amount Remitted or Received in Current Period		Accumulated Investment Amount Remitted from Taiwan at End of Period	Profit or Loss of Investee for Current Period	Shareholding Percentage of Direct or Indirect Investments by the Company	Recognized Investment Profit or Loss for Current Period	Carrying Amount of Investments at End of Period	Repatriated Investment Profit or Loss as of End of Period
					Remitted	Received						
Fujian Putian DAFU Plastic Industry Co., Ltd.	Mainly produce raincoats and other plastic products.	\$ 291,605	2	\$263,164	\$ -	\$ -	\$ 263,164	\$ 17,886	91.26%	\$ 16,309	\$153,810	\$-

Accumulated Investment Amount Remitted from Taiwan to the Mainland Area at End of Period	Investment Amount Approved by the Investment Commission, M.O.E.A.	Investment quota in mainland China as stipulated by Investment Commission, M.O.E.A. (Note 2)
\$ 263,164	\$ 263,164	\$7,322,456

Note: 1. The Company entrusted Hong Kong Tai Ho Co., Ltd. to invest USD8,100,000 in the establishment of Fujian Putian DAFU Plastic Industry Co., Ltd. In 2011, the amount in Hong Kong Tai Ho Co. Ltd was increased to HKD10,075,000 (USD1,300,000) which was subsequently reinvested into Fujian Putian DAFU Plastic Industry Co., Ltd.

2. Calculate the upper limit of the cumulative amount or proportion of investment in mainland China at 60% of the net value or consolidated net value (whichever is higher) in accordance with the investment review committee of the Ministry of Economic Affairs.

TABLE 8**Tahsin Industrial Corporation**

Information on Investee Companies, Names, and Location. . . (Excluding mainland China investees)
December 31, 2020

Unit: NTD Thousand/Number of shares: 1000

Name of major shareholders	Shares	
	Number of shares held	Shareholding Ratio
Tah Cheng Investment Co., Ltd.	14,091	10.16%
Tah Quan Investment Co., Ltd.	12,926	9.32%
Chang Cai Industry Co., Ltd.	12,460	8.98%

Note 1: The major shareholders in this table are shareholders holding more than 5% of the ordinary and special shares that are issued and delivered without physical registration (including treasury stocks) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. However, the share capital recorded in the Company's financial statements and the number of shares actually delivered by the Company without physical registration may differ due to calculation basis.

Note 2: If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. For information on shareholders, who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act, and their shareholdings include their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property, please refer to MOPS.

14. Department Information

Information regarding business segments has been disclosed in the consolidated financial statements. Therefore, the Company does not disclose such information in the parent company only financial statements.

Lists of Statements of Significant Accounting Items

Item	Number / index
Statements of Assets, Liabilities and Equity Items	
Statement of cash and cash equivalents	Statement 1
Statement of financial assets at fair value through other comprehensive income - current	Statement 2
Statement of notes receivable - unrelated parties	Statement 3
Statement of accounts receivable - unrelated related parties	Statement 4
Statement of other receivables	Statement 5
Statement of inventories	Statement 6
Statement of Prepayments	Statement 7
Statement of financial assets at fair value through other comprehensive income - non-current	Statement 8
Statement of changes in investments accounted for using the equity method	Statement 9
Statement of changes in property, plant, and equipment	Note 6 (9)
Statement of changes in accumulated depreciation of property, plant, and equipment	Note 6 (9)
Statement of changes in right-of-use assets	Note 6 (10)
Statement of changes in accumulated depreciation of right-of-use assets	Note 6 (10)
Statement of changes in investment properties	Note 6 (11)
Statement of changes in accumulated depreciation of investment properties	Note 6 (11)
Statement of deferred income tax assets	Note 6 (27)
Statement of changes in long-term investments	Statement 10
Statement of Notes Payable	Statement 11
Statement of Accounts Payable	Statement 12
Statement of other payables	Statement 13
Statement of provisions - current	Note 6 (14)
Statement of deferred tax liabilities	Note 6 (27)
Statement of profit or loss items	
Statement of operating revenue	Statement 14
Statement of operating costs	Statement 15
Statement of manufacturing expenses	Statement 16
Statement of marketing expenses	Statement 17
Statement of general and administrative expenses	Statement 17
Statement of employee benefits and depreciation, amortization expenses by function	Note 6 (22)
Statement of other net operating income and expenses	Statement 18
Statement of Finance Costs	Note 6 (26)

STATEMENT 1**Tahsin Industrial Corporation****Statement of cash and cash equivalents****December 31, 2020****Unit: NTD and Foreign Currency / Thousand**

Items	Summary	Amount
Cash		
Cash on hand		\$ 412
Working capital		161
Foreign currency	Including USD4, JPY214, EUR9, HK1, CNY5	554
Subtotal in cash		<u>1,127</u>
Bank deposits		
Check deposits		45,387
Demand deposits - NTD		53,282
Foreign currencies demand deposits	Including USD2,774, JPY18,600, CNY16	84,205
Time deposit		2,150,000
Foreign currency time deposit	Including USD10,300, CNY320	294,745
Subtotal of bank deposits		<u>2,627,619</u>
Short-term notes and bills within three months	Including USD 8,500	1,141,291
Total		<u><u>\$ 3,770,037</u></u>

Foreign currency exchange rate on December 31, 2020

USD: NTD= 1:28.48

JPY: NTD= 1:0.2763

EUR: NTD= 1:35.02

CNY: NTD= 1:4.377

SGP: NTD= 1:21.56

GBP: NTD= 1:38.90

HKD: NTD= 1:3.673

Tahsin Industrial Corporation

Statement of financial assets at fair value through other comprehensive income - current

December 31, 2020

Unit: NTD Thousand/Number of shares: 1000

Name of Financial Instruments	Summary	Number of Shares	Carrying amount (NTD)	Total Amount	Interest Rate	Acquisition cost	Accumulated impairment	Fair Value		Remarks
								Unit price (NTD)	Total Amount	
Shares of listed company	Nan Ya Plastics Corporation	32,600	10	\$ 326,000	-	\$ 976,174	Not applicable	\$ 71.90	\$ 2,343,940	
Shares of listed company	Formosa Taffeta Co., Ltd	200	10	2,000	-	5,842	Not applicable	31.05	6,210	
Shares of listed company	Feng Hsin Steel Co., Ltd.	200	10	2,000	-	10,438	Not applicable	71.10	14,220	
Shares of listed company	Mega Financial Holding Co., Ltd.	3,160	10	31,600	-	100,077	Not applicable	29.80	94,168	
Shares of listed company	Formosa Plastics Corporation	1,175	10	11,750	-	100,055	Not applicable	96.40	113,270	
Shares of listed company	TSMC	850	10	8,500	-	366,378	Not applicable	530.00	450,500	
Beneficiary certificates	Yuantai/P-shares Taiwan Top 50 ETF	100	-	10,300	-	10,061	Not applicable	122.25	12,225	
Total				\$ 392,150		\$1,569,025		\$	3,034,533	

Note: The fair value of public shares/beneficiary certificate is the closing market price on December 31, 2020.

Tahsin Industrial Corporation

Statement of notes receivable - unrelated parties

December 31, 2020

Unit: Thousand NTD

<u>Supplier Name</u>	<u>Summary</u>	<u>Amount</u>	<u>Remark</u>
Total amount of notes receivable			
Company A		\$ 3,990	
Company B		3,041	
Company C		2,274	
Company D		1,816	
Company E		1,792	
Others		22,211	(5% and under)
Total		<u>\$ 35,124</u>	
Less: provision for losses		(1,054)	
Net amount		<u><u>\$ 34,070</u></u>	

STATEMENT 4**Tahsin Industrial Corporation****Statement of accounts receivable - unrelated related parties****December 31, 2020****Unit: NTD and foreign currency/ Thousand**

<u>Supplier Name</u>	<u>Summary</u>	<u>Amount</u>	<u>Remark</u>
Unrelated party			
Company A	USD3,032	\$ 86,360	
Company B	USD1,541	43,897	
Company C	USD1,243	35,388	
Company D	USD 477	13,597	
Others	(including USD1,202)	90,214	(Under 5%)
Total		\$ 269,456	
Less: Allowance for loss		(8,368)	
Net Amount		<u>\$ 261,088</u>	

Foreign exchange rate on December 31, 2020

USD: NTD=1: 28.48

Tahsin Industrial Corporation

Statement of other receivables

December 31, 2020

Unit: NTD and foreign currency/ Thousand

Items	Summary	Amount	Remark
Other receivables			
	Business tax refundable	\$ 3,184	
	Others	2,335	
Total		<u>\$ 5,519</u>	
Other receivables - related parties			
	Overdue interest receivable	\$ 57	USD2
	Receivable from money advanced for others	1,509	USD45
Total		<u>\$ 1,566</u>	

Tahsin Industrial Corporation

Statement of inventories

December 31, 2020

Unit: Thousand NTD

Items	Summary	Amounts		Note
		Cost	Net Realizable Value	
Raw Material		\$ 106,043	\$ 106,089	
	PP Compound COPO	62,803		
	DOBBY TAFFETA	3,327		
	Laminating cloth	3,855		
	Three-layer laminated cloth	36,058		
	Others			
Materials		\$ 38,034	\$ 38,039	
	New machine materials	27,362		
	Others	10,672		
Work in process		\$ 157,469	\$ 169,411	
	Rainwear	117,320		
	Ready-to-wear garments	25,684		
	Laminator	5,176		
	PP Corrugated Board	9,289		
Finished goods		\$ 154,456	\$ 184,061	
	Ready-to-wear garments	55,654		
	Rainwear	53,501		
	PP Corrugated Board	18,289		
	Others	27,012		
Total inventory		\$ 456,002	\$ 497,600	
Less: Allowance for loss for market price decline and obsolete and slow-moving inventories.		(4,918)		
Net inventory		\$ 451,084	\$ 497,600	

Tahsin Industrial Corporation**Statement of Prepayments****December 31, 2020****Unit: NTD and foreign currency/ Thousand**

Items	Summary	Amount	Remark
Prepayments for purchases		\$ 44,639	
Prepaid expenses	Prepaid insurance premiums	358	
	Prepaid repairs and maintenance	2,776	
	Prepaid processing fees	402	
	Others	4,457	
Office supplies		970	
Total		<u>\$ 53,602</u>	

Tahsin Industrial Corporation

Statement of financial assets at fair value through other comprehensive income - non-current
January 1 to December 31, 2020

Unit: NTD Thousand/Number of shares: 1000

Name	Beginning balance		Increase in the period		Decrease in the period		Ending balance		Accumulated impairment	Provide guarantee or Remarks pledge
	Shares		Shares	Amount	Shares	Amount	Shares			
Asia Pacific Investment Corporation	10,000	\$ 347,000	-	-	-	\$ 2,600	10,000	\$ 344,400	Not applicable	None
Total	10,000	\$ 347,000	-	-	-	\$ 2,600	10,000	\$ 344,400		

Description: Current period increases (decreases) are recognized as unrealized valuation gains (losses).

Tahsin Industrial Corporation

Statement of changes in investments accounted for using the equity method

January 1 to December 31, 2020

Unit: NTD Thousand/Number of shares: 1000

Name	Beginning balance		Increase in the period		Decrease in the period		Ending balance		Market value or Net Equity Value		Provide guarantee or pledge	Remarks
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Shareholding Ratio	Amount	Unit price (NTD)		
Subsidiaries:												
Tahsin Shoji Co., Ltd.	200	\$55,274	-	\$ 20,716	-	-	200	100.00	\$75,990	\$ 384.94	\$76,988	None
Tahsin Industrial Corporation U.S.A.	1	30,093	-	-	-	\$ 16,949	1	100.00	13,144	14,535.04	14,535	None
Tai Ho Co., Ltd.		39	-	-	-	2	-	100.00	37	-	37	None
Dafu Plastic Industry Co., Ltd.		134,822	-	18,988	-	-	-	91.26	153,810	-	168,645	None
Tah Viet Co., Ltd.		137,031	-	-	-	11,146	-	100.00	125,885	-	125,885	None
Myanmar Tah Hsin Industrial Co., Ltd.		194,776	-	36,844	-	18,421	-	100.00	213,199	-	213,848	None
Tah Fa Investment Co., Ltd.	18,000	981,522	-	275,807	-	18,000	18,000	100.00	1,239,329	-	1,502,862	None
Less: Recognized as treasury stock (Tah Fa Investment Co., Ltd)		(118,879)	-	21,410	-	-	-	-	(97,469)	-	-	-
Subtotal of subsidiary		1,414,678		373,765		64,518	-		1,723,925		-	-
Affiliates:												
Good Harvest Machinery Industrial Co., Ltd.	5,000	12,898	-	-	-	7,133	5,000	26.51	5,765	1.15	21,748	None
Total		\$ 1,427,576		\$373,765		\$71,651			\$ 1,729,690			

STATEMENT 10

Tahsin Industrial Corporation

Statement of changes in long-term investments
January 1 to December 31, 2020
Unit: NTD Thousand/Number of shares: 1000

Name	Beginning balance		Increase in the period		Decrease in the period		Ending balance		Market value or Net Equity Value		Provide guarantee or pledge	Remarks
	Shares	\$	Shares	Amount	Shares	Amount	Shares	\$	Unit Price	Total		
Golf license		\$ 810	-	-	-	-	-	\$ 810	-	-		
Total		\$ 810	-	-	-	-	-	\$ 810	-	-	None	

Tahsin Industrial Corporation**Statement of Notes Payable****December 31, 2020****Unit: Thousand NTD**

<u>Object</u>	<u>Summary</u>	<u>Amount</u>	<u>Remark</u>
Company A		\$ 8,998	
Company B		5,403	
Company C		5,201	
Garment Company D		4,797	
Other		68,540	(Under 5%)
Total		<u>\$ 92,939</u>	

Tahsin Industrial Corporation**Statement of Accounts Payable (Related-parties included)****December 31, 2020****Unit: (Thousand NTD/ Thousand Foreign Currency)**

Object	Summary	Amount	Remark
Unrelated party			
Company A		\$ 11,925	
Company B		6,357	
Company C		4,129	
Company D		3,270	
Company E		2,779	
Others	Including USD 45	23,523	(Under 5%)
Total		<u>\$ 51,983</u>	

Related parties:

DAFU Plastic Industry Co., Ltd. Including USD58 \$ 1,664

Tahsin Industrial Corporation**Statement of Notes Payable****December 31, 2020****Unit: Thousand NTD****Tahsin Industrial Corporation****Statement of Other Payables (including related party)****December 31, 2020****Unit: NTD and foreign currency/ Thousand**

Items	Summary	Amount	Remark
Salary payable		\$ 11,253	
Bonus payable		60,167	
	Year-end bonus payable	48,907	
	Bonuses payable to outsourced processing entities	10,828	
	Bonuses payable to distribution dealers	432	
Processing fees payable		17,152	
Equipment expenses payable		2,075	
Insurance premiums payable		3,657	
Freight payable		2,517	
Employee compensation payable		33,650	
Utility expenses payable		999	
Remuneration for directors and supervisors payable		29,900	
Pension payable		768	
Meals expenses payable		542	
Employee benefits payable		316	
Others		12,229	
Total		<u>\$ 175,225</u>	

Tahsin Industrial Corporation

Statement of operating revenue

December 31, 2020

Unit: Thousand NTD

Items		Amount	Remarks
Rainwear	136,923Dozens	\$ 849,962	
Ready-to-wear garments	867,723Pieces	425,544	
Wardrobe	5,170Sets	2,779	
Household fittings	1,887,152PCS	67,334	
Binding machine	52,574Sets	134,074	
Processing of Miscellaneous Items	20,842Dozens	50,094	
PP Corrugated Board	10,470,862PCS	235,243	
Waterproof fabrics	246,353Yard	38,510	
Total Revenue		1,803,540	
Less: Sales Return		(5,227)	
Sales Allowances		(1,915)	
Net operating revenue		\$ 1,796,398	

Tahsin Industrial Corporation**Statement of operating costs****December 31, 2020****Unit: Thousand NTD**

Items	Amount	
	Subtotal	Total
Raw materials at beginning of period	\$ 85,744	
Purchase	568,918	
Less: Raw materials - end of period	(106,043)	
Disposals	(370)	
Raw materials consumed		\$ 548,249
Materials, beginning of period	43,553	
Purchase	212,434	
Inventory profit	13	
Less: Supplies, end of the period	(38,034)	
Inventory losses	(29)	
Disposals	(276)	
Materials consumed		217,661
Direct labor		42,467
Manufacturing expenses (Statement 16)		597,999
Manufacturing cost		1,406,376
Less: work-in-process at beginning of period		165,719
Less: work-in-process at end of period		(157,469)
Disposals		(5)
Cost of finished goods		1,414,621
Finished products at beginning of period		170,206
Finished goods purchased from external sources		163,777
Inventory profit		39
Less: finished products at end of period		(154,456)
Inventory losses		(51)
Disposals		(7,201)
Cost of sales		1,586,935
Add (less): Net stock gain or loss		28
Add (less): Loss due to inventory write-down (gain on recovery)		(382)
Less: Unallocated manufacturing expenses		2,387
C: Less: Gains on sale of scraps		(5,463)
Total operating costs	\$	<u>1,583,505</u>

Tahsin Industrial Corporation**Statement of manufacturing expenses****December 31, 2020****Unit: Thousand NTD**

Items	Description	Amount
Salary expenses	\$	70,172
Rent expenses		374
Stationery		348
Traveling Expenses		162
Freight cost		361
Cable Fee		235
Repair and maintenance expenses		4,615
Water, electricity, and gas fees		15,478
Insurance expenses		7,118
Subcontract processing expenses		467,704
Entertainment expenses		5
Tax expense		28
Depreciation		20,241
Meal expenses		2,470
Training expenses		43
R&D expenses		172
Gasoline expenses		234
Pensions		2,463
Fuel expenses		114
Die-cut and printing plate expenses		754
Consumables		2,140
Sample fees		2,327
Business operation expenses		2,828
Unallocated manufacturing expenses		(2,387)
Total	\$	597,999

Tahsin Industrial Corporation

Statement of operating expenses

December 31, 2020

Unit: Thousand NTD

Items	Marketing expenses	Administrative expenses	Total
Salary expenses	\$ 54,597	\$ 56,751	\$ 111,348
Rent expenses	16	186	202
Stationery	454	400	854
Traveling Expenses	1,055	915	1,970
Freight cost	15,230	46	15,276
Cable Fee	1,035	361	1,396
Repair and maintenance expenses	450	4,020	4,470
Advertisement expenses	288	68	356
Water, electricity, and gas fees	320	2,177	2,497
Insurance expenses	5,590	5,241	10,831
Entertainment expenses	245	219	464
Charity Donations	4,147	609	4,756
Tax expense	835	2,519	3,354
Depreciation	674	4,841	5,515
Meal expenses	1,589	1,546	3,135
Employee benefits	-	2,841	2,841
Commission expenses	244	-	244
Training expenses	6	95	101
Labor costs	6	2,440	2,446
Pensions	2,263	2,068	4,331
Harbor due	404	-	404
Gasoline expenses	704	382	1,086
Custom clearance expenses	965	-	965
Cleaning expenses	226	1,042	1,268
Sample fees	1,123	-	1,123
Air/Sea freight expenses	9,043	-	9,043
Negotiation charges	572	-	572
Building management fees	1,209	-	1,209
Business expenses	4,057	-	4,057
Business operation expenses	1,057	4,913	5,970
Subtotal	\$ 108,404	\$ 93,680	\$ 202,084
Expected credit losses			1,249
Total			\$ 203,333

Tahsin Industrial Corporation**Statement of other net operating income and expenses****December 31, 2020****Unit: Thousand NTD**

Items	Summary	Amount	Remark
Gain (loss) on disposal of property, plant and equipment		\$ 2,166	
Gain on disposal of non-current assets classified as held for sale		5,754,207	
Net foreign exchange gains (losses)		(23,112)	
Miscellaneous expenses		(77,223)	
	Stock affairs agency fees	(2,035)	
	House tax and land value tax on land and property leased to others	(16,791)	
	Employees' Compensation	(28,770)	
	Remuneration of directors	(28,770)	
	Others	(857)	
Total		<u>\$ 5,656,038</u>	

Tahsin Industrial Corporation
Statement of Declaration

The entities that are required to be included in the combined financial statements of Tahsin Industrial Corporation as of and for the year ended December 31, 2020, under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are all the same as companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in the International Financial Reporting Standards (IFRS) 10, and relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, Tahsin Industrial Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Special Declaration

Tahsin Industrial Corporation
Person-in-charge: Wu, Zi-Cong

March 22, 2021

Crowe (TW) CPAs
Floor 19-1, No.
285, Section 2,
Taiwan Boulevard,
West District,
Taichung City,
40308, Taiwan

Independent Auditors' Report

To Tahsin Industrial Corporation:

Audit Opinion

Tahsin Industrial Corporation and its subsidiaries' Consolidated Balance Sheets as of December 31, 2020 and 2019, in addition to the Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows, and Notes to Consolidated Financial Statements (including the Summary of Significant Accounting Policies) for the years then ended, have been audited by the CPAs.

In our opinion, the Consolidated Financial Statements mentioned above have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" in all material aspects, and are considered to have reasonably expressed the Tahsin Industrial Corporation's and its subsidiaries' financial conditions as of December 31, 2020 and 2019, as well as the consolidated financial performance and cash flows from January 1 to December 31, 2020 and 2019.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards. Our responsibilities under those standards are further described in the section titled "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements." We are independent from Tahsin Group pursuant to the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other responsibilities in accordance with these requirements. We believe we have obtained sufficient and appropriate audit evidence to serve as a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of Tahsin Industrial Corporation and its subsidiaries for the year ended December 31, 2020. Such matters have been dealt with in the course of auditing the consolidated financial statements and in the preparation of our audit opinion. As such, we do not respond to each key matter individually. The key audit matters for the consolidated financial statements of Tahsin Industrial Corporation and its subsidiaries for the year ended December 31, 2020 are as follows:

Revenue recognition

Please refer to Note 4 (19) of the Consolidated Financial Statements for accounting policies regarding revenue recognition; please see Note 5 (1) 3 of the Consolidated Financial Statements for critical accounting judgments, estimates, and assumptions regarding revenue recognition; please see Note 6 (24) of the Consolidated Financial Statement for disclosure of information related to income.

Key Audit Matters

The operating revenue of Tahsin Industrial Corporation and its subsidiaries comes mainly from sale of products. Recognition of sales revenue is mainly to verify whether the control over goods is transferred to buyers and whether there are no non-performance obligations that may affect the acceptance of products, and also is the main indicator for investors and the management to assess the financial or business performance of Tahsin Industrial Corporation and its subsidiaries. As the accuracy of the amount and timing of revenue recognition has a great influence on the financial statements, we have thus included it as one of the key audit matters.

Audit procedures adopted:

Our audit procedures include (i) understanding and testing the effectiveness of internal control mechanisms adopted by the management on revenue recognition; (ii) sampling and reviewing records of sales revenue recognition (including shipping documents) over a certain period of time before the balance sheet date, and determining the appropriateness of recognition timing thereof; (iii) testing selected underlying transactions before and after the end of the reporting date to verify if they were recognized in the correct period; (iv) assessing whether the risks and rewards of goods, of which the revenue had been recognized, have been transferred; and (v) performing a trend analysis on major buyers and revenues by product to determine if material irregularities exist.

Cash and cash equivalents

Please refer to Note 4 (6) of the consolidated financial statements for details of the accounting policies for cash and cash equivalents. Please refer to note 6 (1) of the consolidated financial statements for details of the accounting items of cash, equivalent cash and time deposits with an original maturity of more than three months.

Key Audit Matters

As of December 31, 2020, the cash and cash equivalents held by Tahsin Industrial Corporation and its subsidiaries and time deposits with original maturities of more than three months and more than one year carrying value (listed in other financial of assets-current and other financial assets-non-current) is NTD 5,570,084 thousand, accounting for approximately 42.63% of total assets, and the amount is significant to the consolidated financial statements. Due to the inherent risk of cash and cash equivalents and time deposits with an original maturity of more than three months and more than one year, we list these items as one of the key audit items.

Audit procedures adopted:

1. Evaluate and test the effectiveness of the design and implementation of the internal control system for cash and cash equivalents and term deposits with initial terms of over three months and over one year.
2. Conduct significant transactions test and verification procedures for frequent bank accounts, including understanding the purpose of the bank account and reviewing relevant transaction vouchers to confirm the reasonableness of the receipt and payment of huge bank deposits.
3. Conduct an inventory verification process on cash and term deposits, including checking whether term deposits have provided guarantees or pledged to confirm consistency with the disclosures in the financial statements.
4. To obtain a breakdown of the balances of cash and cash equivalents and term deposits with initial terms of over three months and over one year and to check the balance on bank statements and the relevant transaction evidence to confirm the existence. In addition, check the amount on the correspondence response letter for all financial institutions and examine whether there are any restricted incidents, which have been properly disclosed.

Other Matters

We have also audited the Parent Company Only Financial Statements of Tahsin Industrial Corporation for 2020 and 2019, on which we have issued an unqualified opinion.

Responsibilities of the Management and the Governance Unit for the Consolidated Financial Statements

To ensure that the Consolidated Financial Statements do not contain material misstatements caused by fraud or errors, the management is responsible for preparing prudent Consolidated Financial Statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," as well as the IFRS, IAS, law and regulation reviews and their announcements recognized and announced by the Financial Supervisory Commission, and for preparing and maintaining necessary internal control procedures pertaining to the Consolidated Financial Statements.

In preparing the Consolidated Financial Statements, the responsibility of management includes assessing the ability of Tahsin Industrial Corporation and its subsidiaries to continue as going concerns, disclosing related matters, as well as adopting the going-concern basis of accounting, unless the management intends to liquidate Tahsin Industrial Corporation and its subsidiaries or terminate the business, or no practicable measure other than liquidation or termination of the business can be taken.

Those charged with governance (including the Audit Committee) are responsible for overseeing Tahsin Industrial Corporation's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditors' report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. There may still be material misstatements due to fraud or errors. If it could be reasonably anticipated that misstated amounts, individually or in aggregate, could have influenced the economic decisions made by the users of the consolidated financial statements, it will be deemed as material.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We have also performed the following tasks:

1. Identify and evaluate the risk of material misstatements due to fraud or error in the Consolidated Financial Statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for their audit opinion. As fraud may involve collusion, forgery, deliberate omissions, false statements, or violations of internal controls, the risk of an undetected material misstatement due to fraud is greater than that due to errors.
2. Acquired necessary understanding of internal controls pertaining to the audit in order to develop audit procedures appropriate under the circumstances. Nevertheless, the purpose of such understanding is not to provide any opinion on the effectiveness of the internal controls of Tahsin Industrial Corporation and subsidiaries.
3. Assess the appropriateness of the accounting policies adopted by the management and the reasonableness of the accounting estimates and related disclosures has made.
4. Based on the audit evidence acquired, on the appropriateness of the management's use of the going-concern basis of accounting, and determined whether a material uncertainty exists where events or conditions that might cast significant doubt on the ability of Tahsin Industrial Corporation and its subsidiaries to continue to operate as going concerns. If we believe there may be factors causing significant uncertainties, we are required to remind the users of the consolidated financial statements in our audit report of the relevant disclosures therein, or to amend our report if inappropriate disclosure was made. Our conclusions are based on information available at the date of the auditor's report. However, future events or circumstances may cause Tahsin Industrial Corporation and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall expression, structure and contents of the Consolidated Financial Statements (including relevant Notes), and whether the Consolidated Financial Statements fairly present relevant transactions and events.
6. To obtain sufficient and appropriate audit evidence on the financial information from Tahsin Group members to express opinions on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit, and responsible for forming our opinions on the Group.

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

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

We determined the key audit matters of the consolidated financial statements of Tahsin Industrial Corporation and its subsidiaries of 2020 from the matters communicated with the governance authorities. Such matters have been explicitly stated in our audit report, unless laws or regulations prevent their disclosures, or, in extremely rare cases, we decide not to communicate such matters in our audit report in consideration that the reasonably anticipated adverse impacts of such communication would be greater than the public interest it would promote.

Crowe Horwath (TW) CPAs

CPA: Chang, Fu-Lang

CPA: Chiu, Kuei-Ling

No. of the official approval: FSC No. 10200032833

March 22, 2021

Tahsin Industrial Corporation and its subsidiaries

Consolidated Balance Sheets

December 31, 2020 and 2019

Unit: Thousand NTD

Code	Assets	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
	Current Assets				
1100	Cash and cash equivalents (Notes 4 and 6 (1))	\$ 3,987,427	31	\$650,253	7
1110	Financial assets at fair value through profit or loss - current (Note 6 (2))	-	-	11	-
1120	Financial assets at fair value through other comprehensive income - current (Notes 6 (3))	3,079,853	24	2,373,280	24
1150	(Net) Notes receivables (Note 6 (4))	90,597	-	75,653	1
1170	(Net) Accounts receivable (Note 6 (5))	310,098	2	266,439	3
1180	(Net) Accounts receivable – related parties (Note 6 (5))	15,263	-	19,778	-
1200	Other receivables	13,225	-	4,285	-
1210	Other receivables - related parties	969	-	4	-
1220	Current income tax assets	5,332	-	3,742	-
130x	Inventories (Notes 4 and 6 (6))	606,977	5	628,815	6
1410	Prepayments	58,371	-	54,292	-
1460	(Net) Non-current assets held for sale (or disposal groups) (Note 6 (7))	-	-	2,597,758	26
1476	Other financial assets - current (Note 6 (1))	1,532,322	12	85,458	1
1479	Other current assets - Others	1,649	-	3,079	-
11xx	Total current assets	9,702,083	74	6,762,847	68
	NON-CURRENT ASSETS				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 6 (8))	705,348	5	664,682	7
1550	Investments accounted for using the equity method (Notes 4 and 6 (9))	646,294	5	537,581	5
1600	Property, plant, and equipment (Notes 4 and 6 (10))	1,496,595	12	1,481,666	15
1755	Right-of-use asset (Notes 4 and 6 (11))	80,609	1	87,287	1
1760	Investment properties (Notes 4 and 6 (12))	271,896	2	271,930	3
1840	Deferred tax assets (Note 6 (30))	106,332	1	100,230	1
1920	Refundable deposits	2,789	-	14,014	-
1970	Other Long-term investment (net)	810	-	810	-
1980	Other financial assets - non-current (Note 6 (1))	50,335	-	-	-
1995	Other non-current assets, others	3,329	-	4,266	-
15xx	Total non-current assets	3,364,337	26	3,162,466	32
1xxx	Total Assets	\$ 13,066,420	100	\$ 9,925,313	100

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Tahsin Industrial Corporation and its subsidiaries

Consolidated Balance Sheets

December 31, 2020 and 2019

Unit: Thousand NTD

Code	Liabilities and equity	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
	Current liabilities				
2100	Short-term loans (Note 6 (13))	\$ 214,130	2	\$ 304,349	3
2110	Short-term bills payable (Note 6 (14))	-	-	39,988	-
2120	Financial assets at fair value through profit or loss - current (Note 6 (2))	39	-	-	-
2150	Notes payable	92,939	1	117,278	1
2170	Trade payables	68,653	-	43,603	-
2180	Accounts payable - related parties	-	-	3	-
2200	Other payables	240,539	2	205,760	2
2220	Other payables- related parties	4,792	-	6,207	-
2230	Current income tax liabilities	6,545	-	805	-
2250	Provisions - Current (Notes 4 and 6 (15))	9,467	-	9,467	-
2260	Liabilities related to non-current assets classified as held for sale (or disposal groups) (Note 6 (7))	-	-	527,820	6
2280	Lease liabilities - current (Notes 6 (11))	3,035	-	2,927	-
2320	Long-term liabilities - current portion (Note 6 (16))	2,266	-	3,862	-
2399	Other current liabilities	10,258	-	10,143	-
21xx	Total current liabilities	652,663	5	1,272,212	12
	Noncurrent liabilities				
2540	Long-term loans (Note 6 (16))	-	-	2,264	-
2570	Deferred tax liabilities (Note 6 (30))	180,755	2	181,544	2
2580	Lease liabilities - non-current (Note 6 (11))	12,948	-	16,338	-
2640	Net defined benefit liabilities - non-current (Notes 4 and 6 (17))	7,920	-	50,245	1
2645	Guarantee deposits received	8,040	-	9,483	-
25xx	Total non-current liabilities	209,663	2	259,874	3
2xxx	Total liabilities	862,326	7	1,532,086	15
	Equity				
	Equity Attributable to the Shareholders of the Parent Company				
3100	Share capital (Notes 4 and 6 (18))	1,386,000	11	1,980,000	20
3200	Capital surplus (Note 6 (19))	151,782	1	105,429	1
3300	Retained earnings (Note 6 (20))	8,350,263	64	4,196,822	43
3400	Other equity (Note 6 (21))	2,388,550	18	2,207,928	22
3500	Finance costs (Note 6 (22))	(97,469)	(1)	(118,879)	(1)
31xx	Total equity attributable to owners of the parent company	12,179,126	93	8,371,300	85
36xx	Non-controlling interest (Note 6 (23))	24,968	-	21,927	-
3xxx	Total equity	12,204,094	93	8,393,227	85
	Total liabilities and equity	\$ 13,066,420	100	\$ 9,925,313	100

(The accompanying notes are an integral part of the Consolidated Financial Statements.)

Chairman: Wu, Zi-Cong

Manager: Huang, Chun-Jia

Chief Accountant: Lai Ken-Min

Tahsin Industrial Corporation and its subsidiaries

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2020 and 2019

Unit: Thousand NTD

Code	Items	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
4000	Operating revenue (Notes 4 and 6 (24))	\$ 2,233,540	100	\$ 2,440,599	100
5000	Operating Costs (Note 6 (6) (25))	(1,851,340)	(83)	(2,034,682)	(83)
5900	Gross Profit (loss)	382,200	17	405,917	17
	Other expenses (Note 6 (25))				
6100	Marketing expenses	(108,251)	(5)	(118,471)	(5)
6200	Administrative expenses	(233,697)	(10)	(249,950)	(10)
6450	Expected credit losses (benefits)	(2,219)	-	4,202	-
6000	Total operating expenses	(344,167)	(15)	(364,219)	(15)
6900	Operating profit (loss)	38,033	2	41,698	2
	Non-operating income and expenses				
7100	Interest income (Note 6 (26))	21,469	1	12,105	-
7010	Other income (Note 6 (27))	168,378	7	273,379	11
7020	Other gains and losses (Note 6 (28))	5,654,794	253	402,983	17
7050	Finance costs (Notes 4 and 6 (29))	(3,604)	-	(7,099)	-
7055	Expected credit losses (benefits)	(5,455)	-	-	-
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method	59,559	3	11,490	-
7000	Total non-operating income and expenses	5,895,141	264	692,858	28
7900	Net profit (loss) before tax	5,933,174	266	734,556	30
7950	Benefit of income tax (expense) (Note 6 (30))	(502,963)	(23)	(36,416)	(1)
8000	Profit (loss) from continuing operations	5,430,211	243	698,140	29
8200	Profit (loss) (Note 6)	5,430,211	243	698,140	29
	Other comprehensive income (Note 6 (31))				
	Items that will not be reclassified to profit or loss:				
8311	Remeasurement of defined benefit plans (Note 6 (17))	(3,113)	-	(24,627)	(1)
8316	Unrealized valuation profit or loss on investments in equity instruments at fair value through other comprehensive income	128,805	6	(4,950)	-
8326	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income of affiliated enterprises and joint ventures	69,905	3	235,201	10
8310	Components of other comprehensive income that will not be reclassified to profit or loss:	195,597	9	205,624	9
	Items that may be reclassified to profit or loss				
8361	Exchange differences on translating the financial statements of foreign operations	(17,298)	(1)	(17,651)	(1)
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	3,424	-	3,430	-
8360	Items that may be reclassified subsequently to profit or loss:	(13,874)	(1)	(14,221)	(1)
8300	Other comprehensive income - net after tax	\$ 181,723	8	\$ 191,403	8
8500	Total Comprehensive Income for the Year	\$ 5,611,934	251	\$ 889,543	37
8600	Profit (loss), attributable to:				
8610	Shareholders of the parent company (net income/loss)	\$ 5,429,260	243	\$ 696,250	29
8620	Non-controlling Interests (profit or loss)	951	-	1,890	-
		\$ 5,430,211	243	\$ 698,140	29
8700	Total comprehensive income attributable to:				
8710	Owners of the parent company (consolidated profit and loss)	\$ 5,611,163	251	\$ 888,153	37
8720	Non-controlling interests (consolidated profit and loss)	771	-	1,390	-
		\$ 5,611,934	251	\$ 889,543	37
	Earnings Per Share				
9750	Basic earnings per share (Note 6 (32))	\$ 31.97		\$3.65	
9850	Diluted earnings per share	\$ 31.89		\$3.65	

(The accompanying notes are an integral part of the Consolidated Financial Statements.)

Chairman: Wu, Zi-Cong

Manager: Huang, Chun-Jia

Chief Accountant: Lai Ken-Min

Tahsin Industrial Corporation and its subsidiaries

Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2020 and 2019
Unit: Thousand NTD

	Equity Attributable to the Shareholders of the Parent Company									
	Retained earnings			Other Equity						
	Share capital of common stock	Capital Surplus	Legal reserve	Special reserve	Undistributed earnings (or loss to be compensated)	Exchange differences on translating the financial statements of foreign operations	Unrealized valuation (losses) gains from financial assets measured at fair value through other comprehensive income	Treasury stock	Total equity to owners of the parent company	Total Equity
Balance as of January 1, 2019	\$ 1,980,000	\$ 96,162	\$ 736,766	\$ 2,581,834	\$ 444,199	\$ (56,561)	\$ 2,047,959	\$ (118,879)	\$ 7,711,480	\$ 7,723,012
Appropriation and distribution of earnings	-	-	-	-	-	-	-	-	-	-
Provision for legal reserve	-	-	22,947	-	(22,947)	-	-	-	-	-
Ordinary cash dividends	-	-	-	-	(237,600)	-	-	-	(237,600)	(237,600)
Reversal of special reserve	-	-	-	(66,543)	66,543	-	-	-	-	-
Other changes in capital surplus	-	702	-	-	-	-	-	-	702	702
Profit (loss) after tax of 2019	-	-	-	-	696,250	-	-	-	696,250	1,890
Other comprehensive income after tax in 2019	-	-	-	-	(24,627)	(13,721)	230,251	-	191,903	(500)
Total Comprehensive Income for the Year	-	-	-	-	671,623	(13,721)	230,251	-	888,153	1,390
Adjustments of capital surplus for the Company's cash dividends received by subsidiaries	-	8,565	-	-	-	-	-	-	8,565	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-
Balance as of December 31, 2019	\$ 1,980,000	\$ 105,429	\$ 759,713	\$ 2,515,291	\$ 921,818	\$ (70,282)	\$ 2,278,210	\$ (118,879)	\$ 8,371,300	\$ 8,393,227
Balance as of January 1, 2020	1,980,000	105,429	759,713	2,515,291	921,818	(70,282)	2,278,210	(118,879)	8,371,300	8,393,227
Appropriation and distribution of earnings	-	-	-	-	-	-	-	-	-	-
Provision for legal reserve	-	-	73,817	-	(73,817)	-	-	-	-	-
Ordinary cash dividends	-	-	-	-	(1,277,100)	-	-	-	(1,277,100)	(1,277,100)
Reversal of special reserve	-	-	-	(1,941,491)	1,941,491	-	-	-	-	-
Other changes in capital surplus	-	319	-	-	-	-	-	-	319	319
Net Income after tax of 2020	-	-	-	-	5,429,260	-	-	-	5,429,260	951
Other comprehensive income after tax in 2020	-	-	-	-	(3,113)	(13,694)	198,710	-	181,903	(180)
Total Comprehensive Income for the Year	-	-	-	-	5,426,147	(13,694)	198,710	-	5,611,163	771
Capital reduction	(594,000)	-	-	-	-	-	-	-	(594,000)	(594,000)
Retirement of treasury shares	-	-	-	-	-	-	-	-	-	-
Adjustments of capital surplus for the Company's cash dividends received by subsidiaries	-	46,034	-	-	-	-	-	21,410	21,410	21,410
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-
Disposals of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	4,394	-	(4,394)	-	-	-
Balance as of December 31, 2020	\$ 1,386,000	\$ 151,782	\$ 833,530	\$ 573,800	\$ 6,942,933	\$ (83,976)	\$ 2,472,526	\$ (97,469)	\$ 12,179,126	\$ 24,968

(The accompanying notes are an integral part of the Consolidated Financial Statements.)

Chairman: Wu, Zi-Cong

Manager: Huang, Chun-Jia

Chief Accountant: Lai Ken-Min

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Tahsin Industrial Corporation and its subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2020 and 2019

Unit: Thousand NTD

Items	December 31, 2020	December 31, 2019
Cash flows from (used in) operating activities, indirect method		
Net profit (loss) before tax	\$ 5,933,174	\$ 734,556
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expenses	56,820	52,037
Expected credit losses (benefits)	7,674	(4,202)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	50	(810)
Interest expenses	3,604	7,099
Interest revenue	(21,469)	(12,105)
Dividend income	(109,477)	(228,000)
Share of loss (profit) of associates and joint ventures accounted for using equity method	(59,559)	(11,490)
Loss (gain) on disposal and disposition of property, plant and equipment	(2,441)	(444,834)
Loss (gain) on disposal of investment property	-	(14,315)
Loss (gain) on disposal of Non-current assets classified as held for sale	(5,754,207)	-
Gain on reversal of impairment loss on non-financial assets	-	(19,633)
Unrealized exchange loss (gain)	1,573	3,502
Other adjustments to reconcile profit (loss)	319	702
Total adjustments to reconcile profit (loss)	(5,877,113)	(672,049)
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in notes receivable	(15,006)	46,754
Decrease (increase) in accounts receivable	(47,454)	107,264
Decrease (increase) in accounts receivable - related parties	4,594	(4,515)
Decrease (increase) in other receivables	(4,538)	5,812
Decrease (increase) in other receivables - related parties	(965)	36
Decrease (increase) in inventories	21,838	12,030
Decrease (increase) in prepayments	(4,079)	(26,545)
Decrease (increase) in other non-current assets	1,430	(1,449)
Decrease (increase) in other financial assets	43,136	(7,954)
Total changes in operating assets	(1,044)	131,433
Changes in operating liabilities		
Increase (decrease) in notes payable	(24,339)	(25,082)
Increase (decrease) in accounts payable	25,050	(24,687)
Increase (decrease) in accounts payable to related parties	(3)	(270)
Increase (decrease) in other payables	38,811	(5,968)
Increases (decreases) in other payables to related parties	(1,415)	(1,230)
Increase (decrease) in other current liabilities	115	610
Increase (decrease) in net defined benefit liabilities	(45,438)	(81,789)
Total changes in operating liabilities	(7,219)	(138,416)
Total changes in operating assets and liabilities	(8,263)	(6,983)
Total adjustments	(5,885,376)	(679,032)
Cash inflow (outflow) generated from operations	47,798	55,524

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Tahsin Industrial Corporation and its subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2020 and 2019

Unit: Thousand NTD

Items	December 31, 2020	December 31, 2019
Interest received	\$ 19,192	\$ 12,105
Dividends received	127,705	235,917
Interest paid	(3,617)	(7,182)
Income tax refunded (paid)	(2,276)	(4,971)
Net cash provided by (used in) operating activities	188,802	291,393
Cash flows from (used in) investing activities		
Acquisition of financial assets at fair value through other comprehensive income	(665,267)	-
Disposal of financial assets at fair value through other comprehensive income	46,834	-
Acquisition of subsidiaries (less the cash received)	-	(9,890)
Disposal of non-current assets held for sale	8,351,965	-
Acquisition of property, plant and equipment	(81,468)	(79,315)
Disposal of property, plant, and equipment	2,892	530,222
Decrease in refundable deposits	11,225	87
Acquisition of right-of-use assets	-	(1,418)
Disposal of investment properties	-	16,887
Increase in other financial assets	(1,540,335)	-
Increase in other non-current assets	(4,518)	(1,137)
Income tax refunded (paid)	(1,029,158)	-
Net cash flows from (used in) investing activities	5,092,170	455,436
Cash flows from financing activities		
Decrease in short-term loans	(90,496)	(259,533)
Decrease in short-term bills payable	(40,000)	(230,000)
Repayments of long-term loans	(3,875)	(3,971)
Increase in guarantee deposits received	940	3,564
Decrease in guarantee deposits received	(2,440)	(4,909)
Repayments of principal portion of the lease	(3,128)	(3,312)
Cash dividends paid	(1,231,066)	(229,035)
Capital reduction	(572,590)	-
Changes in non-controlling interests	2,270	-
Net cash provided by (used in) financing activities	(1,940,385)	(727,196)
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(3,413)	(6,193)
Net increase (decrease) in cash and cash equivalents	3,337,174	13,440
Cash and cash equivalents at beginning of the period	650,253	636,813
Cash and cash equivalents at end of period	\$ 3,987,427	\$ 650,253

(The accompanying notes are an integral part of the Consolidated Financial Statements.)

Chairman: Wu, Zi-Cong

Manager: Huang, Chun-Jia

Chief Accountant: Lai Ken-Min

Tahsin Industrial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2020 and 2019

(Amount in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. Company History

Tahsin Industrial Corporation ("The Company") was incorporated under the Company Act of Taiwan, Republic of China (R.O.C.) in 1958. The Company and its subsidiaries are primarily engaged in manufacturing and trading of a variety of plastic raincoats, nylon raincoats, overalls, wardrobes, nylon jackets, PP corrugated boards, TC garments, leather goods, handbags, file folders, plastic film, carrier bags and laminating machines, etc. The Company was approved by the Securities and Futures Bureau under the Financial Supervisory Commission (formerly the Securities and Futures Commission) for listing in 1992. For the main business activities of the Company and its subsidiaries (collectively, "Tahsin Group"), please refer to Note 4 (3)2. In addition, the Company has no ultimate parent company.

The Consolidated Financial Statements are presented in the NTD, the Company's functional currency.

2. Date and Procedures of Authorization for Issuance of the Financial Statements

The consolidated financial statements were published upon approval by the Board of Directors on March 22, 2021.

3. Application of Newly Issued, Revised, and Amended Standards and Interpretations

- a. The impact of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (hereinafter referred to as "IFRSs") endorsed and effected by the Financial Supervisory Commission (hereinafter referred to as the "FSC"):

The following table summarizes the new, amended, and revised standards and interpretations of IFRSs endorsed by the FSC and applicable in 2020.

New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB
IFRS 3 Amendment "Definition of a Business"	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020
Amendments to IFRS 9, IAS 39, and IFRS 7 "Interest Rate Benchmark Reform"	January 1, 2020
Amendments to IFRS 16 "Covid-19-Related Rent Concessions"	June 1, 2020 (Note)

Note: The FSC allows early application on January 1, 2020.

With the exception of the following, the application of IFRSs endorsed and issued into effect by the FSC should not result in significant changes in the accounting policies of the Group:

Amendments to IAS 1 and IAS 8 "Definition of Material"

This amendment clarifies the definition of materiality: if omission or misstatement of information can be reasonably expected to influence decisions made by primary users of general-purpose financial statements based on such financial statements, then the information is material. The Group has applied the amendment on January 1, 2020. The threshold for materiality was amended to be "could reasonably be expected to influence users" and the disclosures in consolidated financial statements were adjusted by removing immaterial information which may obscure material information.

b. Effects of not yet applying the newly-announced and revised IFRSs endorsed by FSC:

The following table summarizes the new, revised, amended standards and interpretations of IFRSs endorsed by the FSC and are applicable in 2021.

New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB
Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)	June 25, 2020 (Effective from release date)
Amendments to IFRS 16 "Covid-19-Related Rent Concessions"	June 1, 2020 (Note 1)
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Change in Interest Rate Indicators – Second Stage"	January 1, 2021 (Note 2)

Note 1: This amendment applies to the annual reporting period beginning on June 1, 2020

Note 2: This amendment applies to the annual reporting period beginning on January 1, 2021.

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

c. Effects of IFRSs issued by IASB but not yet endorsed by FSC:

The following table summarizes the new, amended and revised standards in the IFRSs that have already been issued by the IASB but are yet to be endorsed by the FSC and related interpretations:

New/Revised/Amended Standards and Interpretations	Effective Date of Issuance by the IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture"	Yet to be decided
IFRS 17 - "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classify Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 2)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 3)
Amendment to IFRS 3 "Conceptual Framework"	January 1, 2022 (Note 4)
Annual Improvements to IFRSs 2018-2020	January 1, 2022 (Note 5)
Amendments to IAS 1 in "Disclosure of Accounting Policies"	January 1, 2023
Amendment to IAS 8 "Definition of Accounting Estimates"	January 1, 2023

Note 1: Unless otherwise specified, the aforementioned New/Amended/Revised Standards or Interpretations shall be effective for the annual reporting period beginning on or after the specified dates.

Note 2: A company applies the amendments retrospectively only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period (January 1, 2021) presented in the financial statements.

Note 3: This amendment applies to contracts that have not fulfilled all their obligations on January 1, 2022.

Note 4: The amendments are to be applied prospectively to business mergers whose acquisition date starts in the annual reporting periods beginning on or after January 1, 2022.

Note 5: The amendments to IFRS 9 apply to the exchanges of financial liabilities or the alterations in its terms that occur during the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 apply to the measurement of fair value for annual reporting periods beginning on or after January 1, 2022; the amendments to IFRS 1 apply retroactively to annual reporting periods beginning on or after January 1, 2022.

1) Amendments to IAS1 "Classifying Liabilities as Current or Non-current"

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the end of the reporting period. If the Group has the right at the end of the reporting period, regardless of whether the Group will exercise the right and the liability is classified as non-current. If the right to defer the settlement of liabilities of the Group is subject to the compliance with specific conditions, the Group must have met certain conditions on the terminal date of the reporting period, even when the lender tests whether the Group complies with these conditions at a later date. For the purpose of debt classification, the aforementioned full repayment refers to the transfer of cash, other economic resources or equity instruments of the Group to the transaction counterparty to eliminate the liabilities. It is only possible for the counterparty to choose the terms of the liability to transfer the equity instruments of the group and cause the counterparty to settle the liabilities and if the option is recognized separately in equity in accordance with IAS 32 "Financial Instruments: Expression" it will not affect the classification of liabilities.

2) Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of these items is measured in accordance with IAS 2 "Inventories," while any proceeds from selling these items and the cost of these items are recognized in profit or loss in accordance with applicable standards.

The amendment is applicable to plant, property and equipment that reached the required locations and conditions of the management's expected operation mode after January 1, 2021 (the beginning of the earliest expression period). The effect of initially applying the amendments, Tahsin Group will be recognized as an adjustment to the opening balance of retained earnings (or other components of equity, as appropriate, if necessary) at the beginning of that earliest period presented.

3) "Onerous Contracts—Cost of Fulfilling a Contract," which made amendments to IAS 37

The amendments specify that when assessing whether a contract is onerous, the "cost of fulfilling a contract" includes both the incremental costs of fulfilling that contract (e.g., direct labor and materials) and an allocation of other costs that relate

directly to fulfilling contracts (e.g., an allocation of depreciation for an item of property, plant and equipment used in fulfilling the contract). The Group will recognize the cumulative effect on the retained surplus on the first application date when the amendment is first applied.

4) Amendment to IFRS 3 "Conceptual Framework"

The amendment is to update the index of the conceptual framework and add the provision that the purchaser should apply IFRIC 21 "Levies" to determine whether there is any obligation for the public course to pay liabilities on the acquisition date.

5) Annual Improvements to IFRS Standards 2018-2020

The annual improvement of IFRS in 2018-2020 includes the amendment of several standards. The amendment of IFRS 9 is to assess whether there is a significant difference in the exchange of financial liabilities or the modification of terms and to compare whether there is a 10% difference in the discounted value of cash flow (including the net amount of fees received and paid for signing new or modified contracts) between the new and old terms. The fees and charges mentioned above shall only include the fees and charges between the borrower and the lender.

6) Amendment to IAS 1 "Disclosure of Accounting Policies"

The purpose of this amendment is to improve the disclosure of accounting policies so as to provide more useful information to major users of financial statements.

7) Amendments to IAS 8 "Definition of accounting Estimates"

The amendment defines accounting estimates as monetary amounts that are subject to measurement uncertainty in financial statements and provides further explanations and examples to help companies in differentiating between changes in accounting policies and changes in accounting estimates.

As of the date of issuance of the consolidated financial statements, the Group has continued to assess the impact of the above standards and explanations on the financial position and operating results. The relevant impacts will be disclosed when the evaluation is completed.

4. Summary of Significant Accounting Policies

The main accounting policies used in preparing the financial statements are described as follows. Unless otherwise stated, these policies are consistently applicable throughout all reporting periods.

a. Compliance declaration

This Consolidated Financial Statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the IFRSs endorsed and effected by the FSC.

b. Preparation basis

- 1) In addition to the following important items, this consolidated financial statement has been prepared on the historical cost basis:
 - a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - b) Financial assets measured at fair value through other comprehensive income are measured at fair value.
 - c) Liability based on cash-settled share-based payment arrangement measured at fair value.
 - d) Defined benefit liability is derived from retirement plan assets less the present value of net defined benefit obligation.
- 2) The preparation of consolidated financial statements that complies with the IFRSs recognized by the FSC requires the use of some important accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.
- 3) The Group elected to retrospectively apply IFRS 16 for the first time on January 1, 2019 without restating the financial statements and the notes thereof for 2018, and to recognize any differences arising therefrom in the retained earnings or other equity as at January 1, 2019.

c. Basis of consolidation

- 1) Principles for the preparation of consolidated financial statements.
 - a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries refer to entities (including structured entities) under the control of

Tahsin Group. Control is achieved when Tahsin Group is exposed, or has rights, to variable returns from its involvement with the entity or has the right over such changes in returns, and affects such returns through its ability over the power of the entity, and has the ability to affect those returns through its power over the entity. Subsidiaries are included in the consolidated financial statements starting from the date when Tahsin Group obtains control over them, and such consolidation shall be terminated on the day when Tahsin Group loses control over them.

- b) Inter-company transactions, balances, and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of its subsidiaries have been adjusted where necessary, and are consistent with the policies adopted by Tahsin Group.
- c) The profit or loss and each component of other comprehensive income are attributed to the owners of the parent company and to the non-controlling interest. Total comprehensive income is also attributed to the owners of the parent company and non-controlling interest even if this results in the non-controlling interests having a deficit balance.
- d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, namely transactions with owners in their capacity as owners. The difference between the adjusted amount of non-controlling interest and the fair value of the consideration paid or received is directly recognized in equity.
- e) When the Group loses control of a subsidiary, the Group re-measures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts recognized in other comprehensive income in relation to that subsidiary should be accounted for on the same basis as would be required if Tahsin Group had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, Tahsin Group reclassifies the gain or loss from equity to profit or loss when it loses control on that subsidiary.

2) The subsidiaries listed in the consolidated financial statements are as follows:

Name of investors	Subsidiary Name	Principal Business Activities	Percentage of ownership or capital contributed	
			2020.12.31	2019.12.31
Tahsin Industrial Corporation Ltd	Tahsin Shoji Co., Ltd. (Tahsin Shoji)	1. Domestic sale of artificial leather, other synthetic resins and various fiber products in Japan 2. Import and export of handbags, packing bags, clothing, daily necessities, miscellaneous goods.	100.00%	100.00%
Tahsin Industrial Corporation Ltd	Tahsin Industrial Corporation (T.H. USA)	Sale of Tahsin products, ready-to-wear, raincoats, PVC products, etc.	100.00%	100.00%
Tahsin Industrial Corporation Ltd	Tai Ho Co., Ltd. (Tai Ho Co.,)	Trading	100.00%	100.00%
Tahsin Industrial Corporation Ltd	Fujian Putian DAFU Plastic Industry Co., Ltd. (Dafu Company)	Production of plastic raincoats, folders, file folders, other plastic products, ancillary products, and plastic machinery	91.26%	91.26%
Tahsin Industrial Corporation Ltd	Tah Viet Co., Ltd. (Tah Viet)	Processing of raincoats, ready-to-wear garments, leather goods, wardrobes, etc.	100.00%	100.00%
Tahsin Industrial Corporation Ltd	Myanmar Tah Hsin Industrial Co., Ltd. (Myanmar Tahsin)	Processing and manufacturing of raincoats, garments, leather goods, and wardrobes	100.00%	100.00%
Tahsin Industrial Corporation Ltd	Tah Fa Investment Co., Ltd. (Tah Fa Co.)	Generic investments	100.00%	100.00%
Tah Fa Investment Co., Ltd.	Tah Fa Industrial Co., Ltd. (Tah Fa Industrial)	Parking lot management and leasing business	-	100.00%
			(the liquidation was completed in April 2020)	
Tah Fa Investment Co., Ltd.	Tah Chi Enterprise Co., Ltd. (Tah Chi Co.)	Wholesaling and retailing of fabrics, clothing, shoes, caps, umbrellas, and apparel	100.00%	100.00%
Tah Viet Co., Ltd.	TAHHSIN PHU MY JOINT STOCK COMPANY Tahhsin Phu My Joint Stock Company	Production and processing for export and Domestic clothing products	65.00%	65.00%

Increase or decrease in the number of consolidated subsidiaries:

- a) In December, 2019, subsidiary in Vietnam, Tah Viet Co., Ltd., increased investments in Phu My Kim Anh Garment Company Limited, which was originally recognized using equity method. The said company was renamed as Tahhsin Phu My Joint Stock Company in December, 2019 and shall be included in the consolidated financial statement on December 31, 2019.
 - b) Liquidation of Tah Fa Industrial Co., Ltd. was completed in April, 2020 and company registration cancelled thereafter.
- 3) Subsidiaries not included in the consolidated financial statements: None.
- 4) Adjustment for subsidiaries with different balance sheet: None

5) Major restrictions:

Regions / Items	December 31, 2020	December 31, 2019
China:		
Cash and bank deposits	\$ 22,207	\$ 18,794
Other financial assets - current (time deposits with original maturity of more than three months)	-	38,745
Other financial assets - non-current (time deposits with original maturity of more than one year)	50,335	
Vietnam:		
Cash and bank deposits	20,972	12,155
Other financial assets - current (time deposits with original maturity of more than three months)	-	5,176
Myanmar:		
Cash and bank deposits	29,794	21,231
Total	<u>\$ 123,308</u>	<u>\$ 96,101</u>

The above cash and bank deposits are deposited in China, Vietnam, and Myanmar, and are subject to local foreign exchange control. Such foreign exchange control restricts the remittance of funds out of these countries (except for the remittance of regular dividends).

- 6) The contents of securities issued by the parent company and held by subsidiaries: Refer to Note 6 (22).
- 7) Details on subsidiaries that have non-controlling interests that are material to the Group: Assessed that the Group has no subsidiaries with significant non-controlling interests.

d. Foreign currency conversion

Foreign currency transactions and balances

- 1) Items listed in each of Tahsin Group's financial statements are denominated in the currency of the primary economic environment in which the entity operates (i.e., functional currency). The consolidated financial statements are presented in the Company's functional currency, New Taiwan dollar.
- 2) In the preparation of each parent company only financial statements, transactions denominated in a currency other than the entity's functional currency (i.e., foreign currency) are translated into the entity's functional currency by using the exchange rate at the date of the transaction. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing that date. Exchange differences on monetary items arising from settlement or translation are

recognized as profit or loss in the period in which they arise. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the year, except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the rates of exchange prevailing on the transaction dates and are not re-translated.

- 3) For the preparation of consolidated financial statements, the assets and liabilities of foreign operating entities are translated into New Taiwan dollars at the spot exchange rates at the end of the reporting period. Revenue and expense items are converted at the average exchange rates for the current period. any exchange differences arising therefrom are accumulated in other comprehensive income, and accumulated in exchange differences on translation of foreign financial statements under equity (and appropriately allocated to non-controlling interests).

e. The standards for assets and liabilities classified as current and non-current

- 1) Assets that meet one of the following criteria are classified as current assets:
 - a) Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle.
 - b) The holder primarily for trading purposes.
 - c) Assets expected to be realized within 12 months after the balance sheet date.
 - d) Cash or equivalent cash, except for those used to exchange or settle liabilities or subject to other restrictions more than 12 months after the balance sheet date.

Tahsin Group classifies all the assets that do not meet the above-mentioned criteria as non-current.

- 2) Liabilities that meet one of the following criteria are classified as current liabilities:
 - a) Liabilities that are expected to be settled within the normal operating cycle.
 - b) The holder primarily for trading purposes.
 - c) Those who are restricted by the exchange or liquidation of debts within 12 months after the end of each reporting period (after the end of each reporting period and the completion of the long-term refinancing or rescheduling payment

agreement before the release of the financial statements, it is also considered as a current liability).

- d) Where the repayment period cannot be extended unconditionally to at least 12 months after the balance sheet date. Terms of a liability that could, at the option of the counter-party, result in its settlement by the issue of equity instruments do not affect its classification.

Tahsin Group classifies all the liabilities that do not meet the above-mentioned criteria as non-current.

f. Cash and Cash Equivalents

The cash and cash equivalents include cash in treasury, bank discount and short-term investments that can be converted into fixed cash at any time with little change in value at risk and high liquidity (including fixed deposit with an original date due within three months).

g. Financial instruments

Financial assets and financial liabilities are recognized when Tahsin Group becomes a party to the contractual provisions of the financial instrument.

Initially, financial assets and liabilities should be recognized at fair value. Upon initial recognition, transaction costs that are directly attributable to the acquisition or issuance of the financial assets and financial liabilities (except for financial assets and financial liabilities at fair value through profit or loss) should be added to, or subtracted from the fair value of such financial assets and financial liabilities. Transaction costs that are directly attributable to financial assets and financial liabilities measured at FVTPL are immediately recognized in profit or loss.

1) Financial assets

a) Types of measurement

Financial assets purchased or sold in a regular way are recognized using transaction date accounting.

Financial assets held by the Group comprise financial assets measured at fair value through profit or loss (FVTPL), financial assets at amortized cost, investments in debt instruments measured at fair value through other comprehensive income (FVTOCI), and investments in equity instruments measured at FVTOCI.

i. Financial assets at fair value through profit or loss

Financial assets measured at FVTPL include financial assets measured at FVTPL and financial assets designated as measured at FVTPL. Financial assets measured at FVTPL include investments in equity instruments not designated by Tahsin Group as measured at FVTOCI and investments in debt instruments not classified as measured at amortized cost or FVTOCI.

When a financial asset meets one of the following criteria, Tahsin Group shall, at initial recognition, designate the financial asset as a financial asset measured at FVTPL.

- (a) It is a hybrid (combined) contract; or
- (b) It is able to eliminate or significantly reduce a measurement or recognition inconsistency; or
- (c) It is managed on a fair value basis and its performance is evaluated in based on a documented risk management or investment strategy.

Such assets are measured at fair value, of which any dividends and interest accrued are recognized as other revenue and the benefits or losses arising from the re-measurement are recognized in other profits and losses and Please refer to Note 12 (3) for the methods of determination of fair value

ii. Financial assets at amortized cost

A financial asset of Tahsin Group is measured at amortized cost if both of the following conditions are met:

- (a) Financial assets are under a business model whose purpose is to hold financial assets and collecting contractual cash flows; and
- (b) The terms of the contract generate a cash flow on a specified date that is solely for the payment of interest on the principal and the amount of principal outstanding.

After initial recognition, financial assets measured at amortized cost are measured at the gross carrying amount determined based on the effective interest method less any impairment losses, and any gains or losses on foreign exchange are recognized in profit or loss.

Except for the following two situations, interest revenue is calculated by the effective interest rate multiplied by the gross carrying amount of financial assets:

- (a) For purchased or initial credit-impaired financial assets, interest

income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.

- (b) For financial assets that are not purchased or originated credit-impaired but subsequently have become credit-impaired, interest income is calculated by applying the effective interest rate to the amortized cost balance of such financial assets.

iii. Investments in debt instrument at fair value through other comprehensive income

Investments in debt instruments of Tahsin Group are classified as financial assets at FVTOCI if both of the following conditions are met:

- (a) It is held under a certain business model whose purpose is achieved by collecting contractual cash flows and selling financial assets; and
- (b) The terms of the contract generate a cash flow on a specified date that is solely for the payment of interest on the principal and the amount of principal outstanding.

Investments in debt instruments at FVTOCI are measured at fair value. Among changes in the carrying amount, interest revenue calculated using the effective interest method, gain or loss on foreign exchange, and impairment loss of foreign exchange or gain on reversal of impairment loss of foreign exchange are recognized in profit or loss; other changes are recognized in other comprehensive income and reclassified as profit or loss upon disposal of investments.

iv. Investments in equity instruments at fair value through other comprehensive income

The Group at the time of initial recognition may make an irrevocable decision to designate an equity instrument that is neither held for trading nor contingent consideration arising from a business combination to be measured at fair value through other comprehensive income.

Investments in equity instruments at FVTOCI are measured at fair value, and subsequent changes in the fair value are recognized in other comprehensive income and accumulated in other equity. Upon disposal of investments, the cumulative profit or loss is directly transferred to retained earnings and is not reclassified as profit or loss.

Dividends on investments in equity instruments at FVTOCI are recognized in profit or loss when Tahsin Group's right to receive payments is

established, unless such dividends clearly represent the recovery of the investment cost in part.

b) Impairment of financial assets

- i. The Group evaluates credit losses based on expected credit loss at each balance sheet date for financial assets (including accounts receivable), investments in debt instruments at fair value through other comprehensive income, and impairment losses on contract assets.
- ii. Accounts receivable, contract assets and operating lease receivables are all recognized as allowance for losses based on the expected credit losses during the term of duration. For other financial assets, whether there is a significant increase in credit risk after initial recognition shall be determined first. If there is no significant increase in credit risk, the allowance for loss is recognized based on the 12-month expected credit losses. If there is a significant increase in credit risk, the allowance for loss is recognized based on the lifetime expected credit losses.
- iii. The expected credit loss is based on the weighted average credit loss determined by the risk of default. The 12-month expected credit losses refer to expected credit losses arising from possible default of financial instruments within 12 months after the reporting date. The lifetime expected credit losses refer to expected credit losses arising from all possible default of financial instruments in the expected duration.
- iv. The impairment loss of all financial assets is reduced by the allowance account to reduce its carrying amount, but the loss allowance of debt instrument investment measured at fair value through other comprehensive income is recognized in other comprehensive income and does not reduce its carrying amount.

c) Derecognition of financial assets

The Group derecognizes a financial asset when one of the following criteria is met:

- i. The right to a contract from the financial asset cash flow is void.
- ii. When transfer the contractual right to receive the cash flow of financial assets and almost all the risks and rewards of the ownership of the financial assets have been transferred.

- iii. It neither transfers nor retains almost all the risks and rewards of the ownership of the financial assets, but does not retain the control over the financial assets.

On de-recognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received is recognized in profit or loss. On derecognizing an investment in a debt instrument in its entirety at FVTOCI, the difference between the carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss. On derecognizing an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, rather than reclassified as profit or loss.

2) Equity instruments

Tahsin Group classifies its issuance of debts and equity instruments as financial liabilities or equity instruments in accordance with the definition of financial liabilities and equity instruments and the contractual substance.

Equity instruments refer to any contracts containing an enterprise's residual interest after subtracting liabilities from assets. Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

3) Financial liabilities

a) Subsequent measurement

Except the following situation, all the financial liabilities are measured at amortized cost using the effective interest method.

- i. Financial liabilities measured at fair value through profit or loss refer to financial liabilities held for trading or designated as financial liabilities measured at fair value through profit or loss at the time of original recognition. A financial liability is classified as held for trading if has been acquired principally for the purpose of repurchasing it in the near term and is a derivative that is not designated and effective as a hedging instrument. When financial liabilities meet one of the following conditions, the Group designates them as measured at fair value through profit or loss in initial recognition:

- (a) It is a hybrid (combined) contract; or

- (b) It is able to eliminate or significantly reduce a measurement or

recognition inconsistency; or

(c) It is a tool to manage and evaluate its performance on a fair value basis in accordance with a documented risk management or investment strategy.

- ii. Financial liabilities at fair value through profit or loss are initially recognized at fair value. Related transaction costs are recognized in profits or losses. For subsequent fair value measurements, changes in fair value are recognized in current profit or loss.
- iii. Designated as a financial liability measured at fair value through profit or loss, the amount of changes in fair value due to changes in credit risk is recognized in other comprehensive income, and will not be reclassified to profits or losses in the future. The remaining fair value changes in the liability are reported in profit or loss. However, if the above accounting treatment causes or exacerbates the improper accounting ratio, the profit or loss of the liability will be fully listed in profit or loss.

b) Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. When financial liabilities are derecognized, the difference between their carrying amount and the paid consideration (including any transferred non-cash assets or liabilities assumed) shall be recognized in profit or loss.

h. Inventories

Inventories are measured at the lower of cost and net realizable value. The perpetual inventory system is adopted and the cost is determined using the weighted average method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item-by-item approach is used in applying lower of cost and net realizable value. Net realizable value refers to the balance of the estimated selling price in the ordinary course of business less the estimated costs to be incurred till completion and related variable selling expenses.

i. Non-current assets (or disposal groups) held for sale

When the carrying amount of a non-current asset (or a disposal group) is mainly recovered through a sale transaction instead of using it to recycle, and the asset is highly likely to be sold, the non-current asset is classified as an asset held for sale, and is measured at the lower of its carrying amount and fair value less costs to sell.

j. Investments accounted for using the equity method - associates

- 1) Associates are all entities over which Tahsin Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20% or more of the voting power of the investee. Investments in related enterprises by Tahsin Group are treated using the equity method and recognized at cost when acquired.
- 2) Tahsin Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. If Tahsin Group's share of loss in any of its related enterprises equals or exceeds its interest in the related enterprise (including other unsecured receivables), it does not recognize further losses, unless it has legal obligations and constructive obligations in the related enterprise, or makes payments on behalf of the related enterprise.
- 3) Unrealized gains on transactions between Tahsin Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of related enterprises have been adjusted as necessary, and are consistent with the policies adopted by Tahsin Group.
- 4) In the case that an associate issues new shares and Tahsin Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then "capital surplus" and "investments accounted for under the equity method" shall be adjusted for the increase or decrease of its share of equity interest. Where its investment proportion decreases, in addition to the above adjustments, the profit or loss previously recognized in other comprehensive income due to decrease in its ownership interest and the profit or loss to be reclassified to profit or loss during the disposal of assets or liabilities shall be reclassified to profit or loss based on the proportion of decrease.
- 5) Upon loss of significant influence over an associate, Tahsin Group shall remeasure the remaining investment retained in the former associate at its fair value. Any difference between the fair value and the carrying amount is recognized in current profits or losses.
- 6) When Tahsin Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If the Company still has a significant influence on the related enterprise,

only the amount of previously recognized in other comprehensive income is transferred according to the above-mentioned method.

- 7) When Tahsin Group disposes its investment in an associate and loses significant influence over this associate. The amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, it shall be transferred to profit and loss according to the proportion of disposal.

k. Property, plant, and equipment

- 1) Property, plant, and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- 2) Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Tahsin Group and the cost of the item can be measured reliably. The replaced part of the carrying amount shall be derecognized. All other repair and maintenance costs incurred are recognized in current profit or loss during the period in which they are incurred.
- 3) Depreciation is not mentioned for land The cost model is adopted for other property, plant and equipment, which is depreciated on a straight-line basis based on the estimated useful life. Tahsin Group reviews each assets' residual values, useful lives and depreciation methods at the end of each financial year. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" from the date of the change. The useful life of each asset is as follows:

Buildings	5 - 55 years

Machinery and utilities equipment	5 - 18 years

Transportation equipment	5 - 12 years

Miscellaneous equipment	5 - 20 years

- 4) Property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The amount of gain or loss arising from the derecognition of property, plant and equipment is the difference between the net disposal value and the carrying amount of the asset, and is recognized in current profit or loss.

1. Leases

Tahsin Group assesses whether the contract is (or includes) a lease on the date of its establishment. Where a contract includes a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to the lease component on the basis of the relative separate price of each lease component and the aggregate separate price of non-lease components.

1) Where Tahsin Group is a lessee:

Except for the lease of low value assets and short-term lease, which are recognized as expenses on a straight-line basis, Tahsin Group recognizes the right to use assets and lease liabilities for other leases on the lease commencement date.

Right-of-use assets

The right-of-use asset is initially measured at cost (including the original measured amount of the lease liability, the lease payment paid before the lease commencement date minus the lease incentive received, the original direct cost and the estimated cost of the recovery target asset), and subsequently measured at cost minus the accumulated depreciation and the accumulated impairment loss and adjusted for the remeasurement of the lease liability.

Except for right-of-use assets that meet the definition of investment property, right-of-use assets are presented as a line item in the consolidated balance sheets.

The right-of-use assets shall be depreciated on a straight-line basis from the beginning of the lease to the expiration of the term of the useful life or the expiration of the lease period, whichever is earlier. However, if the ownership of the underlying assets will be acquired at the end of the lease term, or if the cost of the right-of-use assets reflects the exercise of the purchase option, the depreciation shall be accrued from the beginning of the lease to the expiration of the term of the useful life of the underlying assets.

Lease liabilities

Lease liabilities are initially measured at the present value of lease payments (including fixed payments; substantive fixed payments; variable lease payments that are determined by an index or a rate; amounts expected to be paid by the lessee under residual value guarantee; the exercise price of a purchase option when it is reasonably certain to exercise the option; the term of the lease reflects the termination penalty that the lessee will exercise the option to terminate the lease, deducting the present value measurement of the lease incentives received. If the implied interest rate on the lease is easy to defined, the lease payment is discounted with the interest rate. If the

interest rate is not easy to determine, the lessee's incremental borrowing rate shall be used.

Subsequently, the lease liability is measured on the basis of amortized cost using the effective interest method, and the interest expense is apportioned during the lease period. During lease term, if the evaluation of the option to purchase the underlying asset, the amount expected to be paid under the residual value guarantee, or the index or rate used to determine the lease payment changes in the future lease payment, the Group re-measures the lease liability and adjusts the right to use asset relatively. However, if the carrying amount of the right-to-use asset has been reduced to zero, the remaining re-measured amount is recognized in profit and loss. Lease liabilities are presented as a single line item in the consolidated balance sheets.

Changes in the lease agreement that do not depend on index or rate are recognized as expenses in the period in which they are incurred.

2) Where Tahsin Group is a lessor

If a lease transfers almost all the risks and rewards attached to the ownership of the underlying asset, it is classified as a financial lease; otherwise, it is classified as an operating lease.

When a lease includes both land and building elements, Tahsin Group assesses the classification of each element separately as a finance lease or an operating lease. The lease payments (including one-time front-end payment) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

When Tahsin Group subleases the right-of-use asset, the classification of the sublease is determined by the right-of-use asset (instead of the underlying asset). However, if the main lease is a short-term lease where the recognition exemption is applicable to Tahsin Group, the sublease is classified as an operating lease.

Finance lease liabilities are initially measured at the present value of lease payments (including fixed payments; in-substance fixed payments; variable lease payments that are determined by an index or a rate; amounts expected to be paid by the lessee under residual value guarantees; the exercise price of a purchase option when it is reasonably certain to exercise the option; and penalties for terminating the lease reflected in the lease term; less any lease incentives receivable). Net carrying amount of lease investment is measured as the sum of the present value of lease receivables

and unguaranteed residual value plus the original direct cost and expressed as finance lease receivable. On the basis of systematic portfolio, the Group allocates the financing income to the lease period to reflect the fixed rate of return of the group's unexpired net lease investment in each period.

In the case of operating leases, the lease payment after deducting the lease incentives is recognized as the lease income on a straight-line basis over the lease term. The initial direct costs arising from acquisition of operating leases is added to the carrying amount of the underlying assets; and an expense is recognized for the lease on a straight-line basis over the lease term.

Changes in leases that do not depend on an index or a rate in lease agreements are recognized as expenses in the period in which they take place.

m. Investment properties

Investment real estate refers to real estate held for rent or capital appreciation or both (including real estate in the process of construction for these purposes) Investment property also includes land whose future use is yet to be decided. Investment property also includes right-of-use assets that meet the definition of investment property.

Investment property is initially measured at cost (including transaction costs), and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. Tahsin Group adopts straight-line basis for depreciation.

Investment property under construction is recognized at cost less accumulated impairment loss. Cost includes professional service fees and borrowing costs that are eligible for capitalization. Depreciation of such assets begins when they reach the expected state of use.

In the event of derecognition of an investment property, it is the difference between the net disposal price and the carrying amount of the asset, and is recognized in the current profits and losses.

n. Impairment of financial assets

Tahsin Group estimates the recoverable amount of assets that have signs of impairment on the balance sheet date. When the recoverable amount is lower than its carrying amount, impairment loss is recognized. Recoverable amount refers to the fair value of an asset less costs to sell or its value in use, whichever is higher. When the recognition of asset impairment in the previous year no longer exists, the impairment loss is reversed to the extent of the amount of losses recognized in the previous year.

o. Provisions

Provision is a present legal or constructive obligation arising from a past event, where an inflow of economic benefits is probably required to pay off the obligation. The obligation can also be recognized when its amount can be estimated reliably. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

p. Employee Benefits

1) Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and should be recognized as expenses in the period when the employees render service.

2) Pension

a) Defined contribution plans

Under a defined contribution plan, the amount of pension funds that should be contributed on an accrual basis is recognized as current pension expense. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

b) Defined benefit plans

- i. The determination of the net obligation under the defined benefit plan is based on the discounted amount of future benefits earned by employees during the current or past periods when services are (were) rendered. Such obligation is recognized at the amount of the net of the present value of the net defined obligation less the fair value of the plan asset. The defined benefit obligations are calculated each year by the actuary through the projected unit credit method. The discount rate employed is the market yields on high quality corporate bonds (on the balance sheet date) of which the currency and term are consistent with the currency and term of the defined benefit plan. The discount rate employed can also be the market yields on corporate bonds if there is no deep market for such bonds in the country.

- ii. Determine the re-measurement amount caused by the benefit plan and recognize it as other comprehensive profits or losses during the occurrence period, and express it as retained earnings.
- iii. Expenses related to past service costs are immediately recognized as gains or losses.

c) Compensation to directors and employees

Employees' compensation and directors' and supervisors' compensation are recognized in expenses and liabilities when they are subject to legal or constructive obligations, and when the amounts can be reasonably estimated. Any difference between the actual amount allocated after the resolution and the estimated amount is treated as changes in accounting estimates.

d) Termination benefits

Termination benefits are benefits that are provided when an employee is dismissed before the normal retirement date or when an employee decides to accept the Company's offer of benefits in exchange for earlier termination of employment. Tahsin Group recognizes expenses at the earlier of when it can no longer withdraw the termination contracts or when it recognizes relevant restructuring costs. Benefits that are not expected to be fully settled within 12 months after the balance sheet date shall be discounted.

q. Share capital and treasury shares

1) Share capital

Common stock is listed as equity. An incremental cost directly attributable to the issuance of new shares or warrants stated in equity is presented under equity as a deduction to proceeds.

2) Treasury Stock

Issued shares repurchased by Tahsin Group are recognized in "treasury stock" as a deduction to equity based on the amount of consideration paid during share buyback (including directly attributable costs). When the disposal price for a treasury stock is higher than its carrying amount, the difference between its disposal price and its carrying amount is listed as capital reserve - treasury stock transactions. When its disposal price is lower than its carrying amount, the difference between the above shall offset against capital reserve arising from the trading of the same type of treasury stock. If deficiency arises, it is debited into retained earnings. The carrying amount of a treasury stock is determined using weighted average and calculated separately based on reasons for repurchase.

- 3) During retirement, treasury stock is debited into capital reserve - premium on issued shares and share capital according to the proportion of shares. If its carrying amount is higher than the sum of its face value and premium on issued shares, the difference between both of the above shall be offset against capital reserve arising from the trading of the same type of treasury shares. If deficiency arises, it is then offset against retained earnings. If its carrying amount is lower than the sum of its face value and premium on issued shares, the difference between the aforementioned shall be debited into capital reserve arising from the trading of the same type of treasury share.

r. Income tax

- 1) The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- 2) The current income tax is calculated based on the country where the Group operates and generates taxable income, using the tax rate that has been legislated or substantively legislated on the balance sheet date. Senior management regularly assesses the status of income tax returns in accordance with applicable income tax-related regulations, and shall estimate income tax liabilities based on taxes that are expected to be paid to the tax authority when necessary. An additional income tax is levied on undistributed earnings in accordance with the Income Tax Act. After the distribution plan for the earnings generated in the current year is approved at the shareholders' meeting in the following year, undistributed earnings shall be recognized as income tax expense based on the actual distribution of earnings.
- 3) Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. The deferred income tax liabilities arising from the originally recognized goodwill are not recognized. If the deferred income tax originates from the initial recognition of assets or liabilities in transactions (excluding merger) and does not affect accounting profits or taxable incomes (taxable losses) at the time of transactions, it is not recognized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by Tahsin Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

- 4) Deferred income tax assets are recognized to the extent that temporary differences, unused tax losses and unused tax credits are likely to be available for future tax income. The unrecognized and recognized deferred income tax assets are reassessed on each balance sheet date.
- 5) Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis, or realize the asset and settle the liability, simultaneously.
- 6) Tax incentives from acquisitions of equipment or technology, research and development expenditures, employees' training costs and equity investments are recognized in the form of tax credits.

s. Revenue recognition

Tahsin Group recognizes revenue from contracts with customers by the following steps:

- 1) Identify the customer contracts;
- 2) Identify the performance obligations in the contract;
- 3) Determine the transaction price;
- 4) Allocate the transaction price to the performance obligations in contracts; and
- 5) Recognize revenue upon satisfaction of performance obligations.

a) Sales revenue

Tahsin Group recognizes revenue when control over products is transferred to customers. The transfer of control over products means that products are delivered to customers with no unfulfilled obligations that may affect customers' acceptance of the products. Deliver refers to the time when customers accept products based on the terms of transactions, the risk of obsolescence and loss is transferred to customers, and Tahsin Group has objective evidence that all acceptance conditions are met.

Tahsin Group recognizes accounts receivable when goods are delivered, as it has the right to receive the payment unconditionally at that time.

When material is supplied for processing, control over the ownership of processed goods is not transferred. Thus, supply of material is not recognized as revenue.

b) Service revenue

Tahsin Group provides service as an OEM and recognizes revenue when service is transferred to customers (that is, control over assets is obtained by customers) without subsequent obligations.

t. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their capital expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized as profit or loss in the period in which they are incurred.

5. Major Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions

When Tahsin Group prepares the consolidated financial statements, the significant judgments, estimates, and assumptions used in the accounting policies adopted by Tahsin Group are as follows:

a. Significant judgments for applying the accounting policies

1) Judgments on the business model of classification of financial assets

Tahsin Group assesses the business model of financial assets based on the class of financial assets managed to achieve the specific business purpose. This assessment requires all relevant evidence, including the measurement method for asset performance, risk of impact on performance, and compensation for the management, and also requires judgment. Tahsin Group continues to assess whether the business model is judged appropriately and monitor the financial assets measured at amortized cost and investments in debt instruments at FVTOCI derecognized before maturity to determine whether such disposal is consistent with the purpose of the Group's business model. If a change in the business model is identified, Tahsin Group will reclassify financial assets as required by IFRS 9 and will apply prospectively from the date of reclassification.

2) Investment properties

The Group holds a portion of its properties for the purposes of earning rentals or capital appreciation, whereas the rest portion is for own use. When each part of a property cannot be sold separately and the part held for own use is less than 20 percent of the individual property, the property is classified as investment property.

3) Revenue recognition

According to IFRS 15, the Group judges whether control over specific goods or service is obtained prior to the transfer of such products or service to customers and whether it is the principal or agent in the transaction. If the Group is the agent in the transaction, the net amount of the transaction is recognized as revenue.

The Group is the principal if any of the following conditions applies:

- a) Tahsin Group acquires control of the good or asset in advance from another party before they are transferred to customers; or
- b) By controlling the right of provision of service by another party, the Group has discretion to have another party to provide service to customers on behalf of the Group; or
- c) The goods or services provided to customers are a combination of other goods or services and the goods and services of which the control is obtained by Tahsin Group from another party.

Indicators used to help judge whether Tahsin Group controls specific products or service before the transfer of such products or service to customers include (but are not limited to):

- a) The Group has primary responsibility for fulfilling the commitment to provide specific goods or services.
- b) Inventory risk borne by Tahsin Group before and after the specific merchandise or service is transferred to the customer.
- c) Tahsin Group has discretion to establish pricing.

4) Lease term

In determining the lease term, Tahsin Group considers all relevant facts and circumstances that give rise to an economic incentive to exercise (or not to exercise) the option, including all expected changes in facts and circumstances from the commencement date to the exercise date of the option. Factors to be considered include the contractual terms and conditions for the period covered by the option, significant leasehold improvements made (or anticipated) during the contract period,

the significance of the underlying assets to Tahsin Group's operations, etc. The lease term is reassessed whenever there are significant events or changes in circumstances within the control of Tahsin Group.

b. Significant accounting related estimates and assumptions

1) Estimated impairment of financial assets

The estimated impairment of accounts receivable is based on Tahsin Group's assumed default rate and expected loss rate. Tahsin Group considers the historical experience, current market conditions, and forward-looking information to make assumptions and select the inputs for impairment assessment. Where the future cash flows are less than expected, a material impairment loss may arise.

2) Fair value measurement and valuation process

When assets and liabilities measured at fair value have no quoted prices in an active market, Tahsin Group determines based on relevant laws and regulations or its judgment whether assets and liabilities are valued externally and determines the appropriate fair value valuation techniques. If it is impossible to obtain the Level 1 input value: the Group determines the input value by referring to the analysis of the financial situation and operation results of the investee, the most recent transaction price, the quotation of the same equity instrument in the non-active market, the quotation of similar instrument in the active market and the evaluation multiplier of comparable companies. If the actual change of the input value is different from the expected one, the fair value may change. The Group regularly updates various inputs based on market conditions to monitor whether fair value measurements are appropriate. For descriptions of fair value evaluation techniques and input values, please refer to Note 12 (3) for details.

3) Impairment assessment of tangible assets and intangible assets

Tahsin Group assesses the impairment of assets based on its subjective judgment and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilized and their industrial characteristics. Any changes in these estimates arising from changes in economic conditions or business strategies could lead to significant impairment losses in the future.

4) Investment loss assessment using the equity method

When there is an indication that an investment accounted for using the equity method may be impaired, Tahsin Group will immediately assess the impairment of the investment. Tahsin Group assesses the recoverable amount based on the discounted value of the expected future cash flows from the investee or the discounted value of

future cash flows arising from expected cash dividends and disposal of the investment, and assesses the reasonableness of underlying assumptions.

5) Realizability of deferred income tax assets

Deferred tax assets are recognized only when it is probable that sufficient taxable profits will be available against which the deductible temporary differences can be utilized in the future. When the realizability of deferred tax assets is assessed, it is necessary to involve significant accounting judgments and estimates of the senior management, including assumptions on future growth in sales revenue and profit margins, tax exemption periods, available tax credits, and tax planning. Any changes in the global economic environment and industrial environment, as well as changes in laws and regulations may result in major adjustments to deferred tax assets.

6) Evaluation of inventories

Because inventories must be valued at the lower of cost and net realizable value, Tahsin Group must use judgments and estimates to determine the net realizable value of inventories on the balance sheet date.

Tahsin Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on the balance sheet date, and writes down the cost of inventories to the net realizable value.

7) The calculation of a net defined benefit liability

When calculating the present value of the defined benefit obligations, Tahsin Group must use judgments and estimates to determine the relevant actuarial assumptions on the balance sheet date, including the discount rate and the future growth rate of salaries. Any changes in actuarial assumptions may lead to significant effects on the amount of Tahsin Group's defined benefit obligations.

8) Lessee's incremental borrowing rate of interest

When determining the lessee's incremental borrowing rate of interest used for lease payment discounting, the reference interest rate is the risk-free interest rate of the same currency and the relevant period, and the estimated lessee credit risk discount and lease specific adjustment (such as asset specific and secured factors) are taken into account.

6. Explanation of Important Accounting items

a. Cash and cash equivalents

Items	December 31, 2020	December 31, 2019
Cash and bank deposits	\$ 351,550	\$ 259,282
Time deposits	2,494,586	241,071
Cash equivalents (short-term commercial papers due within three months)	1,141,291	149,900
Total	<u>\$ 3,987,427</u>	<u>\$ 650,253</u>

- 1) Tahsin Group deals with financial institutions having high credit quality. The Group also deals with various financial institutions in order that credit risks can be diversified. Therefore, the expected risk of default is rather low.
- 2) Tahsin Group's pledge and fixed deposits with original maturity of more than three months and more than one year are transferred to other financial assets - current and other financial assets - non-current, as follows:

Items	December 31, 2020	December 31, 2019
Pledged time deposits	\$ 6,505	\$ 6,497
Time deposit (the original maturities of more than three months)	1,525,817	78,961
Other financial assets - total current	<u>\$ 1,532,322</u>	<u>\$ 85,458</u>
Time deposit (Original maturities of more than one year)	\$ 50,335	-
Other financial assets-total non-current	<u>\$ 50,335</u>	<u>-</u>

b. Financial assets and liabilities at fair value through profit and loss

Items	December 31, 2020	December 31, 2019
<u>Financial assets - current</u>		
Measured at FVTPL		
Derivatives (not designated as hedging)		
Forward Exchange Contract	<u>-</u>	<u>\$ 11</u>

Financial liabilities - current

Measured at FVTPL		
Derivatives (not designated as hedging)		
Forward Exchange Contract	<u>\$ 39</u>	<u>-</u>

- 1) Tahsin Group's forward exchange contracts that have not applied hedging accounting at the balance sheet date and yet to have expired are as follows:

December 31, 2020		Currency	Maturity	Contractual Amount (in Thousand)
Pre-purchase exchange	forward	US Dollar/Japanese Yen	2021.5	USD800/JPY82,988

December 31, 2019		Currency	Maturity	Contractual Amount (in Thousand)
Pre-purchase exchange	forward	US Dollar/Japanese Yen	2020.2	USD50/JPY5,420

The main purpose of Tahsin Group's engagement in derivatives trading is to avoid risks associated with foreign currency assets and liabilities due to exchange rate fluctuations.

- 2) Tahsin Group has not pledged financial assets at fair value through profit or loss
 - 3) Please refer to Note 12 (2) for credit risk management and evaluation method.
- c. Financial assets at fair value through other comprehensive income - current

Items	December 31, 2020	December 31, 2019
Equity instruments		
Stocks listed in TWSE or TPEx	\$ 1,588,940	\$ 976,174
Fund beneficiary certificates	10,061	-
Subtotal	\$ 1,599,001	\$ 976,174
Valuation adjustments	1,480,852	1,397,106
Total	\$ 3,079,853	\$ 2,373,280

- 1) Tahsin Group has chosen to classify the equity investments of domestic listed companies with stable dividends as financial assets measured at FVTOCI, which were valued at NTD3,079,853thousand and NTD2,373,280 thousand respectively for year December 31, 2020 and 2019.
- 2) In the year 2020, Tahsin Group adjusted its investment position to diversify its risk. The derecognition of equity instrument at fair value NTD46,834 thousand, and net realized profits and loss at NTD4,394 thousand were transferred to retained earnings.
- 3) The Group did not pledge financial assets (current) measured at fair value through other comprehensive income as of December 31, 2020 and December 31, 2019.
- 4) Please refer to Note 12 for details of relevant credit risk management and assessment methods.

d. (Net) Notes receivable and notes receivable - (Net) related parties

Items	December 31, 2020	December 31, 2019
Notes receivable		
Occurs due to business	\$ 91,651	\$ 76,645
Less: allowance for losses	(1,054)	(992)
(Net) Notes receivable	<u>\$ 90,597</u>	<u>\$ 75,653</u>

- 1) As of December 31, 2020 and 2019 Tahsin Group has pledged notes receivables of NTD29,372 thousand and NTD26,005 thousand respectively to others. Please refer to Note 8 for details.
- 2) Disclosure of allowance for losses on notes receivable, please refer to the description of accounts receivable below.

e. (Net) Accounts receivable and accounts receivable - (Net) related parties

Items	December 31, 2020	December 31, 2019
<u>Account receivables</u>		
Measured at amortized cost		
Total carrying amount	\$ 319,635	\$ 274,470
Less: allowance for losses	(9,537)	(8,031)
(Net) Accounts receivable	<u>\$ 310,098</u>	<u>\$ 266,439</u>
<u>Trade receivables - related party</u>		
Measured at amortized cost		
Total carrying amount	\$ 15,735	\$ 20,390
Less: allowance for losses	(472)	(612)
(Net) Accounts receivable - related parties	<u>\$ 15,263</u>	<u>\$ 19,778</u>

- 1) Tahsin Group's accounts receivable from the sale of goods met the credit standards based on the industry characteristics, business scale, and profitability of its counterparties, where the average credit period was between 60 and 120 days.
- 2) As of December 31, 2020 and 2019, no accounts receivable were pledged by Tahsin Group.
- 3) In particular, on December 31, 2020 and 2019, the Group has discounted notes receivable of NTD29,372 thousand and NTD26,005 thousand respectively. If payment is dishonored when due, Tahsin Group shall have settlement obligation, but under general conditions, the Group does not expect the debtor to dishonor. The liabilities arising from the discounted notes receivable of Tahsin Group were recognized as short-term borrowings.

- 4) Tahsin Group adopts the simplified approach as stipulated in IFRS 9 and recognizes loss allowances for accounts receivables based on the lifetime expected credit losses. The lifetime expected credit losses took into account the past history of default and the current financial and operating conditions of customers. Due to the historical experience of credit losses of Tahsin Group, there is no significant difference in the loss patterns of different customer groups. Therefore, the provision matrix does not further distinguish the customer base, and only sets the expected credit loss rate based on the overdue days of accounts receivable.

Tahsin Group measures the loss of allowance of notes receivable and receivables (including related persons) according to the preparation matrix as follows:

December 31, 2020	Total Carrying Amount	Loss allowance (lifetime ECLs)	Amortized Cost
Not past due	\$ 409,700	\$ 10,161	\$ 399,539
0 to 30 days overdue	16,442	767	15,675
31 to 180 days overdue	871	131	740
181 to 365 days overdue	8	4	4
More than one year overdue	-	-	-
Total	\$ 427,021	\$ 11,063	\$ 415,958

December 31, 2019	Total Carrying Amount	Loss allowance (lifetime ECLs)	Amortized Cost
Not past due	\$ 354,185	\$8,669	\$ 345,516
0 to 30 days overdue	15,629	781	14,848
31 to 180 days overdue	1,691	185	1,506
181 to 365 days overdue	-	-	-
More than one year overdue	-	-	-
Total	\$ 371,505	\$9,635	\$ 361,870

Tahsin Group's expected credit loss rate for each of the above aging ranges (excluding abnormal accounts, 100% of which shall be presented), not overdue as 0%-3%, 2% - 10% for within 30 days overdue, 10%-15% for within 180 days overdue, and for 100% overdue for more than one year.

- 5) The changes in the allowance loss of notes receivables and accounts receivable (including notes receivables, accounts receivables and other long-term accounts receivables) are as follows:

Items	December 31, 2020	December 31, 2019
Beginning balance	\$ 9,635	\$ 13,829
Add: Provision of impairment loss	2,219	-
Less: Reversal of impairment loss	-	(4,202)
Less: Write-off of unrecoverable accounts	(776)	-
Effect of foreign currency exchange differences	(15)	8
Ending balance	\$ 11,063	\$ 9,635

The amounts shown above did not include other credit enhancements.

- 6) Please refer to Note 12 for details of relevant credit risk management and assessment methods.

f. Inventories and operating cost

Items	December 31, 2020	December 31, 2019
Raw materials	\$ 106,758	\$ 86,524
Materials	38,058	43,553
Work in process	185,728	201,390
Finished goods	288,621	311,895
Subtotal	\$ 619,165	\$ 643,362
Less: loss on pricing allowances	(12,188)	(14,547)
Net amount	\$ 606,977	\$ 628,815

- 1) The inventory gains (losses) recognized as operating costs in the current period are as follows:

Items	December 31, 2020	December 31, 2019
Cost of goods sold	\$ 1,855,790	\$ 2,046,322
Unallocated manufacturing costs	2,387	7,485
Write-downs of inventories and obsolescence loss (gain from price recovery)	(1,128)	(7,270)
Loss on discarding of inventory	-	-
Loss (gain) on physical inventory	37	18
Income from sale of scraps	(5,746)	(11,873)
Total operating costs	\$ 1,851,340	\$ 2,034,682

- 2) In 2020 and 2019, Tahsin Group recognized a loss of write-downs of inventories (gain on recovery) of (NTD1,128 thousand) and (NTD7,270 thousand), respectively, owing to the Group writing down its inventories or depletion of part of the inventories led to a rise in net realizable value of its inventories.

- 3) Tahsin Group did not pledge any inventories as of December 31, 2020 and 2019.

g. Non-current Assets Held for Sale and Liabilities Directly Related to Non-current Assets Held for Sale

On November 12, 2019, the Board of Directors of Tahsin Group had approved and decided to put on the sale of land at Plot No. 90, Huiguo Section, Xitun District, Taichung City, thereby transferring relevant assets and liabilities to "for sale" disposal group. The sale transaction was signed on February 26, 2020 and completed on May 25, 2020 at a sale price of NTD8,375,890 thousand, with estimated gain on disposal value of NTD5,754,207 thousand (the net amount after tax is NTD5,252,869 thousand). The land was revalued before 2012, in accordance to Order No. 1010012865 issued by the FSC issued on

provision for setting aside of special reserve on April 6, 2012, NTD1,941,491 thousand shall be reversed to unappropriated earned surplus.

1) Assets of disposal groups held for sale

Items	December 31, 2020	December 31, 2019
Investment properties	-	\$ 2,597,758

2) Liabilities directly associated with non-current assets held for sale

Items	December 31, 2020	December 31, 2019
Deferred income tax liabilities - Land Value Increment Tax	-	\$ 527,820

h. Financial assets at fair value through other comprehensive income - non-current

Items	December 31, 2020	December 31, 2019
Investments in equity instruments		
Domestically unlisted stocks	\$ 143,599	\$ 143,599
Valuation adjustments	561,749	521,083
Total	<u>\$ 705,348</u>	<u>\$ 664,682</u>

1) Tahsin Group invests in the stocks of the aforementioned domestic OTC companies for medium and long-term strategic purposes and expects to make profits through long-term investment. The management chose to designate these investments to be measured at fair value through other comprehensive income as they believed that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with Tahsin Group's strategy of holding these investments for long-term purposes.

2) As of December 31, 2020 and 2019, Tahsin Group did not pledge any financial assets measured at fair value through other comprehensive income.

3) For relevant credit risk management and evaluation methods, please refer to Note 12.

i. Investments Accounted for Using the Equity Method

Investee	December 31, 2020	December 31, 2019
Affiliates:		
Individually insignificant affiliates	\$ 646,294	\$ 537,581

- 1) The share of the group's individual significant affiliates is summarized as follows:

	December 31, 2020	December 31, 2019
The Group's share of:		
Profit	\$ 59,559	\$ 11,490
Other comprehensive income (net income)	69,905	235,201
Total Comprehensive Income for the Year	<u>\$ 129,464</u>	<u>\$ 246,691</u>

- 2) Tahsin Group's equity investment in Phu My Kim Anh Garment Company Limited of 35% was evaluated by the equity method and the investment was increased to 65% in December, 2019 to 65% with control power. The above-mentioned company was renamed in December, 2019 as Tahhsin Phu My Joint Stock Company, which was subsequently reported in the consolidated financial statements on December 21, 2019.
- 3) The profit or loss and other comprehensive income of investments accounted for using the equity method of Tahsin Group's were calculated based on the financial statements audited by the CPAs, except for Truong Giang Garment Joint-Stock Company. However, the Group's management believed that the unaudited financial statements of the above-mentioned investee company would not lead to significant adjustments.
- 4) The investment of Tahsin Group under equity method in 2020 and December 31, 2019 is not provided for pledge.
- j. Property, plant, and equipment

Items	December 31, 2020	December 31, 2019
Owner-occupied	\$ 1,412,802	\$ 1,398,187
Leased out under operating lease	83,793	83,479
Total	<u>\$ 1,496,595</u>	<u>\$ 1,481,666</u>

- 1) Owner-occupied

Items	December 31, 2020	December 31, 2019
Land	\$ 996,765	\$ 996,586
Buildings	948,458	948,919
Machinery and equipment	443,503	653,597
Transportation equipment	34,508	35,461
Other equipment	117,025	110,248
Construction in progress and equipment to be inspected	10,654	25,413
Total cost	<u>\$ 2,550,913</u>	<u>\$ 2,770,224</u>
less: accumulated depreciation	(1,086,343)	(1,320,325)
Accumulated impairment	(51,768)	(51,712)
Total	<u>\$ 1,412,802</u>	<u>\$ 1,398,187</u>

	Land	Buildings	Machinery and equipment	Transportation equipment	Other equipment	Construction in progress and equipment to be inspected	Total
Cost							
Balance at January 1, 2020	\$ 996,586	\$ 948,919	\$ 653,597	\$ 35,461	\$ 110,248	\$ 25,413	\$ 2,770,224
Purchase	-	2,790	42,934	1,636	14,872	14,678	76,910
Disposal	-	-	(263,448)	(2,354)	(7,310)	-	(273,112)
Reclassification	-	9,981	16,755	-	2,517	(29,253)	-
Effect of foreign currency exchange differences	179	(13,232)	(6,335)	(235)	(3,302)	(184)	(23,109)
Balance at December 31, 2020	\$ 996,765	\$ 948,458	\$ 443,503	\$ 34,508	\$ 117,025	\$ 10,654	\$ 2,550,913

	Land	Buildings	Machinery and equipment	Transportation equipment	Other equipment	Construction in progress and equipment to be inspected	Total
Accumulated depreciation and impairment							
Balance at January 1, 2020	\$ 51,712	\$ 630,316	\$ 567,205	\$ 32,285	\$ 90,519	-	\$ 1,372,037
Depreciation expenses	-	22,185	20,156	926	7,748	-	51,015
Disposal	-	-	(263,108)	(2,347)	(7,219)	-	(272,674)
Reclassification	-	3,597	(3,816)	-	219	-	-
Effect of foreign currency exchange differences	56	(5,768)	(3,697)	(242)	(2,616)	-	(12,267)
Balance at December 31, 2020	\$ 51,768	\$ 650,330	\$ 316,740	\$ 30,622	\$ 88,651	-	\$ 1,138,111

	Land	Buildings	Machinery and equipment	Transportation equipment	Other equipment	Construction in progress and equipment to be inspected	Total
Cost							
Balance at January 1, 2019	\$ 1,166,939	\$ 912,655	\$ 696,557	\$ 41,215	\$ 187,757	\$ 32,433	\$ 3,037,556
Purchase	-	12,825	12,090	1,057	8,134	49,607	83,713
Disposal	(94,844)	(4,060)	(76,786)	(6,348)	(85,037)	-	(267,075)
Acquisition through business combinations	-	-	26,445	-	-	-	26,445
Transferred to "investment properties"	(74,193)	(16,943)	-	-	-	-	(91,136)
Reclassification	-	55,721	183	-	930	(56,834)	-
Effect of foreign currency exchange differences	(1,316)	(11,279)	(4,892)	(463)	(1,536)	207	(19,279)
Balance at December 31, 2019	\$ 996,586	\$ 948,919	\$ 653,597	\$ 35,461	\$ 110,248	\$ 25,413	\$ 2,770,224
Accumulated depreciation and impairment							
Balance at January 1, 2019	\$ 52,124	\$ 637,318	\$ 624,594	\$ 37,898	\$ 168,439	-	\$ 1,520,373
Depreciation expenses	-	20,728	15,261	952	9,052	-	45,993
Disposal	-	(4,060)	(71,042)	(6,164)	(70,283)	-	(151,549)
Acquisition through business combinations	-	-	6,443	-	-	-	6,443
Transferred to "investment properties"	-	(16,934)	-	-	-	-	(16,934)
Recognized (reversed) impairment loss	-	-	(4,253)	-	(15,380)	-	(19,633)
Effect of foreign currency exchange differences	(412)	(6,736)	(3,798)	(401)	(1,309)	-	(12,656)
Balance at December 31, 2019	\$ 51,712	\$ 630,316	\$ 567,205	\$ 32,285	\$ 90,519	-	\$ 1,372,037

- a) Capitalization amount and interest rate range of borrowing costs for properties, plants and equipment:

	December 31, 2020	December 31, 2019
Amount capitalized	-	-
Interest rate collars	-	-

- b) For information on guarantees provided by owner-occupied property, plant and equipment, please refer to Note 8.
- c) In July, 2017, as Tahsin Group passed a resolution to temporarily suspend the operations of Taiwan's Tahsin coating plant, resulting in the reduction of future economic benefit of equipment and machinery for production of coating and laminating products. The recoverable value is lesser than carrying value and as the said machinery and equipment were partially disposed of in 2019, the profit and loss of sale of the said equipment was recorded in the 2019 consolidated statements of comprehensive income as other profits and losses. The cumulative reversal of impairment was NTD19,633 thousand. As of December 31, 2020, properties, plants and equipment showed no signs of impairment, hence impairment assessment was not performed.

Tahsin Group determines the recoverable amount of equipment at fair value less costs of disposal. The fair value belongs to Level 3 in the fair value hierarchy by reference to the possible selling price of the market transaction status and the status of the equipment.

2) Operating lease

Items	December 31, 2020	December 31, 2019
Land	\$ 80,936	\$ 80,936
Buildings	52,268	51,909
Machinery and equipment	1,233	1,940
Other equipment	341	78
Total cost	\$ 134,778	\$ 134,863
less: accumulated depreciation	(50,985)	(51,384)
Accumulated impairment	-	-
Total	\$ 83,793	\$ 83,479

	Land	Buildings	Machinery and equipment	Other equipment	Total
Cost					
Balance at January 1, 2020	\$ 80,936	\$ 51,909	\$ 1,940	\$ 78	\$ 134,863
Purchase	-	-	211	341	552
Disposal	-	-	(918)	(78)	(996)
Effect of foreign currency exchange differences	-	359	-	-	359
Balance at December 31, 2020	\$ 80,936	\$ 52,268	\$ 1,233	\$ 341	\$ 134,778
Accumulated depreciation and impairment					
Balance at January 1, 2020	-	\$ 49,668	\$ 1,651	\$ 65	\$ 51,384
Depreciation expenses	-	37	173	51	261
Disposal	-	-	(905)	(77)	(982)
Effect of foreign currency exchange differences	-	322	-	-	322
Balance at December 31, 2020	-	\$ 50,027	\$ 919	\$ 39	\$ 50,985

	Land	Buildings	Machinery and equipment	Other equipment	Total
Cost					
Balance at January 1, 2019	\$ 173,072	\$ 52,741	\$ 1,994	\$ 78	\$ 227,885
Purchase	-	-	53	-	53
Disposal	-	-	(107)	-	(107)
Transferred to "investment properties"	(92,136)	-	-	-	(92,136)
Effect of foreign currency exchange differences	-	(832)	-	-	(832)
Balance at December 31, 2019	\$ 80,936	\$ 51,909	\$ 1,940	\$ 78	\$ 134,863
Accumulated depreciation and impairment					
Balance at January 1, 2019	-	\$ 50,330	\$ 1,544	\$ 50	\$ 51,924
Depreciation expenses	-	86	212	15	313
Disposal	-	-	(105)	-	(105)
Effect of foreign currency exchange differences	-	(748)	-	-	(748)
Balance at December 31, 2019	-	\$ 49,668	\$ 1,651	\$ 65	\$ 51,384

- a) Tahsin Group leases part of lands, plants and offices, and other assets under operating lease with lease terms of 1-10 years. The lessee does not have a bargain purchase option to acquire the asset at the expiration of the lease periods.
- b) The total amount of lease payments that will be collected in the future for operating leases of owner-occupied property, plant and equipment is as follows:

	December 31, 2020	December 31, 2019
Year 1	\$ 10,827	\$ 9,723
Year 2	9,774	3,288
Year 3	3,959	3,476
Year 4	3,960	3,894
Year 5	3,960	3,895
Over 5 years	6,286	10,077
Total	<u>\$ 38,766</u>	<u>\$ 34,353</u>

- c) Tahsin Group did not pledge real estate, plant and equipment leased under operating leases for others on December 31, 2020 and 2019.
- 3) The adjustments to the acquisition of properties, plants and equipment listed in the statements of cash flows are as follows:

Items	December 31, 2020	December 31, 2019
Increased amount of property, plant and equipment	\$ 77,462	\$ 83,766
Increase or decrease in equipment payment	4,006	(4,451)
Cash paid for acquisition of property, plant, and equipment	<u>\$ 81,468</u>	<u>\$ 79,315</u>

k. Tenancy agreement

1) Right-of-use assets

Items	December 31, 2020	December 31, 2019
Land	\$ 78,272	\$ 79,888
Buildings	12,466	12,891
Total cost	\$ 90,738	\$ 92,779
less: accumulated depreciation	(10,129)	(5,492)
Accumulated impairment	-	-
Net amount	<u>\$ 80,609</u>	<u>\$ 87,287</u>

Cost	Land	Buildings	Total
Balance at January 1, 2020	\$ 79,888	\$ 12,891	\$ 92,779
Increase in this period	-	404	404
Decrease in this period	-	(692)	(692)
Reclassification	(43)	-	(43)
Effect of foreign currency exchange differences	(1,573)	(137)	(1,710)
Balance at December 31, 2020	\$ 78,272	\$ 12,466	\$ 90,738
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2020	\$ 2,521	\$ 2,971	\$ 5,492
Depreciation expenses	2,493	3,017	5,510
Recognized (reversed) impairment loss	-	(692)	(692)
Effect of foreign currency exchange differences	(97)	(84)	(181)
Balance at December 31, 2020	\$ 4,917	\$ 5,212	\$ 10,129

Cost	Land	Buildings	Total
Balance at January 1, 2019	-	-	-
Adjustments to first applying IFRS 16	\$ 80,940	\$ 12,874	\$ 93,814
Increase in this period	1,417	152	1,569
Decrease in this period	-	-	-
Effect of foreign currency exchange differences	(2,469)	(135)	(2,604)
Balance at December 31, 2019	\$ 79,888	\$ 12,891	\$ 92,779
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2019	-	-	-
Depreciation expenses	\$ 2,606	\$ 3,037	\$ 5,643
Recognized (reversed) impairment loss	-	-	-
Effect of foreign currency exchange differences	(85)	(66)	(151)
Balance at December 31, 2019	\$ 2,521	\$ 2,971	\$ 5,492

2) Lease liabilities

Items	December 31, 2020	December 31, 2019
Carrying amount of lease liabilities		
Current	\$ 3,035	\$ 2,927
Non-current	\$12,948	\$16,338

The discount rate ranges for lease liabilities are as follows:

Items	December 31, 2020	December 31, 2019
Land	1%	1%
Buildings	1% - 5%	1% - 5%

Information on lease liability maturity analysis is as follows:

	December 31, 2020	December 31, 2019
Less than one year	\$ 3,271	\$ 3,291
1-5 year(s)	5,702	7,975
5-10 years	1,589	2,177
10-15 years	1,828	1,869
15-20 years	2,102	2,150
20 years or more	3,122	3,770
Total undiscounted lease payments	\$ 17,614	\$ 21,232

3) Important lease activities and terms

Tahsin Group leases a number of land and buildings as plant and sites of business operations for a lease period of 2-50 years, with some contracts attached with the right to renew the lease at the end of the lease period, and some contracts with rent payments to be increased every 5 years. In accordance with the contracts, the Group may not sublet the leased asset to others without the consent of the lessor.

As of December 31, 2020 and 2019, the right-of-use assets showed no signs of impairment. Hence, no impairment assessment was carried out.

4) Sublease:

Tahsin Group subleases the right to use the land in Putian of Fujian Province to other companies in the form of an operating lease, and the above-mentioned right-of-use assets do not meet the definition of investment properties. The income from the sublease of the right-of-use assets in 2020 and 2019 were NTD1,489 thousand and NTD1,578 thousand, respectively.

The total amount of lease payments that Tahsin Group will receive in the future for sublease of right-of-use assets under operating leases is as follows:

	December 31, 2020	December 31, 2019
Year 1	\$ 1,563	\$ 1,497
Year 2	1,592	1,538
Year 3	1,499	1,566
Year 4	1,467	1,474
Year 5	1,467	1,443
More than 5 years	8,314	9,620
Total	<u>\$ 15,902</u>	<u>\$ 17,138</u>

5) Other lease information

- a) Please refer to Note 6 (10) "Property, plant and equipment" and Note 6 (12) "Investment properties" for the agreement on the lease of Tahsin Group's own property, plant and equipment and investment property under operating leases.
- b) In 2020 and 2019, Tahsin Group decided to apply recognition exemption to short-term lease and low value asset lease, and not recognize related right-of-use assets and lease liabilities for the said leases.
- c) The information on lease-related expenses of Tahsin Group in 2020 and 2019 is as follows:

Items	December 31, 2020	December 31, 2019
Expenses relating to short-term leases	\$ 646	\$ 1,155
Expenses relating to low-value asset lease	\$ 124	\$ 94
Variable lease payments not included in lease liability measurement	\$ -	\$ -
Total cash flows on lease	<u>\$ 3,926</u>	<u>\$ 4,680</u>

1. Investment Properties

Items	December 31, 2020	December 31, 2019
Land	\$ 271,832	\$ 271,832
Buildings	22,348	22,348
Total cost	\$ 294,180	\$ 294,180
less: accumulated depreciation	(22,284)	(22,250)
Accumulated impairment	-	-
Total	<u>\$ 271,896</u>	<u>\$ 271,930</u>

- 1) The changes in the costs, accumulated depreciation and impairments of investment property are as follows:

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2020	\$ 271,832	\$ 22,348	\$ 294,180
Balance at December 31, 2020	\$ 271,832	\$ 22,348	\$ 294,180
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2020	-	\$ 22,250	\$ 22,250
Depreciation expenses	-	34	34
Balance at December 31, 2020	-	\$ 22,284	\$ 22,284

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2019	\$ 2,707,125	\$ 5,405	\$ 2,712,530
Purchase	-	-	-
Disposal	(3,864)	-	(3,864)
Reclassified as non-current assets held for sale	(2,597,758)	-	(2,597,758)
From property, plant and equipment	166,329	16,943	183,272
Balance at December 31, 2019	\$271,832	\$ 22,348	\$294,180
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2019	-	\$ 5,228	\$ 5,228
Depreciation expenses	-	88	88
Disposal	-	-	-
From property, plant and equipment	-	16,934	16,934
Balance at December 31, 2019	-	\$ 22,250	\$ 22,250

2) Rental revenue and direct operating expenses of investment property:

Items	December 31, 2020	December 31, 2019
Rental income from investment property	\$12,719	\$20,367
Direct operating expenses incurred from investment properties that generate current rental income (Note) that generates rental income in the current period	\$ 1,119	\$38,884
Direct operating expense from investment property that do not generate rental income in the current period	-	-

Note: The rental income from property, plant, and equipment in 2019 was NTD4,415 thousand, direct operating expenses incurred was NTD458 thousand. As of December 31, 2019, the rental income from non-current assets transferred to "for sale" classification was NTD11,400 thousand, and direct operating expenses incurred was NTD36,622 thousand.

- 3) The lease term of investment property is 2-5 years. The lessee does not have a bargain purchase option to acquire the asset at the expiration of the lease periods.
- 4) In addition to the fixed lease payment, some lease contracts also stipulate that the lessee shall pay the pre agreed percentage of the variable lease payment according to his monthly turnover exceeding the specified amount (The contract was early terminated in February 2020)
- 5) The total amount of lease payments that to be collected in the future for investment property by operating leases is as follows:

	December 31, 2020	December 31, 2019
Year 1	\$ 8,082	\$ 12,257
Year 2	5,433	7,579
Year 3	-	5,055
Year 4	-	-
Year 5	-	-
More than 5 years	-	-
Total	\$ 13,515	\$ 24,891

- 6) Depreciation of investment property-housing and construction on a straight-line basis in 10 to 20 years.
- 7) The fair value of the investment property held by Tahsin Group as at December 31, 2020 and 2019 was NTD1,168,913 thousand as estimated from the transaction prices

of land or buildings located in the adjacent areas inquired by the "Registering the Actual Selling Price of Real Estate" of Department of Land Administration, Ministry of the Interior.

- 8) The Company did not provide investment properties as collateral for others as of December 31, 2020 and 2019.

m. Short-term loans

Nature of borrowing	December 31, 2020	
	Amount	Interest Rate
Credit loan	\$ 69,075	0.95%
Mortgage loan	145,055	0.48% to 2.5%
Total	<u>\$ 214,130</u>	

Nature of borrowing	December 31, 2019	
	Amount	Interest Rate
Credit loan	\$ 146,000	0.93% - 1.05%
Mortgage loan	158,349	0.44% - 2.3%
Total	<u>\$ 304,349</u>	

For short-term borrowings, the Tahsin Group pledged part of properties and plants as collateral. Please refer to Note 8 for details.

n. Short-term notes payable

Items	December 31, 2020	December 31, 2019
Commercial paper payable	-	\$ 40,000
less: unamortized discount	-	(12)
Net amount	<u>-</u>	<u>\$ 39,988</u>
Range of interest rates	-	0.938%

The Group has no short-term notes payable pledged to others.

o. Provisions - Current

Items	December 31, 2020	December 31, 2019
Beginning balance	\$ 9,467	\$ 9,467
Current additional provisions recognized	6,572	6,904
Current reductions arising from payments	(6,572)	(6,904)
Ending balance	<u>\$ 9,467</u>	<u>\$ 9,467</u>

Provisions were calculated by estimating compensation for employees' accumulated leaves that could occur based on the historical experience, judgments of the senior management, and other known reasons.

p. Long-term loans and long-term liabilities due within one year or one business cycle

Items	Maturity date	December 31, 2020	December 31, 2019	Repayment term
Subsidiaries:				
Osaka Higashi Shinkin Bank, Japan	2021.7	\$2,266	\$6,126	2
Total		\$2,266	\$6,126	
Less: Due within one year		(2,266)	(3,862)	
Long-term loans		-	\$2,264	
Range of interest rates		1.50%	1.50%	

1) Tahsin Group pledged some of its property, plant, and bank deposits as collateral. For more details, refer to Note 8.

2) Repayment methods are as follows:

The total amount of original loan amount was JPY70,000 thousand with a monthly principal payment of JPY1,166 thousand.

q. Pension

1) Defined contribution plans

- a) Tahsin Group and its subsidiaries adopt a pension plan under the "Labor Pension Act," which is a state-managed defined contribution plan. According to the Labor Pension Act, the Company makes monthly contributions 6% of their monthly salaries to employees' individual pension accounts in the Bureau of Labor Insurance. The overseas subsidiaries have participated in the defined allocation scheme handled by the local government, and the pension is allocated to the local government on a monthly basis.
- b) Contributions based on the percentage stipulated in the defined contribution pension plans of the Group and recognized as expenses in the consolidated statements of comprehensive income were NTD6,027 thousand and NTD8,029 thousand for the years ended December 31, 2020 and 2019, respectively.

2) Defined benefit plans

- a) The pension system adopted by Tahsin Group under the "Labor Standards Act" is a state-managed defined pension plan. The payment of the employee's pension is based on the period of service and the average salary of 6 months before the approved retirement date. These companies allocate 9% of their total monthly salary to employee retirement funds to a retirement fund that is deposited in Bank

of Taiwan under the name of The Supervisory Committee of Workers' Retirement Fund. Before the end of year, if the balance at the retirement fund is not sufficient to pay employees who will meet the retirement criteria next year, a lump-sum deposit for the shortfall should be made once before the end of March of the following year. However, as the Company considers using its working capital for its operations, the Company plans to make up the difference totaling NTD300 million in two installments every year over five years (between 2016 and 2020). The Company has submitted the full-installment contribution plan to the Labor Affairs Bureau which has acknowledged receipt of the plan in May 2016. The Bureau of Labor Funds, Ministry of Labor administers the account. The Company has no right over its investment and administration strategies.

- b) The amounts recognized in the Tahsin Group's balance sheet for obligations from defined benefit plans are as follows:

Items	December 31, 2020	December 31, 2019
Present value of defined benefit obligations	\$(281,040)	\$(286,327)
Fair value of plan assets	273,120	236,082
Net Defined Benefit (Liabilities) Assets	\$ (7,920)	\$ (50,245)

- c) Changes in net defined benefit liabilities are as follows:

Items	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Balance as of January 1, 2020	\$ (286,327)	\$ 236,082	\$ (50,245)
Service costs			
Current Service costs	(3,088)	-	(3,088)
Previous service cost	(140)	-	(140)
Interest expenses (income)	(2,119)	1,915	(204)
Recognized in profit or loss	(5,347)	1,915	(3,432)
Remeasurements			
Return on planned assets (excluding the amounts included in net interest)	-	6,169	6,169
Actuarial (profits) losses -			
Changes in demographic assumptions	-	-	-
Changes in financial assumptions	(7,103)	-	(7,103)
Experience adjustments	(2,179)	-	(2,179)
Recognized in other comprehensive income	(9,282)	6,169	(3,113)
Employer provision	-	45,687	45,687
Welfare payment amount	19,916	(16,733)	3,183
Balance as of December 31, 2020	\$ (281,040)	\$ 273,120	\$ (7,920)

Items	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Balance as of January 1, 2019	\$ (271,220)	\$ 163,813	\$ (107,407)
Service costs			
Current Service costs	(3,349)	-	(3,349)
Interest expenses (income)	(3,029)	2,276	(753)
Recognized in profit or loss	(6,378)	2,276	(4,102)
Remeasurements			
Return on planned assets (excluding the amounts included in net interest)	-	3,766	3,766
Actuarial (profits) losses -			
Changes in demographic assumptions	(6)	-	(6)
Changes in financial assumptions	(10,856)	-	(10,856)
Experience adjustments	(17,531)	-	(17,531)
Recognized in other comprehensive income	(28,393)	3,766	(24,627)
Employer provision	-	80,891	80,891
Welfare payment amount	19,664	(14,664)	5,000
Balance as of December 31, 2019	\$ (286,327)	\$ 236,082	\$ (50,245)

d) The Tahsin Group is exposed to the following risks due to the implementation of the pension system under the Labor Standards Act:

i. Investment Risks

Investment risks: The Bureau of Labor Funds, Ministry of Labor invests the labor pension fund in equity securities, debt securities, and bank deposits in domestic (foreign) banks through independent implementation and commissioned operations. However, the allocated amount of planned assets of the Group is not lower than interest calculated from the local bank's 2-year fixed deposit interest rate.

ii. Interest rate risk

The decline in the interest rate of government bonds will increase the present value of defined welfare obligations, and at the same time, the debt investment return of the planned assets will also increase accordingly. Both of which will partially offset the impact of the net defined welfare liabilities.

iii. Salary risk

The calculation basis for determining the present value of the benefit obligation is to refer to the future salaries of the project members. Therefore, the salary increase of plan members will increase the present value of the defined benefit obligation.

- e) The present value of the determined benefit obligation formulated by Tahsin Group is calculated by certified actuaries. The principal assumptions adopted on the valuation date are as follows:

Items	Valuation date	
	December 31, 2020	December 31, 2019
Discount rate	0.50%	0.75%
Rate of future salary increase	1.50%	1.50%
Average duration of defined benefit obligations	10.4 years	10.8 years

- i. Future Mortality Rate is estimated based on the 2012 Taiwan Standard Ordinary Experience Mortality Table.
- ii. If the major actuarial assumptions are subject to reasonably possible changes with other assumptions unchanged, the present value of defined benefit obligations will increase (decrease) as follows:

Items	December 31, 2020	December 31, 2019
Discount rate	0.75%	0.75%
Increase 0.25%	\$(7,130)	\$(7,305)
Decrease 0.25%	\$ 7,366	\$ 7,585
Rate of future salary increase	1.50%	1.50%
Increase 0.25%	\$ 7,163	\$ 7,391
Decrease 0.25%	\$(6,943)	\$(7,156)

As actuarial assumptions may be related to one another, the likelihood of fluctuation in a single assumption is not high. Therefore, the aforementioned sensitivity analysis may not reflect the actual fluctuations of the present value of defined benefit obligations.

- f) Tahsin Group expects to make contributions of NTD6,000 thousand to the pension plans in the year ended December 31, 2021.

r. Capital Shares

- 1) The reconciliation of the Company's outstanding number of common stocks and its amounts at beginning and end of period is as follows:

Items	December 31, 2020	
	Number of Shares (Thousands)	Amount
Balance at January 1	198,000	\$ 1,980,000
Capital reduction	(59,400)	(594,000)
Balance at December 31	138,600	\$ 1,386,000

Items	December 31, 2019	
	Number of Shares (Thousands)	Amount
Balance at January 1	198,000	\$ 1,980,000
Balance at December 31	198,000	\$ 1,980,000

- 2) As of December 31, 2020 and 2019, the Company had a nominal capital of NTD2,415,227 thousand, which is divided into 241,523 thousand shares (NTD10 per share). The paid-in capital was NTD1,386,000 thousand and NTD1,980,000 thousand, respectively. The actual number of shares issued was 138,600 thousand shares and 198,000 thousand shares, respectively.
- 3) The Company's Board of Directors decided on June 5, 2020, in order to adjust the capital structure, enhance the return of shareholders' equity and profit per share, and proposed to return NTD594,000 thousand of capital shares, eliminate 59,400 thousand shares, and reduce the capital ratio by 30%. The application was approved with Order No. 1090350493 issued by the FSC on August 4, 2020; On August 12, 2020, the Board of Directors set the base date of cash reduction to be August 19, 2020. The registration of capital reduction was completed at the Ministry of Economic Affairs on August 26, 2020. The payment date of cash distribution for the capital reduction is October 29, 2020.

s. Capital surplus

Items	December 31, 2020	December 31, 2019
Treasury share transactions	\$ 148,648	\$ 102,614
Difference between the price received from acquisition or disposal of interest in subsidiaries and book value	2,113	2,113
Value of the acquired or disposed shares of subsidiaries		
Others (return of overdue unclaimed dividends)	1,021	702
Total	\$ 151,782	\$ 105,429

t. Retained earnings and dividend policy

- 1) The surplus distribution policy stipulated in the original articles of association stipulates that if there is profit in its general final account, the Company shall first pay all taxes and dues and cover accumulated losses, and then set aside 10% of such profits as a legal reserve. However, where such legal reserve amounts to the total amount of capital stock, this provision shall not apply. In addition, special surplus reserve shall be allocated or reversed in accordance with laws and regulations or regulations of the competent authority. If there is any surplus, the balance shall be

added to the accumulated undistributed surplus. The Board of Directors shall prepare a distribution motion, to be submitted to the shareholders' meeting for resolution before issuance of new shares.

After the shareholders' meeting on June 5, 2020, it was revised as follows: The Company's surplus distribution or loss allowance can be made after the end of each semi-financial year, if there is any surplus in the semi-financial year's final accounts, the Company shall first pay all taxes and dues and cover accumulated losses, and then set aside 10% of such profits as a legal reserve. However, where such legal reserve amounts to the total amount of capital stock, this provision shall not apply. As stipulated by law or regulations or competent authority, the remaining balance shall then be appropriated for provisions or special reserve reversed. If there are still surplus and/or accumulated undistributed earnings, the Board of Directors shall submit an allocation proposal, and where new shares are issued, resolution at the shareholders' meeting shall be adopted before allocation.

Pursuant to Paragraph 5 of Article 240 of the Company Act, the company may authorize the distributable dividends and bonuses or in whole or in part legal reserve and capital reserve as provided in Paragraph 1 of Article 241 of the Company Act may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

The Company has too diverse products to be divided by the stages of growth. With steady profitability and sound financial structure, the Company is able to distribute dividends and bonuses in cash at a ratio of 20% to 100% in principle. However, when there is any important investment, the company may reallocate all dividends and bonuses for a capital increase.

- 2) The statutory surplus reserve shall not be used except for the loss of the Company and the issuance of new shares or cash in proportion to the original share of the shareholders. However, if new shares or cash is issued, it shall be limited to the surplus exceeding 25% of the paid-in capital.
- 3) Appropriated retained earnings
 - a) The Company may allocate earnings only after providing special reserve for debt balance under other equity on the balance sheet date, and the reversal of debit balance under other equity, if any, may be stated as distributable earnings.
 - b) When initial application of IFRSs in accordance with Order No. 1010012865 issued by the FSC dated April 6, 2012 shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts

are reversed upon disposal or reclassified, the proportion of the original special reserve may be converted into distributable retained earnings. In May, 2020 and June 2019, due to the disposal of land revalued before the year 2012, NTD1,941,491 thousand and NTD66,543 thousand were transferred from special reserves to retained earnings.

- 4) The Company's resolutions on earnings distribution and dividend per share for the years of 2019 and 2018 approved by the shareholders' meeting on June 5, 2020 and June 14, 2019 are as follows:

Items	Profit distribution plan		Dividends per Share (NTD)	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Legal reserve	\$ 73,817	\$ 22,947		
Ordinary cash dividends	722,700	237,600	3.65	1.20

- 5) The appropriations of earnings and dividends per share for earnings distribution for the first half of the year of 2020 had been proposed by the Board of Directors on November 11, 2020, and they are as follows:

Items	Profit distribution plan	Dividends per Share (NTD)
	The first half of 2020	The first half of 2020
Ordinary cash dividends	\$ 554,400	4.00

- 6) The appropriations of earnings and dividends per share for the second half of 2020 had been proposed by the Company's Board of Directors on March 22, 2021, and they are as follows:

Items	December 31, 2020	Dividends per Share (NTD)
Legal reserve	\$ 737,203	
Ordinary cash dividends	554,400	4.00

- 7) Information on employee compensation resolved by the Board meetings is available on the "Market Observation Post System" of the Taiwan Stock Exchange Corporation.

u. Other equities

Items	Exchange differences on translating the financial statements of foreign operations	Unrealized valuation (losses) gains from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2020	\$ (70,282)	\$2,278,210	\$ 2,207,928
Exchange differences on translation of financial statements of foreign operations	(13,694)	-	(13,694)
Unrealized valuation profit or loss on investments in equity instruments at fair value through other comprehensive income	-	128,805	128,805
The shares of affiliates and joint ventures are recognized by the equity method	-	69,905	69,905
Disposals of investments in equity instruments designated at fair value through other comprehensive income		(4,394)	(4,394)
Balance at December 31, 2020	\$ (83,976)	\$2,472,526	\$ 2,388,550

Items	Exchange differences on translating the financial statements of foreign operations	Unrealized valuation (losses) gains from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2019	\$ (56,561)	\$2,047,959	\$ 1,991,398
Exchange differences on translation of financial statements of foreign operations	(13,721)	-	(13,721)
Unrealized valuation profit or loss on investments in equity instruments at fair value through other comprehensive income	-	(4,950)	(4,950)
The shares of affiliates and joint ventures are recognized by the equity method	-	235,201	235,201
Balance at December 31, 2019	\$ (70,282)	\$2,278,210	\$ 2,207,928

v. Treasury shares

December 31, 2020

Subsidiary Name	Number of shares at the beginning of the period	Net increase (decrease)	Unit: Thousand shares
			Number of shares at the end of the period
Tah Fa Investment Co., Ltd.	7,137	(2,141)	4,996

December 31, 2019

Subsidiary Name	Number of shares at the beginning of the period	Net increase (decrease)	Unit: Thousand shares
			Number of shares at the end of the period
Tah Fa Investment Co., Ltd.	7,137	-	7,137

Investments in the Company's shares held by its subsidiaries are regarded as treasury stock, where these subsidiaries can still receive dividends from the Company but are not able to exercise their voting rights. As of December 31, 2020 and December 31, 2019, the Company's investment company, Tah Fa Investment Co., Ltd., held 4,996 thousand shares and 7,137 thousand shares issued by the Company, respectively, with a total cost of NTD97,469 thousand and NTD118,879 thousand, respectively. The investment company continued to hold its shares due to a stable share price, where its market price per share was NTD72.20 and NTD47.35 as of December 31, 2020 and December 31, 2019, respectively.

w. Non-controlling Interests

Items	December 31, 2020	December 31, 2019
Beginning balance	\$ 21,927	\$ 11,532
Share attributable to non-controlling interests:		
Net profit/(loss) for the year	951	1,890
Other comprehensive income/(loss) for the year	(180)	(500)
Increase (decrease) in non-controlling interest	2,270	9,005
Total	<u>\$ 24,968</u>	<u>\$ 21,927</u>

x. Operating revenue

Items	December 31, 2020	December 31, 2019
Revenue from customer contracts		
Sales revenue	\$ 2,188,389	\$ 2,439,948
Less: Sales return and allowance	(7,846)	(8,099)
(Net) Revenue from Contracts with Customers	\$ 2,180,543	\$ 2,431,849
Investment income	42,133	8,750
Processing income	10,864	-
Total	<u>\$ 2,233,540</u>	<u>\$ 2,440,599</u>

1) Description of customer contract

Tahsin Group produces plastic products for the midstream and downstream of the plastics industry. Applied to daily supplies, the main products include raincoats, garments, PP corrugated boards, and binding machines, and laminators. In terms of export, materials of rainwear and garments are prepared in Taiwan for production overseas; in terms of domestic sales, rainwear and garments, including workwear, are sold by distributors. Tahsin Group's products are sold at fixed prices according to the contractual terms.

2) Customer contract revenue breakdown

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following operating segments:

Product Category	December 31, 2020	December 31, 2019
Raincoat	\$ 958,902	\$ 1,104,707
Garment	512,973	592,893
Binding machine	120,278	167,292
PP corrugated board	317,336	290,149
Other	324,051	285,558
Total	<u>\$ 2,233,540</u>	<u>\$ 2,440,599</u>

Region	December 31, 2020	December 31, 2019
Taiwan	\$ 423,151	\$ 424,593
America	283,647	522,447
Europe	641,551	614,817
Japan	646,701	573,171
Others	238,490	305,571
Total	<u>\$ 2,233,540</u>	<u>\$ 2,440,599</u>

3) Contract balance

The Group's accounts receivable and contract liabilities relating to contract revenue are as follows:

Items	December 31, 2020	December 31, 2019
Notes receivable and payments	\$ 427,021	\$ 371,505
Less: allowance for losses	(11,063)	(9,635)
Total	<u>\$ 415,958</u>	<u>\$ 361,870</u>
Contract liabilities - current (recognized in other current liabilities - others)	<u>\$ 7,889</u>	<u>\$ 8,016</u>

a) Significant changes in contract assets and liabilities

The changes in contract assets and contract liabilities mainly arise from the difference between the time of fulfilling the obligations and the time of customer payment, and there are no other significant changes.

- b) The amount of contract liabilities from the beginning of the year that are recognized in operating revenue in 2020 and 2019 were NTD8,016 thousand and NTD7,345 thousand respectively.

4) Unfulfilled customer contracts

As of December 31, 2020 and 2019, the Group expected that the lifetime of unfulfilled contracts with customers relating to the sale of products or service was within one year and that such contracts would be fulfilled within one year and recognized as revenue.

y. Employee benefits, depreciation and amortization expenses

Category	December 31, 2020		Total
	Classified as operating costs	Classified as operating expenses	
Employee benefits expense			
Salary expenses	\$ 296,257	\$ 176,495	\$ 472,752
Labor and health insurance	19,697	11,067	30,764
Pension expenses	4,120	7,021	11,141
Other employee benefits	15,141	14,408	29,549
	<u>\$ 335,215</u>	<u>\$ 208,991</u>	<u>\$ 544,206</u>
Depreciation expenses	<u>\$ 41,168</u>	<u>\$ 15,652</u>	<u>\$ 56,820</u>
Amortization expense	<u>-</u>	<u>-</u>	<u>-</u>

Category	December 31, 2019		Total
	Classified as operating costs	Classified as operating expenses	
Employee benefits expense			
Salary expenses	\$ 299,445	\$ 184,127	\$ 483,572
Labor and health insurance	19,388	11,315	30,703
Pension expenses	5,982	7,653	13,635
Other employee benefits	15,556	15,765	31,321
	<u>\$ 340,371</u>	<u>\$ 218,860</u>	<u>\$ 559,231</u>
Depreciation expenses	<u>\$ 35,552</u>	<u>\$ 16,485</u>	<u>\$ 52,037</u>
Amortization expense	<u>-</u>	<u>-</u>	<u>-</u>

- 1) If the Company records an annual profit, no less than 0.5% of its pre-tax income before deducting employees' compensation and directors' and supervisors' compensation shall be distributed as employee remuneration, whereas no more than 0.5% of it shall be distributed as directors' and supervisors' compensation. However, when the Company has accumulated losses, the amount to cover the losses should be reserved in advance. The resolution on the compensation of the employees and the remuneration of directors and supervisors in the preceding paragraph shall be approved and adopted by a special resolution of the board of directors and submitted to the shareholders' meeting. The abovementioned employee remuneration shall be distributed in the form of shares or cash. The qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements are entitled to receive shares or cash. The board of directors is authorized to set the conditions.
- 2) Compensation to employees and remuneration to directors and supervisors for the years of 2020 and 2019 were resolved and approved by the Board of Directors on March 22, 2021 and March 16, 2020. Relevant amounts recognized in the financial statement are as follows:

	December 31, 2020		December 31, 2019	
	Employee Compensation	Remuneration of directors	Employee Compensation	Remuneration of directors
Approved amount of distribution	\$30,000	29,900	\$3,650	3,640
Amounts recognized in the annual financial statements	30,000	29,900	3,650	3,640
Differences	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

- a) The employee remunerations listed above are all paid in cash.
 - b) If there are changes made to the amount after the annual financial statements are published, the changes shall be handled as changes in accounting estimates and recognized in the next year's financial statements.
- 3) For information on the Company's remunerations for employee and Directors as resolved by the Board of Directors, please visit the "Market Observation Post System" of Taiwan Stock Exchange.

z. Interest income

Items	December 31, 2020	December 31, 2019
Interest income		
Interest on bank deposits	\$ 21,418	\$ 12,105
Other interest income (overdue interest)	51	-
Total	<u>\$ 21,469</u>	<u>\$ 12,105</u>

aa. Other income

Items	December 31, 2020	December 31, 2019
Rental income		
Investment properties		
Not depending to index or rate changes and contingent rent	\$ 15,526	\$ 20,367
Rent		
Other operating leases		
Not depending to index or rate changes and contingent rent	12,232	12,462
Rent		
Other rent	219	230
Total rental income	<u>27,977</u>	<u>33,059</u>
Dividend income	109,477	228,000
Other income	30,924	12,320
Total	<u>\$ 168,378</u>	<u>\$ 273,379</u>

bb. Other profits and losses

Items	December 31, 2020	December 31, 2019
Gain (loss) on disposal of property, plant and equipment	\$ 2,441	\$ 444,834
Gain (loss) on disposal of investment property	-	14,315
Gain on disposal of non-current assets (group) held for sale (Note)	5,754,207	-
Net foreign exchange gains (losses)	(24,522)	(10,918)
Loss of financial assets (liabilities) measured at fair value through profit or loss	(50)	810
Gain on reversal of impairment loss from Property, plant and equipment	-	19,633
Miscellaneous expenses	(77,282)	(65,691)
Total	<u>\$ 5,654,794</u>	<u>\$ 402,983</u>

(Note) The Group sold land at Plot No. 90, Huiguo Section, Xitun District, Taichung City on February 26, 2020. The sale price was NTD 8,375,890 thousand. The ownership transfer was completed on May 25, 2020, resulting in a gain on disposal benefit of NTD5,754,207 thousand.

cc. Financial costs

Items	December 31, 2020	December 31, 2019
Interest expense:		
Bank loans	\$ 3,339	\$ 6,758
Interest on lease liabilities	265	341
Subtotal	\$ 3,604	\$ 7,099
Minus: Amount qualified for capitalization	-	-
Financial costs	\$ 3,604	\$ 7,099

dd. Income tax

1) Income tax expense

a) Income tax expense (benefit) components:

Items	December 31, 2020	December 31, 2019
<u>Current income tax</u>		
Income tax generated in the current period	\$ 5,401	\$ 964
Income tax overestimate/underestimate for previous years	(308)	1,823
Surtax on undistributed earnings	-	417
Land Value Increment Tax	1,029,158	-
Total income tax for the year	\$ 1,034,251	\$ 3,204
<u>Deferred income tax</u>		
Origination and reversal of temporary differences	(531,288)	16,091
Impact of changes in tax rate	-	17,121
Deferred income tax expenses	\$(531,288)	\$ 33,212
Income tax expense (gains)	\$ 502,963	\$ 36,416

b) Income tax expense (benefit) related to other comprehensive income:

Items	December 31, 2020	December 31, 2019
Exchange differences on translating the financial statements of foreign operations	\$ (3,424)	\$ (3,430)
Total	<u>\$ (3,424)</u>	<u>\$ (3,430)</u>

The reconciliation of accounting income and income tax expense recognized in profit and loss for the current year is as follows:

Items	December 31, 2020	December 31, 2019
Net profit before taxes	<u>\$ 5,933,174</u>	<u>\$ 734,556</u>
Net profit before tax is calculated at the statutory tax rate	\$ 1,217,127	\$ 155,272
Effect of taxes on adjusted items:		
Effect of items not included when calculating taxable income		
Loss deduction	(808)	(16,575)
Unpaid pensions	(8,405)	(4,305)
Loss (Gain) on investments accounted for using equity method	(11,784)	(14,620)
Tax-exempt income	(1,172,736)	(139,471)
Unrealized exchange gains and losses	3,048	4,887
Gain and loss on valuation of financial liabilities	13	(275)
Impairment loss (reversal of impairment loss)	-	(3,927)
Loss (gain) on Inventory valuation losses	(745)	(1,403)
Other adjustments	(19,544)	21,759
Income tax adjustment for the previous year	(308)	1,823
Additional income tax on unappropriated earnings	-	417
Land Value Increment Tax	1,029,158	-
Net change in deferred income tax	<u>(532,053)</u>	<u>32,834</u>
Income tax expense (gains) recognized in profit or loss	<u>\$ 502,963</u>	<u>\$ 36,416</u>

The tax rate applicable to individuals of Tahsin Group applying the Income Tax Act of the Republic of China is 20%, and the tax rate applicable to undistributed earnings since year of 2018 is 5%. The tax generated in other jurisdictions is calculated according to the tax rate applicable in each relevant jurisdiction.

In July of 2019, the President announced the amendment to the Statute for Industrial Innovation, which clearly stipulated that the undistributed earnings from 2018 onwards to build or purchase specific assets or technologies to reach a certain amount can be recognized as deduction items in the calculation of undistributed earnings. The Company only deducted the capital expenses that has actually been invested when calculating the tax on unappropriated earnings.

- c) Deferred income tax assets or liabilities from temporary difference, loss carry forwards and investment credits:

Items	2020				
	Beginning balance	Recognized in profit (loss)	Recognized in other comprehensive income	Foreign exchange gains and losses	Ending balance
Deferred tax assets:					
Temporary differences					
Unrealized inventory valuation losses	\$ 2,568	\$(745)	-	\$(35)	\$ 1,788
Unrealized gross profit margin	611	542	-	-	1,153
Unrealized claim preparation	3,148	797	-	(186)	3,759
Unrealized employee benefit liabilities	1,893	209	-	-	2,102
Unpaid pensions	7,012	683	-	6	7,701
Foreign investment losses under the equity method	49,083	-	-	-	49,083
Impairment loss of financial assets	2,708	(2,708)	-	-	-
Loss assessment of financial liabilities	-	13	-	-	13
Unrealized exchange loss	2,759	3,048	-	-	5,807
Unrealized loss on disposal of assets	201	(75)	-	-	126
Difference in recognition of allowance loss	327	1,943	-	(8)	2,262
The depreciation assets are adjusted according to the tax law	5,915	545	-	(250)	6,210
Unused loss deduction	6,435	(808)	-	(293)	5,334
Debit (credit) accounting by foreign operating agencies	17,570	-	\$ 3,424	-	20,994
Exchange differences in financial statement translation					
Subtotal	<u>\$ 100,230</u>	<u>\$ 3,444</u>	<u>\$ 3,424</u>	<u>\$ (766)</u>	<u>\$ 106,332</u>
Deferred tax liabilities					
Temporary differences					
The depreciation assets are adjusted according to the tax law	\$ (20)	\$ 11	-	-	\$ (9)
Unrealized benefits of disposing of assets	(778)	778	-	-	-
Land Value Increment Tax	(708,566)	527,820	-	-	(180,746)
Subtotal	<u>\$(709,364)</u>	<u>\$ 528,609</u>	<u>-</u>	<u>-</u>	<u>\$(180,755)</u>
Total	<u>\$(609,134)</u>	<u>\$ 532,053</u>	<u>\$ 3,424</u>	<u>\$ (766)</u>	<u>\$ (74,423)</u>

Items	2019				
	Beginning balance	Recognized in profit (loss)	Recognized in other comprehensive income	Foreign exchange gains and losses	Ending balance
Deferred tax assets:					
Temporary differences					
Unrealized inventory valuation losses	\$ 4,005	\$ (1,403)	-	\$(34)	\$ 2,568
Unrealized gross profit margin	1,060	(449)	-	-	611
Unrealized claim preparation	3,225	-	-	(77)	3,148
Unrealized employee benefit liabilities	1,893	-	-	-	1,893
Unpaid pensions	11,386	(4,305)	-	(69)	7,012
Foreign investment losses under the equity method	63,703	(14,620)	-	-	49,083
Impairment loss of financial assets	2,708	-	-	-	2,708
Loss assessment of financial liabilities	270	(275)	-	5	-
Unrealized exchange loss	-	2,759	-	-	2,759
Impairment loss of non-financial assets	3,927	(3,927)	-	-	-
Unrealized loss on disposal of assets	279	(78)	-	-	201
Difference in recognition of allowance loss	1,145	(820)	-	2	327
The depreciation assets are adjusted according to the tax law	1,356	4,711	-	(152)	5,915
Unused loss deduction	23,063	(16,575)	-	(53)	6,435
Debit (credit) accounting by foreign operating agencies	14,140	-	\$ 3,430	-	17,570
Exchange differences in financial statement translation					
Subtotal	<u>\$ 132,160</u>	<u>\$ (34,982)</u>	<u>\$ 3,430</u>	<u>\$ (378)</u>	<u>\$ 100,230</u>
Deferred tax liabilities					
Temporary differences					
Unrealized exchange benefits	\$ (2,129)	\$ 2,129	-	-	-
The depreciation assets are adjusted according to the tax law	(31)	11	-	-	\$(20)
Unrealized benefits of disposing of assets	(787)	9	-	-	(778)
Land Value Increment Tax	(739,996)	31,430	-	-	(708,566)
Subtotal	<u>\$(742,943)</u>	<u>\$ 33,579</u>	<u>-</u>	<u>-</u>	<u>\$(709,364)</u>
Total	<u>\$(610,783)</u>	<u>\$ (1,403)</u>	<u>\$ 3,430</u>	<u>\$ (378)</u>	<u>\$(609,134)</u>

Note: The balance at the end of the period includes a total of NTD527,820 thousand of deferred income tax liabilities transferred to the "Liabilities directly related to non-current assets to be sold."78

d) Items not recognized as deferred tax assets

Items	December 31, 2020	December 31, 2019
Loss on investment accounted for using the equity method	\$ 51,210	\$ 53,520
Loss deduction	70,672	73,662
Total	<u>\$ 121,882</u>	<u>\$ 127,182</u>

e) The Company's corporate income tax returns have been assessed by the Tax Authorities until 2018.

ee. Other comprehensive income

Items	December 31, 2020		
	Pre-tax	Income Tax Expense (Gain)	Net Amount After Taxes
Items that are not reclassified to profit or loss:			
Re-measurements of defined benefit plans	\$ (3,113)	-	\$ (3,113)
Unrealized valuation gains (losses) of investment in equity instrument measured at fair value through other comprehensive income	128,805	-	128,805
FVTOCI			
Share of affiliated enterprises and joint ventures recognized by equity method			
Unrealized valuation gains (losses) of investments in equity instruments measured at fair value through other comprehensive income by affiliated enterprises and joint ventures	69,905	-	69,905
Subtotal	<u>195,597</u>	<u>-</u>	<u>195,597</u>
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on financial statement translation of foreign operation organization	(17,298)	\$ 3,424	(13,874)
Subtotal	<u>(17,298)</u>	<u>3,424</u>	<u>(13,874)</u>
Recognized in other comprehensive income	<u>\$178,299</u>	<u>\$ 3,424</u>	<u>\$181,723</u>

Items	December 31, 2019		
	Pre-tax	Income Tax Expense (Gain)	Net Amount After Taxes
Items that are not reclassified to profit or loss:			
Re-measurements of defined benefit plans	\$(24,627)	-	\$(24,627)
Unrealized valuation gains (losses) of investment in equity instrument measured at fair value through other comprehensive income	(4,950)	-	(4,950)
Share of affiliated enterprises and joint ventures recognized by equity method			
Unrealized valuation gains (losses) of investments in equity instruments measured at fair value through other comprehensive income by affiliated enterprises and joint ventures	235,201	-	235,201
Subtotal	205,624	-	205,624
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on financial statement translation of foreign operation organization	(17,651)	\$ 3,430	(14,221)
Subtotal	(17,651)	3,430	(14,221)
Recognized in other comprehensive income	\$187,973	\$ 3,430	\$191,403

ff. Earnings per Share

Items	2020	2019
A. Basic earnings per share:		
Net profit attributable to common shareholders of the parent company	\$ 5,429,260	\$ 696,250
Weighted average number of outstanding shares (thousand shares)	169,842	190,863
Basic earnings per share (after tax) (NTD)	\$ 31.97	\$3.65
B. Diluted earnings per share:		
Net profit attributable to common shareholders of the parent company	\$ 5,429,260	\$ 696,250
Weighted average number of outstanding shares	169,842	190,863
The effect of diluting potential common stocks:		
Number of employees' compensation impacts (note)	433	95
Calculate the weighted average number of outstanding shares of diluted earnings per share	170,275	190,958
Diluted earnings per share (after tax) (NTD)	\$ 31.89	\$3.65

(Note) If the Company chooses to offer employee compensation or share profits in the form of cash or stock, while calculating diluted earnings per share, and assuming that the compensation is paid in the form of stock, the dilutive potential common shares will be included in the weighted average number of outstanding shares to

calculate diluted earnings per share. The dilutive effect of such potential common shares shall continue to be considered when calculating diluted earnings per share before the number of shares to be distributed as employee compensation is approved in the following year.

gg. Reconciliation of liabilities from fund-raising activities

Items	January 1, 2020	Cash flow	Non-cash Changes		December 31, 2020
			Fluctuation in exchange	Other Non- cash Changes	
Short-term loans	\$ 304,349	\$ (90,496)	\$277	-	\$ 214,130
Short-term notes payable	39,988	(40,000)	-	\$ 12	-
Long-term borrowings (including maturity on less than one year)	6,126	(3,875)	15	-	2,266
Lease liabilities (including current and non-current)	19,265	(3,128)	(514)	360	15,983
Guarantee deposits received	9,483	(1,500)	57	-	8,040
Total liabilities from financing activities	\$ 379,211	\$ (138,999)	\$ (165)	\$ 372	\$ 240,419

Items	January 1, 2019	Cash flow	Non-cash Changes		December 31, 2019
			Fluctuation in exchange	Other Non- cash Changes	
Short-term loans	\$ 565,684	\$ (259,533)	\$ (1,802)	-	\$ 304,349
Short-term notes payable	269,936	(230,000)	-	\$ 52	39,988
Long-term borrowings (including maturity on less than one year)	10,067	(3,971)	30	-	6,126
Lease liabilities (including current and non-current)	22,724	(3,312)	(298)	151	19,265
Guarantee deposits received	10,914	(1,345)	(86)	-	9,483
Total liabilities from financing activities	\$ 879,325	\$ (498,161)	\$ (2,156)	\$ 203	\$ 379,211

7. Related Party Transactions

- a. The parent company and the ultimate controlling party

The Company is the ultimate controller of Tahsin Group.

- b. Name and relation of related party

<u>Name of Related Party</u>	<u>Relationship with the Merged Company</u>
Truong Giang Garment Joint-stock Company (TGC)	Related enterprise
Tahhsin Phu My Joint Stock Company (formerly known as Phu My Kim Anh Garment Company Limited)	Affiliated enterprise (recognized in the consolidated report in December, 2019)
Tah Chun Trading Co., Ltd. (Tah Chun)	Other related party
Fujian Putian DAFU Plastic Industry Co., Ltd. (DAFU Co., Ltd.)	Other related party
TAMERICA PRODUCTS, INC.(T.P.I.)	Other related party
HAVE OUR PLASTIC INC. CANADA (HOP CANADA)	Other related party
ORGANIZE-IT-ALL, INC. (OIA)	Other related party
HOP INDUSTRIAL CORP. U.S.A. (HOP U.S.A.)	Other related party
Yuk Wing Development Limited (Yuk Wing Limited)	Other related party
All directors, presidents, and vice presidents	Main members of the senior management

- c. Substantial Transaction with Related Party

The balances and transactions between Tahsin Group and its subsidiaries (related parties of the company) were removed during the preparation of the consolidated financial statements. Details of transactions between Tahsin Group and other related parties are as follows:

- 1) Operating revenue

<u>Ledger account</u>	<u>Type/name of related parties</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Sales revenue</u>	Other related party	\$ 91,900	\$ 114,965

The Tahsin Group's transaction price of sales revenue to related parties is based on the transaction prices and conditions of customers, the terms and conditions conformed to normal business practices, and payment period is about 1 to 3 months.

2) Purchases

Ledger account	Type/name of related parties	December 31, 2020	December 31, 2019
Purchases	Other related party	\$8,058	\$ 13,775

The transaction price of purchases made by Tahsin Group from related prices are determined based on transaction prices and terms of general manufacturers.

3) Contract asset: None.

4) Contract liability: None.

5) Accounts receivable from related parties (excluding loans and contract assets to related parties)

Items	Type/name of related parties	December 31, 2020	December 31, 2019
Account receivables	Other related party	\$ 15,735	\$ 20,390
Less: provision for losses		(472)	(612)
Net amount		\$ 15,263	\$ 19,778
Other receivables	Other related party	\$ 969	\$4

6) Accounts payable from related parties (excluding loans from related parties)

Items	Type/name of related parties	December 31, 2020	December 31, 2019
Trade payables	Other related party	-	\$3
Other payables	Related enterprise	\$3,834	\$3,143
	Other related party	958	3,064
Total		\$4,792	\$6,207

7) Prepayment: None.

8) Property transaction: None.

9) Tenancy agreement: None.

10) Rental agreement:

The Group leases part of its offices, machineries and equipment and other assets to Ta Chun and DAFU as operating lease. The machinery and equipment leased is used for processing products, and the rental income is calculated based on the amount of depreciation.

The lease term of all the above contracts is one year. As of December 31, 2020 and 2019, the total future lease payment to be received is zero. The rental income recognized for years 2020 and 2019 were NTD243 thousand and NTD254 thousand, respectively.

- 11) Loan to related parties: None.
- 12) Loan from related parties: None.
- 13) Endorsement and guarantee: None.
- 14) Others

a) Income items

Ledger account	Type/name of related parties	December 31, 2020	December 31, 2019
Commission income	Other related parties:		
	OIA	-	\$2,859

b) Expenses

Ledger account	Type/name of related parties	December 31, 2020	December 31, 2019
Processing fees	Other related party	\$9,649	\$ 11,154
	Related enterprise		
	Truong Giang Garment		
	Joint-stock Company	41,460	66,230
	(TGC)		
	Others	-	15,807
Total		\$ 51,109	\$ 93,191
Business expenses	Other related party		
	Yuk Wing Limited	\$1,085	\$1,114

d. Remuneration to the top management

Items	December 31, 2020	December 31, 2019
Salaries and other short-term employee benefits	\$ 58,882	\$ 34,787
Post-employment benefits	-	-
Other long-term employee benefits	-	-
Benefits for departing employees	-	-
Share-based payments	-	-
Total	<u>\$ 58,882</u>	<u>\$ 34,787</u>

8. Pledged Assets

The following assets were provided as collateral for various borrowings and performance guarantees:

Items	December 31, 2020	December 31, 2019
Notes receivable	\$ 29,372	\$ 26,005
Other financial assets - current	6,505	6,497
Property, plant and equipment (net)	824,992	833,927
Total	<u>\$ 860,869</u>	<u>\$ 866,429</u>

9. Significant Contingent Liabilities and Unrecognized Contractual Commitments

- For the years ended December 31, 2020 and 2019, the guaranteed notes received by the Group for project performance guarantees and ensure payment claims, etc. were NTD15,108 thousand and NTD13,931 thousand, respectively.
- As of December 31, 2020 and 2019, the guaranteed notes issued by Tahsin Group provided guarantees for processing products for customers were NTD0 and NTD2,020 thousand respectively.
- On December 31, 2020 and 2019, the customer was injured by using Tree Stand products and filed a lawsuit against the subsidiary THUSA for damages. T.H.USA has purchased product liability insurance for this product and already hired a lawyer to deal with this lawsuit. However, as of the publication date of the consolidated financial statements, the final outcome of this lawsuit was still unknown, and it was not probable to estimate the exact amount of possible compensation.

10. Significant Disaster Losses

Tahsin Group's operating income for the year of 2020 was reduced due to the impact of the global outbreak of COVID 19. Despite the slowdown of domestic epidemics and the government's policies were gradually loosened. However, many countries are implementation of social distancing/mandatory lockdown, the global economic situation continues to shrink,

consumption patterns have also changed, and the follow-up operation schedule of the group is still uncertain.

After assessing the impact of the aforementioned epidemic, Tahsin Group's ability to continue operating, its asset impairment status and funding risk has no material impact.

11. Significant Events after the Balance Sheet Date

- a. The Company's Board of Directors decided on March 22, 2021, in order to adjust the capital structure, enhance the return of shareholders' equity and profit per share, and proposed to return NTD395,010 thousand of capital shares, eliminate 39,501 thousand shares, and reduce the capital ratio by 28.50%. The proposal will be raised for discussion during the shareholders' meeting on June 11, 2021.
- b. Myanmar Tah Hsin Industrial Co., Ltd., a subsidiary of the Group included in the consolidated financial statements, experienced a military coup in Myanmar in February 2021. As of the date of issuance of the consolidated financial statements, the operation of the company still maintained normal operation. However, due to traffic and other factors that slightly affected the timing of import and export, the Group has adjusted some orders to Vietnam and Mainland China for production. There was no significant impact on the operation of the Group.

12. Others

a. Capital Risk Management

Tahsin Group plans its needs for working capital and dividend payments in the future based on the characteristics of the industries to which its operations belong and future development of Tahsin Group, and by taking into consideration changes in the external environment, to ensure that it can continue the operations, give back to shareholders, and protect the interests of stakeholders at the same time, as well as maintain the best capital structure to enhance shareholder value in the long run. To maintain an adjustable capital structure, Tahsin Group may adjust the amount of dividends paid to shareholders by issuing new shares, distributing cash to shareholders or buying back its shares.

Tahsin Group monitors its funds by regularly reviewing the asset-to-debt ratio.

b. Financial instruments

1) Financial risk of financial instruments

a) Financial risk management policies

The daily operations of Tahsin Group are affected by a number of financial risks, including market risk (exchange risk, interest rate risk, and other price risk), credit risk, and liquidity risk. To reduce related financial risks, Tahsin Group is

committed to identifying, assessing and avoiding market uncertainties, so as to reduce potentially unfavorable effects of market changes on its financial performance.

Tahsin Group's major financial activities are reviewed by its Board of Directors according to the relevant regulations and its internal control system. When executing financial plans, the Tahsin Group abides by operating procedures for overall financial risk management and the division of powers and responsibilities.

b) The nature and degree of significant financial risks

i. Market risks

(a) Exchange risks

Tahsin Group is exposed to exchange rate risks arising from sales, purchases and net investments in foreign operating entities that are not denominated in the functional currency of the Group. Tahsin Group's functional currency is New Taiwan dollar, while other currencies used by Tahsin Group are Renminbi, U.S. dollar, and Japanese Yen. The major currencies in which these transactions are denominated are U.S. dollars, etc. The Group's foreign currency receivables are the same as part of the foreign currency payables. As such, some positions will have a natural hedging effect. In order to avoid the decrease of foreign currency asset value and the fluctuation of future cash flow due to the change of exchange rate, the Group uses derivative instruments (including pre-purchase/pre-sale forward exchange contracts) to hedge exchange rate risks. The use of such derivative instruments can assist the Group in reducing the effects of changes in foreign exchange rates, but is still unable to fully eliminate such effects.

The derivative instruments used by Tahsin Group mature within 12 months and do not satisfy the qualifying criteria for hedge accounting.

Due to the fact that net investments in foreign operating entities are strategic investments, Tahsin Group has not hedged these investments.

- (i) The analysis of foreign exchange exposures and sensitivity is as follows:

Items	December 31, 2020			December 31, 2019		
	Foreign currency (in thousands)	Exchange rate (NTD)	Presented amount (New Taiwan Dollars)	Foreign currency (in thousands)	Exchange rate (NTD)	Presented amount (New Taiwan Dollars)
(Foreign currency: Functional currency)						
Financial assets						
Monetary items						
USD:NTD	\$ 31,095	28.48	\$ 885,584	\$ 23,981	29.98	\$ 718,965
USD:JPY	384	103.02	10,944	231	108.56	6,940
USD:RMB	353	6.5067	10,067	1	6.9640	32
Non-monetary items						
USD:NTD	17,768	28.48	506,038	16,573	29.98	496,866
JPY:NTD	275,027	0.2763	75,990	200,268	0.2760	55,274
Financial liabilities						
Monetary items						
USD:NTD	1,078	28.48	30,711	948	29.98	28,428
USD:JPY	836	103.02	23,811	1,220	108.56	36,571

The sensitivity analysis of Tahsin Group's exchange rate risk is mainly performed to assess the effects of appreciation/depreciation of foreign currency monetary and non-monetary items on Tahsin Group's profit or loss and equity at the end of the reporting period. The exchange rate risk of Tahsin Group is mainly affected by the fluctuation of the exchange rate of USD and JPY. When the appreciation/depreciation of USD and JPY is 5%, the after-tax net profit of the Group in 2020 and 2019 will increase/decrease by NTD34,315 thousand and NTD27,348 thousand respectively, and the equity will increase/decrease by NTD24,041 thousand and NTD23,384 thousand respectively.

- (ii) Due to the exchange rate volatility, total exchange gains and losses (including realized and unrealized) on Tahsin Group's monetary items amounted to (NTD 24,522 thousand) and (NTD10,918 thousand) as of December 31, 2020 and 2019, respectively.

(b) Other price risks

As the investment in equity instruments held by the Group in the consolidated balance sheets is classified as financial assets measured at fair value through other comprehensive income, the Group is exposed to the price risk of equity instruments.

Tahsin Group mainly invests in stocks and beneficiary certificates of domestic listed and unlisted OTC companies. The price of these equity instruments will be affected by the certainty of the future value of the investment targets. If the price of equity instruments rises or falls by 5%, other comprehensive profit and loss after tax in 2020 and 2019 will increase or decrease by NTD189,260 thousand and NTD151,898 thousand due to the rise or decrease of fair value of financial assets measured by fair value through other comprehensive profits and losses.

(c) Interest rate risk

The carrying amount of financial assets and financial liabilities of Tahsin Group exposed to the interest rate risk on the balance sheet date is as follows:

Items	Carrying amount	
	December 31, 2020	December 31, 2019
Interest rate risk with fair value		
Financial liabilities	-	\$40,000
Interest rate risk with cash flow		
Financial assets	\$ 5,504,484	\$ 710,242
Financial liabilities	(216,396)	(310,475)
Net amount	\$ 5,288,088	\$ 399,767

(i) Sensitivity analysis of interest rate risk with fair value instruments

The Group has not classified any fixed interest rate financial assets and liabilities measured at FVTPL, nor designated derivatives (interest rate swaps) as hedging tools under the fair value hedge accounting mode. Therefore, changes in interest rates on the reporting date will not affect profit or loss.

(ii) Sensitivity analysis of interest rate risk with cash flow

Tahsin Group's variable interest rate financial instruments belong to floating interest rate assets (liabilities). Therefore, changes in market interest rates will result in changes in effective interest rates, thereby causing fluctuations in future cash flows. Every 1 percent increase in the market interest rate would lead to an increase in net profit before tax for 2020 and 2019 by NTD52,881 thousand and NTD3,998 thousand, respectively.

ii. Credit risk

Credit risk refers to the risk that a counterparty violates contractual obligations and causes financial loss to Tahsin Group. The Group is exposed to credit risk primarily from accounts receivables arising from operating activities, bank deposits arising from investing activities, and other financial instruments. Operations-related credit risks and financial credit risks are managed separately.

(a) Operation related credit risk

To maintain the quality of accounts receivable, Tahsin Group has established procedures for the management of operations-related credit risks.

Factors that may affect customers' ability to pay, such as the financial status of a customer, Tahsin Group's internal credit rating, historical transaction records, and current economic conditions, are taken into account in the risk assessment of individual customers.

(b) Financial credit risk

The credit risks of bank deposits and other financial instruments are measured and monitored by the finance departments within Tahsin Group. The Group does not expect significant credit risk because the counter-parties are creditworthy and investment-graded financial institutions, companies and government agencies without any significant default concerns.

(i) The risk of credit concentration

As of December 31, 2020 and 2019, the top ten clients accounted for 68.99% and 65.30%, respectively, of Tahsin Group's accounts receivable. No significant credit concentration risk was shown from the remaining accounts receivables.

(ii) Measurement of expected credit impairment losses

1-1. Accounts receivable: A simplified approach is adopted, please refer to Note 6 (5) for details.

2-1. Basis for judging whether the credit risk increases significantly: None. (Tahsin Group has no investments in debt instruments measured at amortized cost or investments in debt instruments measured at FVTOCI.)

3-1. Tahsin Group obtained collateral of NTD95,000 thousand from some customers to avoid the credit risks of some financial assets.

iii. Liquidity risk

(a) Liquidity risk management:

The objective of Tahsin Group's liquidity risk management is to maintain cash and cash equivalents, highly liquid securities and sufficient bank facilities required for its operations, so as to ensure that Tahsin Group possesses adequate financial flexibility.

(b) Analysis of maturity of financial liabilities:

The following table shows the analysis of Tahsin Group's financial liabilities based on the maturity and undiscounted due amount of these financial liabilities within the agreed repayment periods:

		December 31, 2020						Contractual cash flows	Carrying amount
Non-derivative financial liabilities		less than 6 months	7-12 months	1-2 year(s)	2-5 years	More than 5 years			
Short-term loans		\$ 214,342	-	-	-	-	\$ 214,342		\$ 214,130
Accounts payable (including related parties)		92,939	-	-	-	-	92,939		92,939
Trade payables (including related parties)		68,653	-	-	-	-	68,653		68,653
Other payables (including related parties)		185,431	29,900	\$ 30,000	-	-	245,331		245,331
Long-term Loans (including-due within a year)		1,944	333	-	-	-	2,277		2,266
Guarantee deposits received		861	448	3,942	-	\$ 2,789	8,040		8,040
Total non-derivative financial liabilities		\$ 564,170	\$ 30,681	\$ 33,942	\$ -	\$ 2,789	\$ 631,582		\$ 631,359
Forward Exchange Contract									
Outflow		11,506	-	-	-	-	11,506		11,506
Inflow		(11,467)	-	-	-	-	(11,467)		(11,467)
Net amount		39	-	-	-	-	39		39
Total financial liabilities		\$ 564,209	\$ 30,681	\$ 33,942	\$ -	\$ 2,789	\$ 631,621		\$ 631,398

Non-derivative financial liabilities	December 31, 2019						Contractual cash flows	Carrying amount
	less than 6 months	7-12 months	1-2 year(s)	2-5 years	More than 5 years			
Short-term loans	\$ 304,671	-	-	-	-		\$ 304,671	\$ 304,349
Short-term notes payable	40,000	-	-	-	-		40,000	39,988
Accounts payable (including related parties)	117,278	-	-	-	-		117,278	117,278
Trade payables (including related parties)	43,606	-	-	-	-		43,606	43,606
Other payables (including related parties)	204,677	\$3,650	\$3,640	-	-		211,967	211,967
Long-term Loans (including-due within a year)	1,976	1,954	2,272	-	-		6,202	6,126
Guarantee deposits received	3,061	3,967	444	\$129	\$ 1,882		9,483	9,483
Total	\$ 715,269	\$9,571	\$6,356	\$129	\$ 1,882		\$ 733,207	\$ 732,797

The Tahsin Group does not expect a significant difference in the cash flows timing or the actual amount from the maturity analysis.

2) Types of financial instruments

The book value of various financial assets and financial liabilities of the group as at December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
<u>Financial assets</u>		
Financial assets measured at amortized cost		
Cash and cash equivalents	\$3,987,427	\$ 650,253
Notes and accounts receivable (including related parties)	415,958	361,870
Other receivables (including related parties)	14,194	4,289
Other financial assets - current	1,532,322	85,458
Refundable deposits	2,789	14,014
Other financial assets - non-current	50,335	-
Financial assets at fair value through profit or loss - current	-	11
Financial assets at fair value through other comprehensive income	3,079,853	2,373,280
Financial assets - current		
Financial assets at fair value through other comprehensive income	705,348	664,682
Financial assets - non-current		
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost		
Short-term loans	214,130	304,349
Short-term notes payable	-	39,988
Notes and accounts payable (including related parties)	161,592	160,884
Other payables (including related parties)	245,331	211,967
Long-term loan (including current portion)	2,266	6,126
Lease liabilities (including current portion)	15,983	19,265
Guarantee deposits received	8,040	9,483
Financial liabilities measured at fair value through profit or loss - current	39	-

c. Information on fair value:

- 1) For information on fair value of financial assets and financial liabilities of Tahsin Group are not measured at fair value, please refer to Note 12 (3)3. For information on the fair value of financial assets and investments in real estate measured at cost of Tahsin Group, please refer to Note 6 (12).

- 2) Definition of fair value hierarchy

Level 1:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities. An active market is a market that meets all of the conditions set below: the items traded in the market are homogeneous, willing buyers and sellers can normally be found at any time and prices are available to the public. Tahsin Group invests in listed and OTC stocks, beneficiary certificates, investments in on-the-run Taiwan's government bonds, and derivative instruments with quoted prices in active markets are all included.

Level 2:

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (e.g., price) or indirectly (e.g., derived from price) from the active markets. The fair value of the Group's investments in off-the-run government bonds, corporate bonds, financial bonds, convertible corporate bonds, and most derivative instruments belong to this level.

Level 3:

Level 3 inputs refer to inputs that measure fair value to the extent that relevant observable inputs are not available in the market. Some of Tahsin Group's investments in derivative instruments and equity instruments without active market.

- 3) Financial instruments not measured by fair value:

The Group's financial instruments not measured at fair value, such as cash and cash equivalents, notes and amounts receivable, other financial assets, deposits, notes and amounts payable, and the carrying value of guarantee deposits, are reasonable approximations to their fair values.

- 4) Fair value hierarchy

The financial instruments measured at fair value by Tahsin Group is on a recurring basis, and the information on the fair value hierarchy is as follows:

Items	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
Financial assets measured at fair value through other comprehensive income at FVTPL				
Equity securities	\$ 3,079,853	-	\$ 705,348	\$ 3,785,201
Total	<u>\$ 3,079,853</u>	<u>-</u>	<u>\$ 705,348</u>	<u>\$ 3,785,201</u>

Items	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Assets				
Pre-purchase forward exchange	-	\$11	-	\$11
Financial assets measured at fair value through other comprehensive income				
Equity securities	\$ 2,373,280	-	\$ 664,682	3,037,962
Total	<u>\$ 2,373,280</u>	<u>\$11</u>	<u>\$ 664,682</u>	<u>\$ 3,037,973</u>

5) Fair value valuation technique for instruments measured at fair value:

- a) If a financial instrument has a quoted price in an active market, the quoted price will be adopted as the fair value.

The categories and characteristics of fair value measurement for the financial instruments with active markets held by Tahsin Group were as follows:

- i. Listed company stocks: closing prices.
- ii. Open-end funds: net worth.
- b) The fair value of stocks of unlisted (OTC) companies without an active market held by Tahsin Group is mainly estimated by the market method, and the judgment is made with reference to the evaluation of similar companies, third-party quotations, company net worth and operating conditions.
- c) Valuation of derivative financial instruments adopts valuation models that are commonly used by market participants, such as discounted cash flows method and option pricing model. Forward foreign exchange contracts are usually valued based on the current forward exchange rates.

- d) Tahsin Group incorporates the adjustment of credit risk assessment into the fair value measurement of financial and non-financial instruments to reflect the credit risk of counter-party and the credit quality of the Group.
- 6) Transfers between Level 1 and Level 2 fair value hierarchy: None.
- 7) Statement of changes in Level 3 fair value hierarchy:

Items	Equity securities	
	December 31, 2020	December 31, 2019
Opening balance	\$ 664,682	\$ 581,613
Recognized in other comprehensive income	40,666	83,069
Acquisition in the current period	-	-
Disposal in the current period	-	-
Transfer into Level 3	-	-
Transfer out of Level 3	-	-
Ending balance	<u>\$ 705,348</u>	<u>\$ 664,682</u>

- 8) Quantitative information about the significant unobservable inputs (Level 3) used in the fair value measurement:

	Fair value as of December 31, 2020	Valuation Technique	Material Unobservable Inputs	Percentage	Relationship of inputs to fair value
Non-derivative equity instruments: Investment in shares of companies	\$ 705,348	Net asset value method	Not applicable	Not applicable	Not applicable
	Fair value as of December 31, 2019	Valuation Technique	Material Unobservable Inputs	Percentage	Relationship of inputs to fair value
Non-derivative equity instruments: Investment in shares of companies	\$ 664,682	Net asset value method	Not applicable	Not applicable	Not applicable

- 9) Valuation process for Level 3 fair value measurement:

Financial department of Tahsin Group is in charge of valuation procedures for fair value measurements being categorized within Level 3, and to verify independent fair value of financial instruments. Such assessment utilizes independent information to make results close to current market conditions, and is frequently reviewed to ensure that the results of evaluation are reasonable.

d. Transfer of financial assets

- 1) Transferred financial assets that are fully derecognized: None.

2) Transferred financial assets that are not fully derecognized

- a) Tahsin Group provides notes receivable to banks as promissory notes for bank borrowings. Banks have a right of recourse against transferred notes receivable due to the discount on notes receivable. Hence, Tahsin Group has yet to derecognize discounted notes receivable, and related prepayments have been included under short-term borrowings.
- b) As of December 31, 2020 and 2019, information on discounted notes receivable continuously recognized by Tahsin Group is as follows:

Items	December 31, 2020	December 31, 2019
Carrying amount of notes receivable	\$29,372	\$26,005
Carrying amount of prepayments	\$29,372	\$26,005

- c) As of December 31, 2020 and 2019, information on the fair value of related assets and liabilities when the transferee of notes receivable has a right of recourse against discounted notes receivable is as follows:

Items	December 31, 2020	December 31, 2019
Fair value of notes receivable	\$29,372	\$26,005
Fair value of prepayments	29,372	26,005
Net position	-	-

- e. Offsetting financial assets and financial liabilities: None.

13. Additional Disclosures

- a. Information on significant transactions (before consolidation and write-off):
- 1) Loaning to Others: None.
 - 2) Endorsements/Guarantees Provided for Others: Table 1.
 - 3) Securities Held at End of Period (Excluding Investments in Subsidiaries, Associates, and Joint Ventures): Table 2.
 - 4) The Accumulated Purchase or Sale of the Same Securities Amounting to NTD300 Million or More Than 20% of Paid-in Capital: Table 3.
 - 5) Acquisition of Property Amounting to NTD300 million or More Than 20% of Paid-in Capital: None.
 - 6) Disposal of Property Amounting to NTD300 Million or More Than 20% of Paid-in Capital: Table 4

- 7) Purchases or Sales with Related Parties Amounting to NTD100 Million or More than 20% of Paid-in Capital: Table 5.
 - 8) Receivables From Related Parties Amounting to NTD100 Million or More Than 20% of Paid-in Capital: None.
 - 9) Derivatives Transactions: Please refer to Note 6 (2).
 - 10) Business Relations and Material Transactions Between Parent Company and Subsidiaries: Table 6.
- b. Information on Investee Companies: Table 7
- c. Information on Investments in Mainland China (before consolidation and write-off)
- 1) Information on any investee company in mainland China (name, main business, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income, carrying amount of investment at end of period, repatriations of investment income, and limit on the amount of investment in mainland China): Table 8.
 - 2) Significant transactions with Hong Kong Tai Ho Co., Ltd. for reinvestment in Dafu Plastic Industry Co., Ltd. (mainland China): Please refer to Note 13 (1) for disclosure of information related to major transactions.
 - 3)
 - a) The Company (hereafter referred to as the Principal) entrusts Hong Kong Tai Ho Co., Ltd.(hereafter referred to as the Agent) to invest in DAFU Plastic Industry Co., Ltd. in Putian, China, and both parties agree to abide by the following terms and conditions:
 - i. The client appointed the trustee to invest in mainland China to establish Fujian Putian Dafu Plastic Industry Co., Ltd. with a total amount of USD8,100,000.
 - ii. The Agent shall apply to the Chinese competent authority for investment and capital increase in DAFU Plastic Industry Co., Ltd. in the Agent's name. The fund is to be remitted to the Mainland Area from Hong Kong by the Agent.
 - iii. Should Fujian Putian DAFU Plastic Industry Co., Ltd. has any income or interest distribution, the trustee shall first receive the interest and then remit it to it to the client.
 - iv. If DAFU Plastic Industry Co., Ltd. is required to return the investment fund due to capital reduction, cessation of operation or other reasons, the Agent

shall firstly obtain the said amount and then transfer the amount in full to the Principal.

- v. If the Agent is required to transfer the investment fund, dividends, or profits due to the reasons listed in the preceding two paragraphs, the Agent shall notify the Principal and the payment shall be made in the way specified by the Principal.
 - vi. Based on the entrusted investment relationship, the rights and obligations of the trustee to Fujian Putian DAFU Plastic Industry Co., Ltd. are transferred to the client, and the trustee does not guarantee its profits and losses
 - vii. The Agent shall exercise due care of a prudent administrator in discretionary investment, capital increase, exchange settlement, and receipt of dividends.
 - viii. The Agent shall send the financial statements of DAFU Plastic Industry Co., Ltd. to the Principal regularly, and the Principal may entrust a certified public accountant or other audit personnel to audit the financial statements.
 - ix. Matters not stipulated in this power of attorney shall be handled in accordance with relevant laws and regulations of the Republic of China on domestic and foreign financial practices, etc.
- b) The Company increased investment in Hong Kong Tai Ho Co., Ltd. by HKD10,075,000 (equivalent to USD1,300,000), which was then to be re-invested in DAFU Plastic Industry Co., Ltd.
- 4) Information of Major Shareholders: Table 9.

TABLE 1

Tahsin Industrial Corporation and its subsidiaries

Endorsements/Guarantees Provided for Others

January 1 to December 31, 2020

Unit: Thousand NTD

Number/Endorser/Guarantor	Counterparty of endorsements/guarantees		Limit on Endorsements/Guarantees Provided for Single Entity	Maximum balance of endorsement/guarantee amount for current period	Endorsement/Guarantee Balance, End of Period	Actual Disbursed Amount	Endorsement/Guarantee Amount Secured by Property	Ratio of Cumulative Endorsement/Guarantee Amount to Net Worth in Latest Financial Statements	Endorsement/Guarantee provided by the parent company to the subsidiaries	Endorsements/guarantees provided by the subsidiaries to the parent company	Endorsement/Guarantee to Investee in the Mainland Area
	Name	Relationships									
0	Tahsin Industrial Corporation Ltd	Tahsin Shoji Co., Ltd. Subsidiaries in which the Tahsin Group directly holds more than 50% of the common shares.	\$ 2,435,825	\$ 141,150	\$ 138,150	\$ 124,335	\$ -	1.13%	Y	N	N

Note 1: The amounts/guarantees of endorsement by the Company to a single enterprise shall not exceed 20% of the net worth of the Company's latest financial statements (December 31, 2020).

Note 2: The total amount of the Company's external endorsements/guarantees is limited to 50% of the Company's net worth as stated in its latest financial statements (as of December 31, 2020).

TABLE 2

Tahsin Industrial Corporation and its subsidiaries

Securities Held at End of Period

December 31, 2020

Unit: NTD Thousand/ Number of shares: Thousand

Holding Company	Type and Name of Securities	Relationship with Securities Issuer	Ledger account	End of term			Remarks
				Shares	Carrying amount	Shareholding Ratio	
Tahsin Industrial Corporation	Stocks/Nan Ya Plastic Corporation	-	Financial assets at fair value through other comprehensive income - current	32,600	\$ 2,343,940	0.41%	\$ 2,343,940
	Stocks/Formosa Taifeta Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	200	6,210	0.01%	6,210
	Stocks /Feng Hsin Steel Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	200	14,220	0.03%	14,220
	Stocks/Mega Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	3,160	94,168	0.02%	94,168
	Stocks/Formosa Plastics Corporation	-	Financial assets at fair value through other comprehensive income - current	1,175	113,270	0.02%	113,270
	Stocks/Taiwan Semiconductor Manufacturing Company Limited	-	Financial assets at fair value through other comprehensive income - current	850	450,500	-%	450,500
	Beneficiary certificates/Yuanta/P-shares Taiwan-Top 50 ETF	-	Financial assets at fair value through other comprehensive income - current	100	12,225	-%	12,225
	Stocks/Asia Pacific Investment Corporation	-	Financial assets at fair value through other comprehensive income - non-current	10,000	344,400	2.35%	344,400
	Stocks/Chunghwa Telecom Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	90	9,810	-%	9,810
	Stocks/Taiwan Semiconductor Manufacturing Company Limited	-	Financial assets at fair value through other comprehensive income - current	67	35,510	-%	35,510
Tah Fa Investment Co., Ltd.	Stocks/Tahsin Industrial Corporation	The investment company which values the Company using the equity method	Financial assets at fair value through other comprehensive income - non-current	4,996	360,704	3.60%	360,704
	Stocks/Tah Cheng Investment Co., Ltd.	The investee company which values the investment using the equity method	Financial assets at fair value through other comprehensive income - non-current	2,500	360,948	33.33%	360,948

Note: 1. A subsidiary holding shares of the parent company has been presented as treasury stock according to the original investment cost.

Note: 2. It was approved for dissolution on June 20, 2002 and is currently under liquidation.

Tahsin Industrial Corporation and its subsidiaries

The Accumulated Purchase or Sale of the Same Securities Amounting to NT\$300 Million or More Than 20% of Paid-in Capital January 1 to December 31, 2020

Unit: NT\$ Thousand/ Number of shares: Thousand

Company Name	Type and Name of Securities	Ledger account	Counterparty	Relationships	Beginning of Period		Purchase		Sale			End of Period		
					Shares	Amount	Shares	Amount (Note 1)	Shares	Selling Price	Carrying Cost	Gains or losses on disposal (Note 2)	Shares	Amount
Tahsin Industrial Corporation	Stocks/Taiwan Semiconductor Manufacturing Company Limited	Financial assets at fair value through other comprehensive income - current	-	-	-	\$ -	950	\$ 492,940	100	\$ 46,834	\$42,440	\$ 4,394	850	\$ 450,500

Note 1. It includes the equity instruments investment appraisal gains and losses measured at fair value through other comprehensive gains and losses.

Note 2. Gain on disposal of investments is directly transferred to retained earnings.

TABLE 4

Tahsin Industrial Corporation and its subsidiaries
 Disposal of Property Amounting to NT\$300 Million or More Than 20% of Paid-in Capital
 January 1 to December 31, 2020
 Unit: Thousand NT\$

Company making disposal of real estate	Name of real estate	Date of occurrence of the event	Original date of acquisition	Carrying amount	Transaction amount	Amount collected	Gain or loss from disposal	Counterparty	Relationships	Purpose of disposal	Reference basis for price decision	Other agreed items
Tahsin Industrial Corporation	Plot No. 90, Huiguo Section, Taichung City	February 26, 2020 (contract signing date)	Nov. 1993	\$ 2,597,758	\$ 8,375,890	Fully charged	\$ 5,754,207	Highwealth Construction corp.	None	Revitalize and enhance real estate benefits	The appraisal value from the appraisal report is NT\$7,209,847 thousand and NT\$7,080,173 thousand.	None

TABLE 5

Tahsin Industrial Corporation and its subsidiaries

Purchases or Sales with Related Parties Amounting to NTD100 Million or More than 20% of Paid-in Capital

January 1 to December 31, 2020

Unit: Thousand NTD

Purchasing (Selling) Company	Name of the counterparty	Relationships	Transaction status		Unusual Transaction Terms and Reasons			Notes/Accounts receivable (payable)		Remarks
			Purchase (Sale)	Amount	Percentage of Total Purchases (Sales)	Credit Period	Unit Price	Balance	Percentage total of accounts receivable (payable)	
Tahsin Industrial Corporation	Tahsin Shoji Co., Ltd.	Subsidiary	Sales	\$ 122,385	6.81%	D/A 120 days	As per normal selling prices	\$ 21,824	6.02%	
Tahsin Shoji Co., Ltd.	Tahsin Industrial Corporation	The company's parent company	Purchase	122,385	35.12%	D/A 120 days	As per normal purchase price	(21,824)	73.14%	

TABLE 6

Tahsin Industrial Corporation and its subsidiaries
 Business Relations and Material Transactions Between Parent Company and Subsidiaries
 January 1 to December 31, 2020
 Unit: Thousand NT\$

Number	Transaction Party	Transaction Counterparty	Relationship with Transaction Party	Transaction Status		
				Ledger Account	Amount	Transaction terms Ratio to total Revenue or Total Assets
0	Tahsin Industrial Corporation	Tahsin Shoji Co., Ltd.	Parent company to subsidiary	Sales revenue	\$122,385	D/A 120 days 5.48%
0	Tahsin Industrial Corporation	T.H.USA	Parent company to subsidiary	Sales revenue	59,394	D/A 90 days 2.66%
0	Tahsin Industrial Corporation	Tahsin Myanmar	Parent company to subsidiary	Sales revenue	13,593	T/T 30 days 0.61%
0	Tahsin Industrial Corporation	Tah Viet Co., Ltd.	Parent company to subsidiary	Sales revenue	200	T/T 30 days -%
0	Tahsin Industrial Corporation	Fujian Putian DAFU Plastic Industry Co., Ltd.	Parent company to subsidiary	Sales revenue	876	T/T 30 days -%
0	Tahsin Industrial Corporation	Tah Chi Enterprise Co., Ltd.	From the parent company to its subsidiary	Sales revenue	8,779	90-day notes 0.39%
0	Tahsin Industrial Corporation	Tah Chi Enterprise Co., Ltd.	From the parent company to its subsidiary	Notes receivable	1,118	- -%
0	Tahsin Industrial Corporation	Tahsin Shoji Co., Ltd.	Parent company to subsidiary	Account receivables	21,824	- 0.17%
0	Tahsin Industrial Corporation	T.H.USA	Parent company to subsidiary	Account receivables	18,633	- 0.14%
0	Tahsin Industrial Corporation	Tah Chi Enterprise Co., Ltd.	From the parent company to its subsidiary	Account receivables	812	- -%
0	Tahsin Industrial Corporation	Tahsin Shoji Co., Ltd.	Parent company to subsidiary	Other receivables	517	- -%

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TABLE 6

Tahsin Industrial Corporation and its subsidiaries

Business Relations and Material Transactions Between Parent Company and Subsidiaries

January 1 to December 31, 2020

Unit: Thousand NTD

Number	Transaction Party	Transaction Counterparty	Relationship with Transaction Party	Transaction Status			Ratio to total Revenue or Total Assets
				Ledger Account	Amount	Transaction terms	
0	Tahsin Industrial Corporation	T.H. USA	Parent company to subsidiary	Other receivables	\$ 81	-	-%
0	Tahsin Industrial Corporation	Tahsin Myanmar	Parent company to subsidiary	Prepayments	264	-	-%
0	Tahsin Industrial Corporation	Fujian Putian DAFU Plastic Industry Co., Ltd.	Parent company to subsidiary	Prepayments	2,373	-	0.02%
0	Tahsin Industrial Corporation	Fujian Putian DAFU Plastic Industry Co., Ltd.	Parent company to subsidiary	Trade payables	1,664	-	0.01%
0	Tahsin Industrial Corporation	Fujian Putian DAFU Plastic Industry Co., Ltd.	Parent company to subsidiary	Other payables	3,025	-	0.02%
0	Tahsin Industrial Corporation	Tah Viet Co., Ltd.	Parent company to subsidiary	Other payables	6,576	-	0.05%
0	Tahsin Industrial Corporation	Tahsin Myanmar	Parent company to subsidiary	Other payables	2,968	-	0.02%
0	Tahsin Industrial Corporation	Tahsin Phu My Corp	From the parent company to its subsidiary	Other payables	2,077	-	0.02%
0	Tahsin Industrial Corporation	Fujian Putian DAFU Plastic Industry Co., Ltd.	Parent company to subsidiary	Purchase	33,580	T/T	1.50%
0	Tahsin Industrial Corporation	Fujian Putian DAFU Plastic Industry Co., Ltd.	Parent company to subsidiary	Processing fees	17,021	Half month settlement, T/T 15 days	0.76%
0	Tahsin Industrial Corporation	Tah Viet Co., Ltd.	Parent company to subsidiary	Processing fees	72,188	Half month settlement, T/T 15 days	3.23%

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TABLE 6

Tahsin Industrial Corporation and its subsidiaries
Business Relations and Material Transactions Between Parent Company and Subsidiaries
January 1 to December 31, 2020
Unit: Thousand NTD

Number	Transaction Party	Transaction Counterparty	Relationship with Transaction Party	Transaction Status			Ratio to total Revenue or Total Assets
				Ledger Account	Amount	Transaction terms	
0	Tahsin Industrial Corporation	Tahsin Myanmar	Parent company to subsidiary	Processing fees	\$174,871	Half month settlement, T/T15 days	7.82%
0	Tahsin Industrial Corporation	Tahsin Phu My Corp	From the parent company to its subsidiary	Processing fees	16,967	Half month settlement, T/T15 days	0.76%
0	Tahsin Industrial Corporation	T.H.USA	Parent company to subsidiary	General operating expenses	153	-	-%
0	Tahsin Industrial Corporation	Tahsin Shoji Co., Ltd.	Parent company to subsidiary	Interest revenue	201	-	-%
0	Tahsin Industrial Corporation	T.H.USA	Parent company to subsidiary	Interest revenue	878	-	-%
0	Tahsin Industrial Corporation	Tahsin Shoji Co., Ltd.	Parent company to subsidiary	Commission income	283	-	-%
0	Tahsin Industrial Corporation	Tahsin Shoji Co., Ltd.	Parent company to subsidiary	Endorsements/Guarantees	138,150	-	-%
1	Tah Viet Co., Ltd.	Tahsin Phu My Corp	Parent company to subsidiary	Processing fees	1,309	-	-%
1	Tah Viet Co., Ltd.	Tahsin Phu My Corp	Parent company to subsidiary	Trade payables	453	-	-%

TABLE 7

Tahsin Industrial Corporation and its subsidiaries

Information on Investee Companies, Names, and Location... Relevant Information on
December 31, 2020

Unit: NTD Thousand/Number of Shares: Thousand

Name of investors	Company's names and location of investees	Location	Principal Business Activities	Initial investment amount		Held at the end			Profit or Loss of Investees for Current Period	Investment Profit/Loss Recognized in the Current Period	Remarks
				End of Current Period	End of Previous Period	Shares	Ratio	Carrying amount			
Tahsin Industrial Corporation	Tahsin Shoji Co., Ltd.	8-2, 2-Chome, Imagome 1, Higashi-Osaka-shi, Japan	Domestic trading of artificial leather, other synthetic resins and various fiber products. 2. Import and export business of handbags, packaging bags, clothing and other supplies and merchandises.	\$10,696 JPY100,000	\$10,696 JPY100,000	200	100.00%	\$ 75,990	\$21,490	\$21,904	Note 1
	Tahsin Industrial Corporation, USA	111 Howard Blvd, Suite 206, Mt Arlington, N.J. 07856	Sale of Tahsin products, ready-to-wear, raincoats, PVC products, etc.	183,332 USD5,960	183,332 USD5,960	1	100.00%	13,144	(15,615)	(15,472)	Note 1
	Yuk Wing Development, Ltd.	No. 16, Wang Hoi Road, Kowloon Bay, Hong Kong (Room 1503, Telford Building)	Trading	35 HK10	35 HK10	-	100.00%	37	-	-	
	Tah Viet Co., Ltd.	Tân Thuận Đông, Quận 7, Hồ Chí Minh, Vietnam	Processing of raincoats, ready-to-wear garments, leather goods, wardrobes, etc.	197,009 USD6,803	197,009 USD6,803	-	100.00%	125,886	(4,624)	(4,624)	
	Myanmar Tah Hsin Industrial Co., Ltd.	Plot No.D-1 Mingaladon Industrial Park, Mingaladon	Processing of raincoats, ready-to-wear garments, leather goods, wardrobes, etc.	472,523 USD14,700	435,680 USD13,500	-	100.00%	213,199	(6,563)	(6,190)	Note 1
	Tah Fa Investment Co., Ltd.	West District Taichung City	Generic investments	180,000	180,000	18,000	100.00%	1,239,329	147,434	101,400	Note 2
	Good Harvest Machinery Industrial Co., Ltd.	Zhunan Township, Miaoli County, Taiwan	Chemical machinery, piping cistern, rubber machinery, plastic machinery, and other machineries.	50,000	50,000	5,000	26.51%	5,765	(12,909)	(7,272)	Note 1

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TABLE 7

Tahsin Industrial Corporation and its subsidiaries

Information on Investee Companies, Names, and Location... Relevant Information on

December 31, 2020

Unit: NT\$ Thousand/Number of Shares: Thousand

Name of investors	Company's names and location of investees	Location	Principal Business Activities	Initial investment amount		Held at the end		Profit or Loss of Investee for Current Period	Investment Profit/Loss Recognized in the Current Period	Remarks
				End of Current Period	End of Previous Period	Shares	Ratio			
Tah Fa Investment Co., Ltd.	Tah Cheng Investment Co., Ltd.	West District, Taichung City	Generic investments	\$21,000	\$21,000	2,100	41.18%	\$44,884	\$ -	
	Tah Quan Investment Co., Ltd.	West District, Taichung City	Generic investments	87,000	87,000	8,700	44.39%	107,484	-	
	Tah Fa Industrial Co., Ltd.	Xitun District, Taichung City	Parking lot management and leasing business	-	3,000	-	-%	(9)	-	(Note 3)
	Tah Chi Enterprise Co., Ltd.	No. 186, Sec. 1, Nangang Rd., Nangang Dist., Taipei City, Taiwan	Wholesale and retail of fabric, clothing, shoes, caps, umbrella, clothing products; furniture, bedding, kitchen appliance, installation products; daily necessities; cultural and educational products, musical instruments, sports and recreational products	20,000	15,000	2,000	100.00%	(329)	-	
Tah Viet Co., Ltd.	TRUONG GIANG GARMENT JOINT-STOCK COMPANY	No. 239 Huynh Thuc Khang St, An Xuan, Tam Ky, Quang Nam Province, Vietnam	Manufacture and processing of ready-to-wear garments for export and domestic sales; sales and marketing of various garment supplies, equipment and raw materials; provision of consultancy services in fashion and textile industry	8,765 USD294	8,765 USD294	29	35.00%	1,827	-	
	TAHHSIN PHU MY JOINT STOCK COMPANY	Phu My Industrial Zone, Tam, Phuoc Soci Phu Ninh District, Quang Nam Province, Vietnam	Manufacturing and processing of ready-to-wear garments for export and domestic sales	21,851 USD732	16,662 USD553	-	65.00%	(1,747)	-	

Note: 1. The investment gains and losses recognized during the period include the net (un)realized gains and losses between affiliated companies.

2. The investment gains and losses recognized in the current period include the amount of write-off of cash dividends received by the company of NT\$46,034 thousand.

3. The company was liquidated in April 2020 and the registration was cancelled.

TABLE 8

Tahsin Industrial Corporation and its subsidiaries

Information on Investments in Mainland China

January 1 to December 31, 2020

Unit: Thousand NTD

Investees in the Mainland China	Principal Business Activities	Paid-up capital	Investment method (Note 1)	Accumulated Investment Amount Remitted from Taiwan at Beginning of Period	Investment Amount Remitted or Received in Current Period		Accumulated Investment Amount Remitted from Taiwan at End of Period	Profit or Loss of Investee for Current Period	Shareholding Percentage of Direct or Indirect Investments by the Company	Recognized Investment Profit or Loss for Current Period	Carrying Amount of Investments at End of Period	Repatriated Investment Profit or Loss as of End of Period
					Remitted	Received						
DAFU Plastic Industry Co., Ltd.	Mainly produce raincoats and other plastic products.	\$ 291,605	2	\$263,164	\$ -	\$ -	\$ 263,164	\$ 17,886	91.26%	\$ 16,309	\$153,810	\$-

Accumulated Investment Amount Remitted from Taiwan to the Mainland Area at End of Period	Investment Amount Approved by the Investment Commission, M.O.E.A	Investment quota in mainland China as stipulated by Investment Commission, M.O.E.A. (Note 2)
\$ 263,164	\$ 263,164	\$7,322,456

Note: 1. The Company entrusted Hong Kong Tai Ho Co., Ltd. to invest USD8,100,000 in the establishment of Fujian Putian DAFU Plastic Industry Co., Ltd. In 2011, the invested amount in Hong Kong Tai Ho Co. Ltd was increased to HKD10,075,000 (USD1,300,000) which was subsequently reinvested into Fujian Putian DAFU Plastic Industry Co., Ltd.

2. Calculate the upper limit of the cumulative amount or proportion of investment in mainland China at 60% of the net value or consolidated net value (whichever is higher) in accordance with the investment review committee of the Ministry of Economic Affairs.

TABLE 9**Tahsin Industrial Corporation and its subsidiaries****Information of Major Shareholders****December 31, 2020****Unit: Thousand shares**

Name of major shareholders	Shares	
	Number of shares held	Shareholding Ratio
Tah Cheng Investment Co., Ltd.	14,091	10.16%
Tah Quan Investment Co., Ltd.	12,926	9.32%
Chang Cai Industry Co., Ltd.	12,460	8.98%

Note 1: The major shareholders in this table are shareholders holding more than 5% of the ordinary and special shares that are issued and delivered without physical registration (including treasury stocks) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. However, the share capital recorded in the Company's financial statements and the number of shares actually delivered by the Company without physical registration may differ due to calculation basis.

Note 2: If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. For information on shareholders, who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act, and their shareholdings include their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property, please refer to MOPS.

14. Department Information

For management purposes, the Group divides its operating units by location region into eight reporting segments:

Tahsin in Taiwan: Manufacturing and trading of various plastic raincoats, nylon raincoats, overalls, wardrobes, nylon jackets, PP corrugated boards, TC ready-to-wear, leather goods, handbags, file folders, plastic films, bags and laminating machines, etc.

Tahsin Shoji Co., Ltd.: Trading of artificial leather, other synthetic resin and various types of fiber products within Japan and export and import.

Tahsin Industrial Corporation, U.S.A.: Sale of garments, rainwear, and PVC products.

DAFU Plastic Industry Co., Ltd.: Manufacture of plastic products, such as rainwear and garments.

Tah Viet in Vietnam: Processing of raincoats, ready-to-wear, leather goods, and wardrobes.

Tahsin in Myanmar: Processing of raincoats, ready-to-wear, leather goods, wardrobes, etc.

Tah Fa Investment Co., Ltd.: Generic investments, trading in raincoat and garment, and leasing of parking lots. (The car park rental industry ceased operation in 2019, was liquidated and deregistered in April 2020)

The operating departments not been aggregated to form the aforementioned reporting operations.

Revenue from departments below the quantitative threshold is attributable to other segments and is regarded as part of the Hong Kong regional trade segment.

The management shall individually supervise the operation results of its business units to make decisions on resource allocation and performance evaluation. The performance of the department is assessed on the basis of operating profit and loss and measured in a manner consistent with the operating profit or loss in the consolidated financial statements.

Transfer pricing between operating departments is based on a regular transaction similar to that of an external third person.

a. December 31, 2020

	Tahsin Taiwan	Tahsin Shoji Co., Ltd.	United States T.H. USA	Fujian Putian DAFU Plastic Industry Co., Ltd.	Tah Viet Co., Ltd.	Myanmar Tahsin	Tah Fa Investment Co., Ltd.	Other Departments	Adjustment and sales	Total
Revenue										
Revenue from external customers:	\$ 1,591,172	\$ 431,211	\$ 69,124	\$ 81,610	\$ 7,705	-	\$ 52,718	-	-	\$2,233,540
Interdepartmental revenue	205,226	-	-	48,062	85,808	\$ 166,016	46,034	-	\$ (551,146)Note A	-
Total revenue	\$ 1,796,398	\$ 431,211	\$ 69,124	\$ 129,672	\$ 93,513	\$ 166,016	\$ 98,752	-	\$ (551,146)	\$2,233,540
Finance costs	\$ 548	\$ 2,716	\$ 1,322	-	-	\$ 90	\$7	-	\$ (1,079)	\$3,604
Depreciation and amortization	\$25,755	\$ 3,091	\$ 1,002	\$ 1,949	\$ 7,799	\$ 17,001	\$ 595	-	\$ (372)	\$ 56,820
Net investment income or loss accounted for using equity method	\$ (7,272)	-	-	-	\$ 639	-	\$ 66,192	-	-	\$ 59,559
Department profit or loss	\$ 5,317,558	\$ 21,490	\$ (15,615)	\$ 17,886	\$ (5,236)	\$ (6,563)	\$ 147,434	-	\$ (46,743)	\$5,430,211
Assets										
Acquisition of long-term investment in shares accounted for using the equity method	\$ 5,765	-	-	-	\$ 9,621	-	\$ 630,908	-	-	\$ 646,294
Capital expenditure on non-current assets	\$32,177	\$ 1,025	-	\$ 1,575	\$ 5,795	\$ 35,907	-	-	\$1,387	\$ 77,866
Department assets	\$10,986,268	\$ 356,899	\$ 47,099	\$ 186,504	\$ 158,086	\$ 245,032	\$1,506,445	\$ 22,639	\$ (442,552)Note B	\$13,066,420
Liabilities										
Departmental liabilities	\$ 531,066	\$ 279,911	\$ 32,564	\$ 17,859	\$ 21,969	\$ 31,183	\$3,584	\$ 22,603	\$ (78,413)Note B	\$ 862,326

Note: A. Interdepartmental revenues are eliminated during consolidation at the time of merger.

B. Inter-segment claims and liabilities are eliminated at the time of merger

b. December 31, 2019

	Tahsin Taiwan	Tahsin Shoji Co., Ltd.	United States T.H. USA	Fujian Putian DAFU Plastic Industry Co., Ltd.	Tah Viet Co., Ltd.	Myanmar Tahsin	Tah Fa Investment Co., Ltd.	Other Departments	Adjustment and sales	Total
Revenue										
Revenue from external customers:	\$1,640,123	\$ 433,337	\$ 239,399	\$ 110,272	-	-	\$ 17,468	-	-	\$2,440,599
Interdepartmental revenue	375,675	-	-	23,371	\$ 92,677	\$ 167,886	8,564	-	\$ (668,173) Note A	-
Total revenue	\$2,015,798	\$ 433,337	\$ 239,399	\$ 133,643	\$ 92,677	\$ 167,886	\$ 26,032	-	\$ (668,173)	\$2,440,599
Finance costs	\$3,027	\$ 3,263	\$ 3,142	\$ -	\$ -	\$ 97	\$5	-	\$ (2,435)	\$7,099
Depreciation and amortization	\$ 25,754	\$ 3,248	\$ 1,048	\$ 1,959	\$ 4,440	\$ 15,442	\$ 537	-	\$ (391)	\$ 52,037
Net investment income or loss accounted for using equity method	\$2,112	-	-	-	\$ 1,658	\$ -	\$7,720	-	-	\$ 11,490
Department profit or loss	\$ 686,986	\$ (2,668)	\$ (24,270)	\$ 21,631	\$ (3,361)	\$ 7,836	\$ 19,372	-	\$ (7,386)	\$ 698,140
Assets										
Acquisition of long-term investment in shares accounted for using the equity method	\$ 12,899	-	-	-	\$ 10,383	-	\$ 514,299	-	-	\$ 537,581
Capital expenditure on non-current assets	\$ 31,255	\$ 738	-	\$ 1,833	\$ 29,704	\$ 21,653	\$ 152	-	-	\$ 85,335
Department assets	\$8,145,684	\$ 359,633	\$ 75,734	\$ 164,058	\$ 160,470	\$ 219,350	\$1,205,050	\$ 22,279	\$ (426,945) Note B	\$9,925,313
Liabilities										
Departmental liabilities	\$1,189,060	\$ 304,149	\$ 44,582	\$ 16,172	\$ 14,435	\$ 23,554	\$4,177	\$ 22,240	\$ (86,283) Note B	\$1,532,086

Note: A. Interdepartmental revenues are eliminated during consolidation at the time of merger.

B. Inter-segment claims and liabilities are eliminated at the time of merger

c. Information for each industry

Industry category	December 31, 2020	December 31, 2019
Revenue from external customers:		
Rain coats department (including processing and waterproof fabrics)	\$ 1,042,574	\$ 1,186,586
Garment department	512,973	592,893
New division (including binding machine and furniture)	187,288	263,998
PP department	317,336	290,149
Others	173,369	106,973
Total	<u>\$ 2,233,540</u>	<u>\$ 2,440,599</u>

d. Information in each region

Region	December 31, 2020	December 31, 2019
Revenue from external customers:		
Taiwan	\$ 423,151	\$ 424,593
America	283,647	522,447
Europe	641,551	614,817
Japan	646,701	573,171
Others	238,490	305,571
Total	<u>\$ 2,233,540</u>	<u>\$ 2,440,599</u>

e. Key customer information

Customers whose consolidated net sales revenue of the company and its subsidiaries accounted for more than 10% of the consolidated net sales revenue of the income statement in 2020 and 2019:

Customer name	December 31, 2020		December 31, 2019	
	Sales	%	Sales	%
Customer A	\$ 391,013	17	\$ 347,741	14