Stock Code:1467

TEX-RAY INDUSTRIAL CO., LTD.

Parent Company Only Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2020 and 2019

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Independent Auditors' Report

To the Board of Directors of TEX-RAY INDUSTRIAL CO., LTD.

Opinion

We have audited the financial statements of TEX-RAY INDUSTRIAL CO., LTD.("the Company"), which comprise the balance sheets as of December 31, 2020 and 2019, the statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters that in our professional judgement, should be communicated are as follows:

1. Revenue recognition

   Please refer to Note 4(p) for the accounting policies on revenue and Note 6(r) "Revenue from contracts with customers" for the details of the related disclosure.

   .

Description of the key audit matter:

The Company is in the garment textile industry. In order to enhance the international competency, the management adopts global layout as its business strategy and adds multiple production and sales supply chains overseas. Therefore, the extent of influence of local laws and political and economic changes in various countries to such strategy increases dramatically. Resulting in that the revenue recognition is regarded as highly concerns. Therefore, the Company' s revenue recognition has been identified as one of the key audit matters.

How the matter was addressed in our audit:

We have performed certain audit procedures including understanding the design of internal controls over the recognition of revenue and the collection of receivables, performing test of details by inspecting the sales orders, shipping records, invoices and documents related to accounts receivable and cash collection and assessing the adequacy of revenue recognition. Furthermore, we also performed sample testing for verification from transactions within a period before and after balance sheet date to determine whether the revenue is recognized in appropriate period.

2. Valuation of accounts receivable

For the accounting policies on the valuation of accounts receivable, please refer to Note 4(f). Refer to Note 5(a) for the accounting estimates and assumptions related to the valuation of accounts receivable on reporting date and refer to Note 6(c) for the details of the accounts receivable.

Description of the key audit matter:

As of December 31, 2020, the accounts receivable of the Company was $338,837 thousand. We have considered that the Company's trading partners are scattered in different industries and geographic regions, how the management control credit risk of its customer is thoroughly important. Therefore, the impairment assessment of accounts receivable has been identified as one of the key audit matters.

How the matter was addressed in our audit:

We have performed certain audit procedures including inspecting the controls over customer credit assessment process, analyzing the accounts receivable aging table, viewing past collection experience of customers and checking cash collection records after the reporting date to evaluate whether the impairment of the accounts receivable has been properly assessed.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Kuo-Yang Tseng and Ti-Nuan Chien.

KPMG

Taipei, Taiwan (Republic of China)
March 26, 2021

Notes to Readers

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

The auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

TEX-RAY INDUSTRIAL CO., LTD.

Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2020		December 31, 2019	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents(Note 6(a))	$ 512,083	9	75,302	2
1110	Current financial assets at fair value through profit or loss(Note 6(b))	612	-	1,225	-
1150	Notes receivable, net(Notes 6(c))	500	-	21,793	-
1170	Accounts receivable, net(Notes 6(c))	338,837	6	211,612	5
1181	Accounts receivable due from related parties(Notes 7)	110,539	2	99,000	2
1200	Other receivables, net	5,932	-	3,514	-
1210	Other receivables due from related parties, net(Notes 7)	132,032	2	42,319	1
1310	Inventories, manufacturing business, net(Notes 6(d))	420,761	7	235,120	5
1410	Prepayments(Note 7)	181,993	3	197,872	4
1470	Other current assets	330	-	240	-
1476	Other current financial assets(Note 8)	166,778	3	261,190	5
		1,870,397	32	1,149,187	24
	Non-current assets:				
1550	Investments accounted for using equity method, net(Note 6(e))	2,518,050	42	2,799,770	59
1600	Property, plant and equipment(Note 6(f) and 8)	436,000	7	536,906	11
1755	Right-of-use assets(Notes 6(g))	32,845	1	39,595	1
1760	Investment property, net(Notes 6(h) and 8)	1,058,441	18	128,719	3
1780	Intangible assets	17,732	-	5,387	-
1840	Deferred tax assets(Note 6(o))	25,966	-	5,884	-
1960	Prepayments for investments	9,092	-	-	-
1980	Other non-current financial assets(Note 8)	9,879	-	115,223	2
1990	Other non-current assets	2,133	-	-	-
		4,110,138	68	3,631,484	76
	Total assets	$ 5,980,535	100	4,780,671	100

		December 31, 2020		December 31, 2019	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings(Note 6(i))	$ 119,990	2	571,722	12
2110	Short-term notes and bills payable(Note 6(j))	249,660	4	-	-
2130	Current contract liabilities(Note 6(r))	17,908	1	13	-
2150	Notes payable	47,339	1	59,664	1
2160	Notes payable due to related parties(Note 7)	13	-	-	-
2170	Accounts payable	263,149	4	210,719	4
2180	Accounts payable due to related parties(Note 7)	26,963	-	36,311	1
2200	Other payables	311,490	5	91,079	2
2220	Other payables due to related parties(Note 7)	366	-	763	-
2230	Current tax liabilities	77,227	1	8,705	-
2280	Current lease liabilities(Note 6(l))	6,328	-	7,476	-
2320	Long-term liabilities, current portion(Note 6(k))	9,000	-	28,800	1
2300	Other current liabilities(Note 7)	3,916	-	3,203	-
2315	Other advance receipts(Note 7)	4,679	-	-	-
		1,138,028	18	1,018,455	21
	Non-current liabilities:				
2540	Long-term borrowings(Note 6(k))	1,424,189	24	1,188,200	25
2570	Deferred tax liabilities(Note 6(o))	177,699	3	65,289	1
2580	Non-current lease liabilities(Note 6(l))	26,810	1	32,407	1
2640	Net defined benefit liability, non-current(Note 6(n))	25,012	1	29,496	1
2670	Other non-current liabilities, others	759	-	1,300	-
		1,654,469	29	1,316,692	28
	Total liabilities	2,792,497	47	2,335,147	49
	Equity(Note 6(p)):				
3110	Ordinary share	2,336,247	39	2,336,247	49
3200	Capital surplus	234,052	4	235,155	5
3300	Retained earnings	473,640	8	307,142	6
3400	Other equity interest	144,099	2	(433,020)	(9)
	Total equity	3,188,038	53	2,445,524	51
	Total liabilities and equity	$ 5,980,535	100	4,780,671	100

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

TEX-RAY INDUSTRIAL CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2020		2019	
		Amount	%	Amount	%
4000	**Operating revenues (Notes 6(r) and 7)**	$ 5,626,250	100	2,851,433	100
5000	**Operating costs (Notes 6(d), (n) and 7)**	4,310,188	77	2,406,771	84
5900	**Gross profit from operations**	1,316,062	23	444,662	16
5910	Less:Unrealized profit from sales	(7,336)	-	(10,250)	-
5920	Add:Realized profit on from sales	10,250	-	10,891	-
5950	**Gross profit (loss) from operations**	1,318,976	23	445,303	16
6000	**Operating expenses (Note 6(n)):**				
6100	Selling expenses	718,559	13	249,611	9
6200	Administrative expenses	181,733	3	124,105	4
6300	Research and development expenses	13,248	-	11,032	1
		913,540	16	384,748	14
6900	**Net operating income**	405,436	7	60,555	2
7000	**Non-operating income and expenses:**				
7010	Other income (Notes 6(t) and 7)	17,470	-	18,339	1
7020	Other gains and losses, net (Note 6(t))	(82,566)	(1)	50,613	2
7100	Interest income(Notes 6(t) and 7)	4,694	-	4,854	-
7070	Share of loss of subsidiaries, associates and joint ventures accounted for using equity method, net	(92,754)	(2)	(237,034)	(8)
7510	Interest expense (Note 6(t))	(34,106)	(1)	(33,422)	(2)
		(187,262)	(4)	(196,650)	(7)
	Profit (loss) before tax	218,174	3	(136,095)	(5)
7950	Less: Income tax expenses (Note 6(o))	50,054	1	35,782	1
	Profit (loss)	168,120	2	(171,877)	(6)
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Losses on remeasurements of defined benefit plans	(1,622)	-	(4,029)	-
8312	Gains on revaluation surplus	873,576	16	262,746	9
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(142)	-	3,660	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	-	-	(4,935)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified subsequently to profit or loss	112,410	2	-	-
	Items that will not be reclassified subsequently to profit or loss	759,402	14	257,442	9
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(183,905)	(3)	(52,586)	(2)
8399	Income tax related to components of other comprehensive income that may be reclassified subsequently to profit or loss	-	-	-	-
	Items that may be reclassified subsequently to profit or loss	(183,905)	(3)	(52,586)	(2)
8300	**Other comprehensive income**	575,497	11	204,856	7
8500	**Total comprehensive income**	**$ 743,617**	**13**	**32,979**	**1**
	Basic earnings per share (Note 6(q))				
9750	Basic earnings per share (dollars)	$	**0.72**		**(0.74)**
9850	Diluted earnings per share (dollars)	$	**0.72**		**(0.74)**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

TEX-RAY INDUSTRIAL CO., LTD.

Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Total other equity interest					
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Revaluation surplus	Equity related to non-current assets (or disposal groups) held-for-sale	Total other equity interest	Total equity
Balance on January 1, 2019	$ 2,336,247	235,155	166,655	201,749	(139,947)	228,457	(611,680)	(34,477)	-	258,905	(387,252)	2,412,607
Loss	-	-	-	-	(171,877)	(171,877)	-	-	-	-	-	(171,877)
Other comprehensive income	-	-	-	-	(4,029)	(4,029)	(52,586)	(1,275)	262,746	-	208,885	204,856
Total comprehensive income	-	-	-	-	(175,906)	(175,906)	(52,586)	(1,275)	262,746	-	208,885	32,979
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	-	-	-	(62)	(62)	-	-	-	-	-	(62)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	610	610	-	(610)	-	-	(610)	-
Equity related to non-current assets held-for-sale	-	-	-	-	254,043	254,043	-	-	4,862	(258,905)	(254,043)	-
Balance on December 31, 2019	2,336,247	235,155	166,655	201,749	(61,262)	307,142	(664,266)	(36,362)	267,608	-	(433,020)	2,445,524
Profit	-	-	-	-	168,120	168,120	-	-	-	-	-	168,120
Other comprehensive income	-	-	-	-	(1,622)	(1,622)	(183,905)	(142)	761,166	-	577,119	575,497
Total comprehensive income	-	-	-	-	166,498	166,498	(183,905)	(142)	761,166	-	577,119	743,617
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	(1,103)	-	-	-	-	-	-	-	-	-	(1,103)
Balance on December 31, 2020	**$ 2,336,247**	**234,052**	**166,655**	**201,749**	**105,236**	**473,640**	**(848,171)**	**(36,504)**	**1,028,774**	**-**	**144,099**	**3,188,038**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

TEX-RAY INDUSTRIAL CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		2020	2019
Cash flows from operating activities:			
Profit (loss) before tax	$	218,174	(136,095)
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		26,175	32,081
Amortization expense		6,264	3,666
Reversal of provision for expected credit loss		(1,010)	(1,283)
Loss on financial assets at fair value through profit or loss		128	130
Interest expense		34,106	33,422
Interest income		(4,694)	(4,854)
Dividend income		(22)	(97)
Share of loss of subsidiaries, associates and joint ventures accounted for using equity method		92,754	237,034
Loss on disposal of property, plan and equipment		2,780	(203)
Gain on disposal of non-current assets held-for-sale		-	(42,304)
Impairment loss on non-financial assets		4,000	-
Realized profit from sales		(2,914)	(641)
Loss (gain) on fair value adjustment of investment property		18,948	(10,420)
Other income		(1,649)	(788)
Other losses		605	-
Total adjustments to reconcile profit		175,471	245,743
Changes in operating assets and liabilities:			
Decrease in financial assets at fair value through profit or loss		485	-
Decrease in notes receivable		21,293	16,964
(Increase) decrease in accounts receivable		(126,215)	60,889
(Increase) decrease in accounts receivable due from related parties		(11,539)	117,942
(Increase) decrease in other receivables		(2,418)	3,414
(Increase) decrease in other receivables due from related parties		(89,713)	124,597
(Increase) decrease in inventories		(185,641)	(16,565)
Decrease (increase) in prepayments		15,879	(13,472)
Increase in other current assets		(90)	(39)
Increase in other financial assets		(4,799)	(1,370)
Total changes in operating assets		(382,758)	292,360
Changes in operating liabilities:			
Increase (decrease) in contract liabilities		17,895	(36,610)
(Decrease) increase in notes payable		(12,325)	3,863
Increase in notes payable due to related parties		13	-
Increase (decrease) in accounts payable		52,430	(129,446)
(Decrease) increase in accounts payable due to related parties		(9,348)	15,583
Increase (decrease) in other payables		220,478	(23,718)
Decrease in other payable due to related parties		(397)	(27)
Increase in advance receipts		4,679	-
Increase in other current liabilities		713	589
Decrease in net defined benefit liability		(5,462)	(3,878)
Decrease in other operating liabilities		(541)	(1,660)
Total changes in operating liabilities		268,135	(175,304)
Total changes in operating assets and liabilities		(114,623)	117,056
Total adjustments		60,848	362,799
Cash inflow generated from operations		279,022	226,704
Interest received		4,694	4,854
Dividends received		22	97
Interest paid		(34,173)	(33,116)
Income taxes paid		(1,614)	(43,390)
Net cash flows from operating activities		247,951	155,149

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

TEX-RAY INDUSTRIAL CO., LTD.

Statements of Cash Flows (CONT'D)

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	3,660
Acquisition of investments accounted for using equity method	(25,000)	(127,447)
Increase in prepayments for investments	(9,092)	-
Proceeds from liquidation of investments accounted for using equity method	20,000	-
Proceeds from disposal of non-current assets held-for-sale	-	321,000
Acquisition of property, plant and equipment	(5,954)	(13,931)
Proceeds from disposal of property, plant and equipment	18,221	215
Acquisition of intangible assets	(18,609)	-
Increase in other financial assets	-	(137,950)
Decrease in other financial assets	94,412	-
Increase in other non-current assets	(2,133)	-
Dividends received	-	5,754
Net cash flows from investing activities	71,845	51,301
Cash flows from (used in) financing activities:		
Increase in short-term loans	309,293	1,427,631
Decrease in short-term loans	(761,025)	(1,476,398)
Increase in short-term notes and bills payable	249,660	-
Proceeds from long-term debt	1,400,000	110,000
Repayments of long-term debt	(1,183,811)	(267,400)
Payment of lease liabilities	(7,275)	(7,054)
Increase in other financial assets	-	(143)
Decrease in other financial assets	110,143	-
Net cash flows from (used in) financing activities	116,985	(213,364)
Net increase (decrease) in cash and cash equivalents	436,781	(6,914)
Cash and cash equivalents at beginning of period	75,302	82,216
Cash and cash equivalents at end of period	$ **512,083**	**75,302**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

TEX-RAY INDUSTRIAL CO., LTD.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

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

(1) Company history

TEX-RAY INDUSTRIAL CO., LTD. (the "Company") was established with the approval of the Ministry of Economic Affairs in August 1978, and was listed in Taiwan Stock Exchange in 1998. The registered address is 2F., No. 426, Linsen N. Rd., Jhongshan Dist., Taipei City. The Company was originally a modern yarn dyeing factory, and then expanded to spinning business, plain weaving business, and garment business, etc.. In order to enhance competency in international business, the Company established multiple production and sales supply chains overseas in Mexico, Eswatini, Vietnam, and Mainland China, and deployed the marketing department in US and Mexico market. The Company further divided its departments or established new subsidiaries for specialization purpose in particular technologies and markets in order to enhance the overall economic efficiency.

The main business of the Company is in weaving, manufacturing and processing, dyeing and spinning, and trading of cotton and any kind of fibers and textiles, and yarn trading business, garment processing and trading business, ultrasonic cleaning and supercritical cleaning business and extraction businesses.

(2) Approval date and procedures of the financial statements

The financial statements were authorized for issue by the Board of Directors on March 26, 2021.

(3) New standards, amendments and interpretations adopted

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2020:

- Amendments to IFRS 3 "Definition of a Business"
- Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"
- Amendments to IAS 1 and IAS 8 "Definition of Material"
- Amendments to IFRS 16 "COVID-19-Related Rent Concessions"

(b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its financial statements:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform－Phase 2"

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"

(4) Summary of significant accounting policies

The significant accounting policies presented in the financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the financial statements.

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis:

1) Financial instruments at fair value through profit or loss are measured at fair value,

2) Fair value through other comprehensive income are measured at fair value,

3) Investment property is measured at fair value, and

4) The defined benefit liabilities is recognized as the fair value of the plan assets less the present value of defined benefit obligation and the upper limit impact mentioned in Note 4(r).

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. The Company' s financial statements are presented in New Taiwan Dollar, which is the Company' s functional currency. All the financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Foreign currencies

(i) currencies transaction

Transactions in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for equity securities designated as at fair value through other comprehensive income; which are recognized in other comprehensive income.

(Continued)

TEX-RAY INDUSTRIAL CO., LTD.
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(ii) Foreign operation

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current when

(i) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle,

(ii) The Company holds the asset primarily for the purpose of trading,

(iii) The Company expects to realize the asset within twelve months after the reporting period,

(iv) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when

(i) The Company expects to settle the liability in its normal operating cycle,

(ii) The Company holds the liability primarily for the purpose of trading,

(iii) The liability is due to be settled within twelve months after the reporting period,

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(f) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI)－equity investment, or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(Continued)

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

· the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

· how the performance of the portfolio is evaluated and reported to the Company's management;

· the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

· how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

(Continued)

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivables, guarantee deposit and other financial assets) and contract assets.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

Since the performance object of the Company's cash deposits are investment grade financial institutions, the Company's credit risk are considered low.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

(Continued)

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

6) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(Continued)

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In case of manufactured inventories and work in process, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Non-current assets held-for-sale

Non-current assets comprising assets that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale, the assets, are remeasured in accordance with the Company’s accounting policies. Thereafter, generally, the assets are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

Once classified as held for sale, property, plant and equipment is no longer amortized or depreciated.

(i) Investment in associates

Associates are those entities in which the Company has significant influence, but no control, over the financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, minus any accumulated impairment losses.

(Continued)

The financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align the accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from the transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company's share of losses of an associate equals or exceeds its interest in associates, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Company accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) (or retained earnings) when the equity method is discontinued. If the Company's ownership interest in an associate is reduced while it continues to apply the equity method, the Company reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method without remeasuring the retained interest.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(Continued)

(j) Subsidiaries

The subsidiaries in which the Company holds controlling interest are accounted for under equity method in the non-consolidated financial statements. Under equity method, the net income, other comprehensive income and equity in the non-consolidated financial statement are the same as those attributable to the owners of parent in the consolidated financial statements.

The changes in ownership of the subsidiaries are recognized as equity transaction.

(k) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is initially measured at cost and subsequently at fair value with any change therein recognized in profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in ‘other equity - revaluation surplus’ is transferred to retained earnings.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease.

(l) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses. The cost includes any expenditure of acquiring assets. Self-built asset cost includes materials, direct labor, any other expenditure to make the asset usable, removement and recovery cost, and the loan cost meeting the criteria of capitalization. Besides, the cost also includes the software purchased to integrate related functions, which is capitalized as a part of the equipment.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straightline basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

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The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1)	Buildings	5～55 years
2)	Machinery equipment	1～23 years
3)	Transportation equipment	1～ 6 years
4)	Office and Other equipment	1～20 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owneroccupied to investment property.

(m) Leases

(i) Identifying a lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified, and

2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use, and

3) the customer has the right to direct the use of the asset throughout the period of use only if either:

- the customer has the right to direct how and for what purpose the asset is used throughout the period of use, or
- the relevant decisions about how and for what purpose the asset is used are predetermined and:
  - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions, or
  - the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

(ii) As a leasee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

1) fixed payments, including in-substance fixed payment,

2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,

3) amounts expected to be payable under a residual value guarantee, and

4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

1) there is a change in future lease payments arising from the change in an index or rate, or

2) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or

3) there is a change of its assessment on whether it will exercise a purchase, extension or termination option, or

4) there is any lease modifications.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

(Continued)

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery and office equipment that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a practical expedient, the Company elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

1) the rent concessions occurring as a direct consequence of the COVID-19 pandemic,

2) the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change,

3) any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2021, and

4) there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(iii) As a leasor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

(n) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets, including patents and trademarks, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. Additionally intangible assets such as computer software are amortized at estimated useful lives ranging from three to twenty years, and recognized in profit and loss.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(o) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

(Continued)

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Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(p) Revenue from contracts with customers

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

1) Sale of goods

The Company engages in manufacturing, processing and wholesaling of textile and garments. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

2) Financial components

The Company does not expect to have any contracts where the period between the transfer of the goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(q) Government grants

The Company recognizes an unconditional government grant related to a biological asset in profit or loss as other income when the grant becomes receivable. Grants that compensate the Company for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(Continued)

(r) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity.

The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(iv) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(Continued)

(s) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction,

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future, and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity, or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

(Continued)

(t) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds and employee compensation.

(u) Operating segments

Please refer to the consolidated financial report of TEX-RAY INDUSTRIAL CO., LTD. for the years ended December 31, 2020 and 2019 for operating segments information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the financial statements in conformity with the Regulations requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

There is no judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) The loss allowance of trade receivables

The Company has estimated the loss allowance of trade receivables that is based on the risk of a default occurring and the rate of expected credit loss. The Company has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to Note 6(c).

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to Note 6(d) for further description of the valuation of inventories.

(Continued)

TEX-RAY INDUSTRIAL CO., LTD.
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The Company's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss. The Company' s financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back-testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value. Investment property measured at fair value is periodically remeasured by the Company' s finance Dept. or by appraisers using appraisal method accepted by FSC.

The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

(a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

(b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).

(c) Level 3: inputs for the assets or liability that are not based on observable market data.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date.

Please refer to following notes for assumptions used in measuring fair value:

(a) Note 6(h), Investment property.

(b) Note 6(u), Financial instruments.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash	$ 497	572
Check deposits	6,529	11,740
Demand deposits	778	2,765
Foreign currency deposits	53,255	60,225
Time deposits	451,024	-
Cash and cash equivalents in the statements of cash flows	**$ 512,083**	**75,302**

Please refer Note 6(u) for the disclosure of interest risk and sensitivity analysis of the Company's financial assets and liabilities.

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(b) Financial assets at fair value

The portfolio of the Company were as follows:

	December 31, 2020	December 31, 2019
Financial assets mandatorily measured at fair value through profit or loss		
Non-derivative financial assets		
Stocks listed on domestic markets	**$ 612**	**1,225**

(i) Please refer to Note 6(t) for re-measurement at fair value recognized in profit or loss.

(ii) The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long-term strategic purposes. The revaluation loss of the investment has been recognized in equity accounts.

(iii) On Dec. 5, 2019, the Company disposed part of its financial assets at fair value through other comprehensive income at fair value amounted to $3,660 thousand and recognized realized gain amounted to $610 thousand, which was previously recognized as other comprehensive income, and thereafter, was reclassified to retained earnings.

(iv) During 2020, the Company sold part of its financial assets at fair value through profit or loss. The financial asset was disposed at fair value amounted to $485 thousand.

(v) Please refer to Note 6(u) for credit risk and market risk of the financial assets.

(vi) The aforesaid financial assets were not pledged as collateral.

(c) Notes and trade receivables

	December 31, 2020	December 31, 2019
Notes receivables from operating activities	$ 500	21,793
Accounts receivable-measured at amortized cost	339,049	212,834
Less: Loss allowance	212	1,222
	$ 339,337	**233,405**

TEX-RAY INDUSTRIAL CO., LTD.
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(i) The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward looking information. The expected credit losses of the notes receivables and trade receivables were as follows:

	December 31, 2020		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance Provision**
Overdue under 90 days	$ 338,447	0%	-
Overdue 90 to 180 days	984	10%	98
Overdue 180 to 360 days	9	56%	5
Over 360 days past due	109	100%	109
	$ 339,549		**212**

	December 31, 2019		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance Provision**
Overdue under 90 days	$ 227,472	0%	-
Overdue 90 to 180 days	6,013	10%	601
Overdue 180 to 360 days	1,071	51.4%	550
Over 360 days past due	71	100%	71
	$ 234,627		**1,222**

(ii) The movement in the allowance for notes and accounts receivable was as follow:

	For the years ended December 31	
	2020	**2019**
Balance on January 1	$ 1,222	2,571
Amounts written off	-	(66)
Reversal of impairment losses	(1,010)	(1,283)
Balance on December 31	**$ 212**	**1,222**

(iii) The aforesaid receivables were not pledged as collateral.

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(d) Inventories

		December 31, 2020	December 31, 2019
Raw materials	$	13,649	47,494
Work in process		368,857	183,194
Finished goods		-	4,321
Merchandise		38,255	111
	$	**420,761**	**235,120**

(i) As of December 31, 2020 and 2019, inventories recognized as cost of sales amounted to $4,239,495 thousand and $2,405,720 thousand, respectively. For the years ended 2020 and 2019, the write-down of inventories amounted to $70,693 thousand and $1,051 thousand, respectively. The write-downs are included in cost of sales.

(ii) The aforesaid inventories were not pledged as collateral.

(e) Investments accounted for using equity method

A summary of the Company's investments accounted for using equity method at the reporting date were as follows:

		December 31, 2020	December 31, 2019
Subsidiaries	$	**2,518,050**	**2,799,770**

(i) Subsidiary

Please refer to the consolidated financial statements for the year ended December 31, 2020 and 2019.

(ii) Associate

The Company’s ability to affect those returns from associates is not highly restricted. Because the Company had no obligation to bear additional losses, the Company had stopped recognizing share of losses from MAINETTI GTA HANGERS SWAZILAND (PTY) LTD ("GTA"). The unrecognized losses in 2019 was $ 7 thousand. GTA had completed liquidation process in 2019.

(iii) The aforesaid investments accounted for using equity method were not pledged as collateral.

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Notes to the Financial Statements

(f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2020 and 2019, were as follows:

	Land	Buildings	Machinery equipment	Transportation equipment	Office equipment	Other facilities	Construction in progress	Total
Cost:								
Balance on January 1, 2020	$ 231,506	372,815	225,907	6,858	42,069	87,107	-	966,262
Additions	-	3,313	1,227	-	1,008	406	-	5,954
Reclassification to investment property	(38,490)	(86,011)	-	-	-	-	-	(124,501)
Disposals	-	-	(90,076)	(4,952)	(23)	(12,242)	-	(107,293)
Balance on December 31, 2020	**$ 193,016**	**290,117**	**137,058**	**1,906**	**43,054**	**75,271**	**-**	**740,422**
Balance on January 1, 2019	$ 231,506	372,038	221,846	10,571	36,800	88,035	-	960,796
Additions	-	777	2,535	-	1,669	3,449	5,501	13,931
Transfers	-	-	1,526	-	3,600	375	(5,501)	-
Disposals	-	-	-	(3,713)	-	(4,752)	-	(8,465)
Balance on December 31, 2019	**$ 231,506**	**372,815**	**225,907**	**6,858**	**42,069**	**87,107**	**-**	**966,262**
Depreciation and impairment loss:								
Balance on January 1, 2020	$ -	114,164	195,717	5,657	33,858	79,960	-	429,356
Depreciation for the period	-	7,070	8,024	637	2,202	1,567	-	19,500
Impairment loss	-	-	2,200	100	200	1,500	-	4,000
Reclassification to investment property	-	(58,475)	-	-	-	-	-	(58,475)
Disposals	-	-	(75,192)	(4,527)	(23)	(10,217)	-	(89,959)
Balance on December 31, 2020	**$ -**	**62,759**	**130,749**	**1,867**	**36,237**	**72,810**	**-**	**304,422**
Balance on January 1, 2019	$ -	105,844	184,006	8,452	31,808	82,960	-	413,070
Depreciation for the period	-	8,320	11,711	918	2,050	1,740	-	24,739
Disposals	-	-	-	(3,713)	-	(4,740)	-	(8,453)
Balance on December 31, 2019	**$ -**	**114,164**	**195,717**	**5,657**	**33,858**	**79,960**	**-**	**429,356**
Carrying amounts:								
Balance on December 31, 2020	**$ 193,016**	**227,358**	**6,309**	**39**	**6,817**	**2,461**	**-**	**436,000**
Balance on December 31, 2019	**$ 231,506**	**258,651**	**30,190**	**1,201**	**8,211**	**7,147**	**-**	**536,906**
Balance on January 1, 2019	**$ 231,506**	**266,194**	**37,840**	**2,119**	**4,992**	**5,075**	**-**	**547,726**

(i) On June 16, 2020, the Board of Directors approved that the real estate of the factory site located in Taiwan would be leased or sold subsequently, resulting in the carrying value amounting to $66,026 thousand was transferred into investment property. Please refer to Note 6(h) for details.

(ii) In June 2020, due to the cessation of production at the Tainan Dyeing Factory, the Company estimated that the recoverable amount of the relevant property, plant and equipment was lower than the book value, thus impairment loss amounting to $4,000 thousand was recognized.

(iii) The property, plant and equipment of the Company had been pledged as collateral for bank borrowings, please refer to Note 8.

TEX-RAY INDUSTRIAL CO., LTD.
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(g) Right-of-use assets

The Company leases assets including land, buildings, machinery and transportation equipment. Information about leases for which the Company as a lessee was presented below:

	Land	Buildings	Machinery equipment	Transportation equipment	Total
Cost:					
Balance on January 1, 2020	$ 37,365	1,326	2,564	5,682	46,937
Additions	-	693	-	508	1,201
Disposal	(3,385)	(1,326)	(2,564)	-	(7,275)
Balance on December 31, 2020	**$ 33,980**	**693**	**-**	**6,190**	**40,863**
Balance on January 1, 2019	$ 4,432	1,326	2,564	1,042	9,364
Additions	32,933	-	-	4,640	37,573
Balance on December 31, 2019	**$ 37,365**	**1,326**	**2,564**	**5,682**	**46,937**
Accumulated depreciation:					
Balance on January 1, 2020	$ 4,149	560	1,524	1,109	7,342
Depreciation for the year	3,481	620	390	2,184	6,675
Disposal	(3,385)	(700)	(1,914)	-	(5,999)
Balance on December 31, 2020	**$ 4,245**	**480**	**-**	**3,293**	**8,018**
Balance on January 1, 2019	$ -	-	-	-	-
Depreciation for the year	4,149	560	1,524	1,109	7,342
Balance on December 31, 2019	**$ 4,149**	**560**	**1,524**	**1,109**	**7,342**
Carrying amounts:					
Balance on December 31, 2020	**$ 29,735**	**213**	**-**	**2,897**	**32,845**
Balance on December 31, 2019	**$ 33,216**	**766**	**1,040**	**4,573**	**39,595**
Balance on January 1, 2019	**$ 4,432**	**1,326**	**2,564**	**1,042**	**9,364**

(h) Investment property

The movement of the investment property were as follows:

	Land and improvement	Buildings	Total
Book Value:			
Balance on January 1, 2020	$ 42,559	86,160	128,719
Transfer from property, plant, and equipment	38,490	27,536	66,026
Change in fair value	882,644	(18,948)	863,696
Balance on December 31, 2020	**$ 963,693**	**94,748**	**1,058,441**
Balance on January 1, 2019	$ 37,650	75,746	113,396
Change in fair value	4,909	10,414	15,323
Balance on December 31, 2019	**$ 42,559**	**86,160**	**128,719**

(Continued)

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

	Land and improvement	Buildings	Total
Carrying amounts:			
Balance on December 31, 2020	$ 963,693	94,748	1,058,441
Balance on December 31, 2019	$ 42,559	86,160	128,719
Balance on January 1, 2019	$ 37,650	75,746	113,396

(i) The recurring fair value measurement for the investment properties has been categorized as a Level 3 fair value based on the input to the valuation technique used. The above table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

The Company’ s investment properties were subsequently measured at fair value using the income approach after initial recognition. The relevant contract information and key assumptions used in the method are as follows:

Contract Terms	Building No. 6576, Sec. 3, Zhongshan Dist., Taipei City	
	December 31, 2020	December 31, 2019
Contract terms	1.Rental:$238 thousand /month 2.Period:60 months 3.Deposits: $460 thousand 4.Tax borne by lessor:$85 thousand/year	1.Rental:$210~$238 thousand /month 2.Period:57 months 3.Deposits: $460 thousand 4.Tax borne by lessor:$86 thousand/year
Rent at local market rate (note)	$3,128 /Py /month	$2,860 /Py /month
Current market rent for comparable properties in similar locations and condition	$2,683～$3,234 /Py /month	$2,630~$3,088 /Py /month
Current status	In use	In use
Capitalization rate	3.77%	3.54%
Discount rate	2.02%	2.04%
Appraised by external independent appraiser or self-appraisal	Appraised by external independent appraiser	Appraised by external independent appraiser
Appraiser office(s)	Grand Elite Real Estate Appraisers Firm	Grand Elite Real Estate Appraisers Firm
Appraiser name(s)	Fu-Sheng Wang	Fu-Sheng Wang
Appraisal date	December 31, 2020	December 31, 2019
Fair value by external independent appraiser(s)	$64,090 thousand	$63,420 thousand

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TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

Contract Terms	Land No. 38, and buildings in Dehui Sec. 4, Zhongshan Dist., Taipei City	
	December 31, 2020	December 31, 2019
Contract terms	1.Rental:$42 thousand /month 2.Period:12 months 3.Deposits: $0 thousand 4.Tax borne by lesson:$16 thousand/year	1.Rental:$52 thousand /month 2.Period:12 months 3.Deposits: $0 thousand 4.Tax borne by lesson:$16 thousand/year
Rent at local market rate (note)	$1,100 /Py /month	$900~$1,300 /Py /month
Current market rent for comparable properties in similar locations and condition	$900～$1,300 /Py /month	$1,172~$1,182 /Py /month
Current status	In use	In use
Capitalization rate	2.14%	2.18%
Discount rate	2.02%	2.04%
Appraised by external independent appraiser or self-appraisal	Appraised by external independent appraiser	Appraised by external independent appraiser
Appraiser office(s)	Grand Elite Real Estate Appraisers Firm	Grand Elite Real Estate Appraisers Firm
Appraiser name(s)	Fu-Sheng Wang	Fu-Sheng Wang
Appraisal date	December 31, 2020	December 31, 2019
Fair value by external independent appraiser(s)	$12,980 thousand	$13,020 thousand

Contract Terms	Land No. 868, and buildings in Zhenquian Sec. Changhua County	
	December 31, 2020	December 31, 2019
Contract terms	1.Rental:$200 thousand /month 2.Period:12 months 3.Deposits: $0 thousand 4.Tax borne by lesson:$181 thousand/year	1.Rental:$150 thousand /month 2.Period:12 months 3.Deposits: $0 thousand 4.Tax borne by lesson:$181 thousand/year
Rent at local market rate (note)	$190 /Py /month	$150~$250 /Py /month

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

Contract Terms	Land No. 868, and buildings in Zhenquian Sec. Changhua County	
	December 31, 2020	December 31, 2019
Current market rent for comparable properties in similar locations and condition	As above	As above
Current status	In use	In use
Capitalization rate	3.25%	1.60%
Discount rate	2.00%	2.10%
Appraised by external independent appraiser or self-appraisal	Appraised by external independent appraiser	Appraised by external independent appraiser
Appraiser office(s)	Grand Elite Real Estate Appraisers Firm	Grand Elite Real Estate Appraisers Firm
Appraiser name(s)	Fu-Sheng Wang	Fu-Sheng Wang
Appraisal date	December 31, 2020	December 31, 2019
Fair value by external independent appraiser(s)	$61,386 thousand	$52,279 thousand

Contract terms	Land No. 228-240, 240-1, 241, 531, 531-1, 533-535 and buildings located at Shengli Sec., Rende Dist., Tainan City, total in twenty items.
	December 31, 2020
Rent at local market rate (note)	$171~$218 /Py /month
Current market rent for comparable properties in similar locations and condition	As above
Current status	Available for leasing
Capitalization rate	1.755%
Discount rate	3.29%
Appraised by external independent appraiser or self-appraisal	Appraised by external independent appraiser
Appraiser office(s)	CHINA PROPERTY APRAISING CENTER CO., LTD.
Appraiser name(s)	Dian-Jing Hsieh、Xiang-Ling Chiu
Appraisal date	June 30 and December 31, 2020
Fair value by external independent appraiser(s)	$ 920,654 thousand and $920,913 thousand respectively

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Notes to the Financial Statements

Note: If there is no actual lease case in the area where the target premises are, the valuation report's selection of the rent comparison case for the premises is based on the investigation and evaluation of the target land use, within the range of the neighboring area, select three appropriate comparison cases, after analysis and comparison and adjustment, obtain the reasonable market rent of the target land.

In accordance with Article 34 of the Regulations on Real Estate Appraisal, the procedures of the income approach include estimating the effective gross income and total expenses, computing the net operating income, determining the capitalization rate or discount rate, and computing the income. The attributes used by the Company for the estimations above were the last three years' data from the subject property and comparable properties which have similar characteristics, and these data were assessed and adjusted based on their persistency, stability, and growth to ensure the availability and reasonableness of these data. The movement of income (cash inflows) and expenditure (cash outflows) for future periods was based on the vacancies or losses, existing or future cash flow plans of the Company, and historical cash flows from the subject property, identical properties, or properties in the same industry. The estimation and computation of the net income were based on the highest and best use of the subject property and have taken into consideration the income generated from comparable properties in the same location based on their highest and best use.

The discount rate is determined by the risk premium method, which takes into consideration of the bank time deposit interest rate, government bond interest rate, the risk of real estate investment, currency changes and the trend of real estate prices, etc., and is selected to represent the general property return. The rate is a benchmark, and it is determined after adjusting the difference between the investment property and the individual characteristics of the target. The discount rate is based on the mobile interest rate of the two-year postal fixed rate of small deposit issued by Chunghwa Post Co., Ltd., plus no less than 75 basis points of percentage. Factors such as the underlying income situation, liquidity, risk, value-added and ease of management are also taking account. As of December 31, 2020 and 2019, the discount rates were determined to be 2.00%~3.29% and 2.04%～2.10%, with risk premium added up. The estimation of capitalization rates refer to the weighted average returns which is calculated by dividing the net income of the comparative targets by the prices.

(ii) The Company's Tainan dyeing factory was expected to be leased or sold, thus it was transferred from plant, plant and equipment to investment property on June 16, 2020. The Company recognized the value-added amounting to $873,576 thousand between the fair value and book value at the time of the transfer, and the impairment loss of building amounted to $18,948 thousand (recorded under other gains and losses). The value-added after deducting the amount of provision of land value increment tax equaled to $761,166 thousand, and was recognized under other equity.

(iii) On November 12, 2018, the Company signed a sales contract of real estate accounted for investment property with a non-related party. The transfer of ownership was completed on January 24, 2019. The sale price amounting to $321,000 thousand was wholly collected. The Company thus recognized the gain on sale of investment property amounting to $42,304 thousand.

(iv) As of December 31, 2020 and 2019, the investment property of the Company had been pledged as collateral for long-term borrowings, please refer to Note 8.

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Notes to the Financial Statements

(i) Short-term borrowings

	December 31, 2020	December 31, 2019
Letters of credit	$ 9,990	61,722
Unsecured bank loans	110,000	510,000
Total	**$ 119,990**	**571,722**
Unused credit line	**$ 187,010**	**105,278**
Range of interest rates	**1.00% ~ 1.35%**	**1.20%~1.60%**

The Company had pledged assets as collateral for short-term borrowing, please refer to Note 8.

(j) Short-term notes and bills payable

	December 31, 2020
Commercial paper payable	$ 250,000
Less: Discount on short-term notes and bills payable	(340)
Net	**$ 249,660**
Range of interest rates	**1.3%**
Guarantee institution	CHANG HWA Bank and other ten syndicated banks

The Company had pledged assets as collateral for short-term notes and bills payable, please refer to Note 8.

(k) Long-term borrowings

The details were as follows:

	December 31, 2020	December 31, 2019
Unsecured bank loans	$ -	34,000
Secured bank loans	1,438,250	1,183,000
Less: current portion	(9,000)	(28,800)
borrowing fees	(5,061)	-
Net	**$ 1,424,189**	**1,188,200**
Unused credit line	**$ -**	**-**
Range of interest rates	**1.4%~2%**	**1.1960%~1.8947%**
Maturity	**2025.01~2028.03**	**2020.06~2028.03**

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(i) The Company entered into a five-year syndicated loan agreement of $2 billion with 11 banks including Changhua Commercial Bank LTD. on January 8, 2020. The funds obtained in the syndicated loan are used to settle the outstanding balance of the previous syndicated loan agreement and to supplement the operating turnover. According to the agreement, the Company shall calculate and maintain its current ratio, interest protection multiples and debt ratio based on the annual and semi-annual consolidated financial reports audited or reviewed by auditors during the loan period. On December 31, 2020, the Company did not violate the loan agreement.

(ii) Please refer to Note 8 for details of the related assets pledged as collateral.

(l) Lease liabilities

The carrying amount of lease liabilities were as follows:

	December 31, 2020	December 31, 2019
Current	$ 6,328	7,476
Non-current	$ 26,810	32,407

For the maturity analysis, please refer to Note 6(u).

The amounts recognized in profit or loss were as follows:

	For the years ended December 31, 2020	
	2020	2020
Interest on lease liabilities	$ 674	784
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 448	963
Covid-19-related rent concessions (Recognized as deduction of rent expenses)	$ 916	-

The amounts recognized in the statement of cash flows for the Company were as follows：

	For the years ended December 31, 2020	
	2020	2019
Total cash outflow for leases	$ 7,481	8,801

(Continued)

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(m) Operating lease

Please refer to Note 6(h) for information about the operating leases of property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date were as follows:

	December 31, 2020	December 31, 2019
Less than one year	$ 8,839	8,159
One to two years	2,857	2,857
Two to three years	2,857	2,857
Three to four years	2,143	2,857
Four to five years	-	2,143
Total undiscounted lease payments	**$ 16,696**	**18,873**

For the information of rent revenue from operating lease, please refer to Note 6(t).

(n) Employee benefits

(i) Defined benefit plans

Reconciliation of defined obligation at present value and asset at fair value were as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligations	$ (55,352)	(76,828)
Fair value of plan assets	30,340	47,332
Net defined benefit liabilities	**$ (25,012)**	**(29,496)**

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provide pension benefits for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for six months prior to retirement.

1) Composition of plan assets

The Company set aside pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. Under these regulations, the minimum earnings from these pension funds shall not be less than the earnings from two-year time deposits with the interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$30,340 thousand as of December 31, 2020. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(Continued)

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2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the years ended December 31, 2020 and 2019 were as follows:

	For the years ended December 31	
	2020	**2019**
Defined benefit obligation, January 1	$ (76,828)	(75,998)
Current service costs and interest cost	(676)	(941)
Remeasurements of the net defined benefit liability		
—Experience adjustments	1,066	(3,316)
—Actuarial gains (losses) arose from changes in demographic assumptions	(2)	(297)
—Actuarial gains (losses) arose from changes in financial assumption	(3,567)	(2,072)
The effect of plan reduction	23,544	3,286
Benefits paid by the plan	1,111	2,510
Defined benefit obligation, December 31	**$ (55,352)**	**(76,828)**

3) Movements in the fair value of plan assets

The movements in the fair value of the defined benefit plan assets for the years ended December 31, 2020 and 2019 were as follows:

	For the years ended December 31	
	2020	**2019**
Fair value of plan assets, January 1	$ 47,332	46,653
Interests revenue	361	477
Remeasurements of the fair value of plan assets		
—Return on plan asset excluding interest income	1,525	1,656
Contributions made	3,370	3,925
Benefits paid by the plan	(1,111)	(2,510)
Settlement payment of plan asset	(21,137)	(2,869)
Fair value of plan assets, December 31	**$ 30,340**	**47,332**

4) Movements of the effect of the asset ceiling: None.

(Continued)

5) Expenses recognized in profit or loss

The Company's pension expenses that should be recognized in profit or loss for the years ended December 31, 2020 and 2019 were as follows:

	For the years ended December 31	
	2020	**2019**
Current service costs	$ 106	187
Net interest of net liabilities for defined benefit obligations	209	277
Service cost of prior period	(2,407)	(417)
	$ (2,092)	**47**

The actual expenses recognized in profit or loss for the years ended December 31, 2020 and 2019 were as follows:

	For the years ended December 31	
	2019	**2019**
Operating costs	$ 61	200
Selling expenses	(1,261)	(63)
Administration expenses	(892)	(88)
Research and development expenses	-	(2)
	$ (2,092)	**47**

Due to a number of employees agreeing to a curtailment as of December 31, 2020 and 2019, the Company has reduced the defined benefit retirement obligations by $23,544 thousand and $3,286 thousand and recognized the reduction in benefits in the income statement.

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2020	**December 31, 2019**
Discount rate	0.30 %	0.75 %
Future salary increase rate	2.00 %	2.00 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $2,107 thousand.

The weighted average lifetime of the defined benefits plans is 10 years.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

		Influences of defined benefit obligations	
		Increase 0.25%	**Decrease 0.25%**
December 31, 2020			
Discount rate (change 0.25%)	$	(1,363)	1,416
Future salary increasing rate (change 0.25%)		1,389	(1,344)
December 31, 2019			
Discount rate (change 0.25%)		(1,998)	2,079
Future salary increasing rate (change 0.25%)		2,048	(1,979)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2020 and 2019.

(ii) Defined contribution plans

The Company allocates the regulated percentage of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $8,997 thousand and $10,096 thousand for the years ended December 31, 2020 and 2019, respectively.

(Continued)

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(o) Income taxes

(i) Tax expense

The components of income tax for the years ended December 31, 2020 and 2019 were as follows:

		For the years ended December 31	
		2020	**2019**
Current income tax expense			
Current period	$	70,627	10,390
Prior years income tax adjustment		(491)	(13,635)
Land value increment tax		-	39,136
Deferred income tax expense			
Origination and reversal of temporary differences		(20,082)	(109)
Tax expense	$	**50,054**	**35,782**

The amount of income tax recognized in other comprehensive income was as follows:

		For the year ended December 31
		2020
Items that will not be reclassified subsequently to profit or loss		
Real estate revaluation surplus	$	**112,410**

The reconciliation of tax expense and income before tax for the years ended December 31, 2020 and 2019 were as followed:

		For the years ended December 31	
		2020	**2019**
Profit (loss) before tax	$	218,174	(136,095)
Income tax expense at domestic statutory tax rate	$	43,635	(27,219)
Tax-exempt income		(4)	(8,461)
Recognition of investment loss under the equity method		18,551	47,406
Prior years income tax adjustment		(491)	(13,635)
Land value increment tax		-	39,136
Origination and reversal of temporary differences		(20,082)	(109)
Others		8,445	(1,336)
	$	**50,054**	**35,782**

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(ii) Recognized deferred tax asset and liability recognized

Changes in the amount of deferred tax assets and liabilities for 2020 and 2019 were as follows:

1) Deferred tax asset:

		Unrealized loss of inventory valuation	Unrealized sales margin	Unrealized exchange loss	Others	Total
Balance on January 1, 2020	$	2,924	2,066	-	894	5,884
Recognized in profit or loss		14,138	(599)	6,193	350	20,082
Balance on December 31, 2020	$	**17,062**	**1,467**	**6,193**	**1,244**	**25,966**
Balance on January 1, 2019	$	2,714	2,178	-	1,340	6,232
Recognized in profit or loss		210	(112)	-	(446)	(348)
Balance on December 31, 2019	$	**2,924**	**2,066**	**-**	**894**	**5,884**

2) Deferred tax liabilities:

		Defined benefit plan	Provision for land value increment tax	Unrealized exchange benefits	Total
Balance on January 1, 2020	$	654	64,635	-	65,289
Recognized in other comprehensive income		-	112,410	-	112,410
Balance on December 31, 2020	$	**654**	**177,045**	**-**	**177,699**
Balance on January 1, 2019	$	654	67,939	457	69,050
Recognized in profit or loss		-	(3,304)	(457)	(3,761)
Balance on January 1, 2019	$	**654**	**64,635**	**-**	**65,289**

(iii) The Company’s income tax returns through 2018 have been assessed and approved by the Tax Authority.

(p) Capital and other equity

(i) Ordinary shares

A resolution was passed by the general meeting of shareholders held on 27 June, 2013, for the issuance of 42,052 thousand ordinary shares for cash under private placement, with par value of $10 per share, amounting to $420,524 thousand. The date of capital increase was on 28 April, 2014, which was approved on 23 April, 2014 by the Board. The relevant statutory registration procedures have been completed.

A resolution was passed by the temporary meeting held on December 4, 2018 for the issuance of 23,362 thousand ordinary shares for cash under private placement, with par value of $10 and issuance price of $10.16 per share, amounting to $237,363 thousand. The date of capital increase was on December 12, 2018. The relevant statutory registration procedures have been completed.

(Continued)

As of December 31, 2020 and 2019, the number of authorized shares were each $3,000,000 thousand, respectively, with par value of $10 per share and divided into 300,000 thousand shares. All of the aforementioned shares are ordinary shares, and the number of issued shares was 233,625 thousand shares. All proceeds from the shares have been collected.

The aforementioned private placement of ordinary shares and the transfer of any subsequently obtained bonus shares would be subject to article 43-8 under the Securities and Exchange Act. The Company can only apply for these shares to be traded on the Taiwan Stock Exchange after a three-year period has elapsed from the delivery date of the private-placed securities, and after applying for a public offering with the Financial Supervisory Commission.

(ii) Capital surplus

The components of the capital surplus were as follows:

	December 31, 2020	December 31, 2019
Share capital	$ 121,485	121,485
Conversion of bonds	14,648	14,648
Treasury stock transactions	3,949	3,949
Difference between consideration and carrying amount of subsidiaries acquired or disposed	90,683	91,786
Changes in equity of subsidiaries under equity method	3,033	3,033
Donated surplus	254	254
	$ 234,052	**235,155**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

The Company’s article of incorporation stipulate that Company’s net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes or salary. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit, together with any undistributed retained earnings, shall be distributed according to the distribution plan proposed by the Board of Directors to be submitted to the stockholders' meeting for approval.

The Company adopts a residual dividend policy. According to the Company's future budget plan and the future annual funding needs measured, the Company reserved the funds needed for the retained earnings financing. In order to avoid excessive dilution, the stock dividend is not higher than 50% of the current year's distribution, and the rest can be distributed by cash dividend.

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1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

When the Company first adopted the International Financial Reporting Standards endorsed by the FSC, it chose to apply the exemption item of IFRS 1 "First-time Adoption of International Financial Reporting Standards". The unrealized revaluation increase and accumulation accounted under shareholders' equity amounted to $216,408 thousand result in the reduction of retained earnings. In accordance with Rule No. 1010012865 issued by the FSC on April 6, 2012, for the net reduction of retained earnings on the conversion date due to the first adoption of IFRSs, the Company was exempted from reclassifying special surplus reserve for the amount transferred to the retained earnings on January 1, 2013.

In accordance with Rule No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of unappropriated earnings prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

The Company chose the fair value model for subsequent measurement of its investment property. According to the Rule No. 1030006415 issued by the FSC on March 18, 2014, the Company took the special surplus reserve amounting to the net increase in fair value of investment property measured by the fair value model at first adoption, and the special surplus reserve shall be taken in the following order when the Company distribute the earnings every year:

a) Take the special reserve, which amounts to the net increase in the fair value model for subsequent measurement of investment property, from undistributed earnings of current period and prior year. If it is the cumulative net increase in fair value in the previous period, the amount of the special reserve equals to the same amount from the undistributed earnings from the previous period. When the accumulated net increase in fair value of the investment real estate is subsequently reduced or the investment real estate is disposed of, the surplus may be reverted to distribute the surplus based on the reduction or the disposal situation.

b) According to the Rule No. 1010047490 issued by the FSC November 21, 2012, the special surplus reserve calculated based on the difference between the market value and the book value of the parent company's stock held by the subsidiaries at the end of the period, shall not be distributed. If there is any rebound in the market price thereafter, the reversal amount based on the shareholding percentage shall be reclassified into retained earnings.

(Continued)

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c) In accordance with Rule No. 1010012865 issued by the FSC on April 6, 2012, the amount of net deduction of other shareholders' equity recognized in current year should be retained from undistributed earnings from current period and prior year. The amount of net deduction of other shareholders' equity generated from previous period should be made up from undistributed earnings from the prior year. When the accumulated net deduction of other shareholders' equity is subsequently reduced, the special reserve may be reversed to distributable earnings.

3) Earnings distribution

Earnings distributions for 2020 and 2019 were decided by the resolution adopted, with no distributable earnings, at the general meeting of shareholders held on June 16, 2020 and June 12, 2019, respectively. For more information please check the website of Market Observation Post system.

(q) Earnings per share

The basic earnings per share and diluted earnings per shares were calculated as follow:

(i) Basic earnings per share

	For the years ended December 31	
	2020	**2019**
Basic earnings per share		
Profit/(loss) attributable to ordinary shareholders	$ **168,120**	**(171,877)**
Weighted-average number of ordinary shares (thousand shares)	**233,625**	**233,625**
Profit/(loss) attributable to shareholders per share	$ **0.72**	**(0.74)**

(ii) Diluted earnings per share

	For the years ended December 31	
	2020	**2019**
Basic earnings per share		
Profit/(loss) attributable to ordinary shareholders	$ **168,120**	**(171,877)**
Weighted-average number of ordinary shares (basic)	233,625	233,625
Effect of dilutive potential ordinary shares		
Effect of employee share bonus	163	-
Weighted average number of ordinary shares (diluted)	**233,788**	**233,625**
Profit/(loss) attributable to ordinary shareholders (diluted)	$ **0.72**	**(0.74)**

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(r) Revenue from contracts with customers

(i) Disaggregation of revenue

		For the years ended December 31	
		2020	2019
Primary geographical markets:			
Taiwan	$	535,882	404,072
America		1,560,611	1,619,152
Asia		3,330,891	562,972
Europe		14,384	29,997
Africa		184,482	234,912
Other countries		-	328
	$	5,626,250	2,851,433

(ii) Contract balances

		December 31, 2020	December 31, 2019	January 1, 2019
Contract liabilities	$	17,908	13	36,623

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(s) Employee compensation and directors' remuneration

According the amended Company’ s Articles of Incorporation, remuneration of employees is appropriated at 2% of profit settled by cash or shares decided by the board of directors. The recipients of cash and shares may include the employees of the Company’s affiliated companies who meet certain conditions. Remuneration of directors is appropriated at no more than 2% of the profit. Remuneration of employees and directors is submitted to general meeting of the shareholders. However, accumulated deficit from prior years is first offset before any appropriation of profit.

For the year ended December 31, 2020, remuneration of employees and directors both amounting to $3,235 thousand, were estimated on the basis of the Company’s net profit before tax, excluding the remuneration of employees and directors of each period, and multiplied by the percentage of remuneration of employees and directors as specified in the Company’s Articles of Incorporation. For the year ended December 31, 2019, the Company suffered operating loss, hence, no remuneration of employees and directors were estimated.

There was no difference between the amounts approved by Board of Directors and recognized for the years ended December 31, 2020 and 2019. For further information, please refer to Market Observation Post System website.

(Continued)

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(t) Non-operating income and expenses

(i) Other income

The details of other income were as follows:

	For the years ended December 31	
	2020	2019
Rent income	$ 9,338	7,927
Management service revenue	2,340	-
Dividend income	22	97
Commission revenue	118	56
Compensation revenue	-	4,995
Others	5,652	5,264
	$ 17,470	**18,339**

(ii) Other gains and losses

The details of other gain and losses were as follows:

	For the years ended December 31	
	2020	2019
Gain on disposal of held-for-sale non-current asset	$ -	42,304
(Losses) gains on disposal of property, plant and equipment	(2,780)	203
(Losses) gains on remeasurement of investment property	(18,948)	10,420
Foreign exchange losses	(59,703)	(2,925)
Loss on financial asset at fair value through profit or loss	(128)	(130)
Impairment loss of non-financial asset	(4,000)	-
Other income	3,563	826
Other expenses	(570)	(85)
	$ (82,566)	**50,613**

(iii) Interest income

The details of interest income were as follows:

	For the years ended December 31	
	2020	2019
Interest income		
Bank deposits	$ 2,823	3,632
Interest subsidy	27	4
Loans	1,844	1,218
	$ 4,694	**4,854**

(Continued)

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(iv) Interest expenses

The details of interest expenses were as follows:

	For the years ended December 31	
	2020	2019
Loans and borrowings	$ 33,432	32,638
Lease liabilities	674	784
	$ 34,106	**33,422**

(u) Financial instruments

(i) Categories of financial instruments

1) Financial asset

	December 31, 2020	December 31, 2019
Mandatory measured at fair value through profit or loss	$ 612	1,225
Measured at amortized cost (deposits and receivables)		
Cash and cash equivalents	512,083	75,302
Notes, accounts receivable, and other receivables	587,840	378,238
Other current financial assets	166,778	261,190
Other non-current financial assets	9,879	115,223
Subtotal	1,276,580	829,953
Total	**$ 1,277,192**	**831,178**

2) Financial liabilities

	December 31, 2020	December 31, 2019
Financial liabilities carried at amortized cost		
Short-term borrowings	$ 119,990	571,722
Short-term notes and bills payable	249,660	-
Accrued payables	649,320	398,536
Long-term borrowing, current portion	9,000	28,800
Long-term borrowings	1,424,189	1,188,200
Total	**$ 2,452,159**	**2,187,258**

(Continued)

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(ii) Credit risk

1) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to the credit risk. The amounts of maximum credit risk exposure of the Company on December 31, 2020 and 2019, were $1,277,192 thousand and $831,178 thousand, respectively.

2) The customers of the Company are concentrated in the retail and wholesale of textile or garments. In order to reduce credit risk, the Company continuously evaluates the financial status of customers, conducts individual assessment based on the signs of impairment of accounts receivable and credit risk characteristics, handles accounts receivable insurance policy for some customers. On December 31, 2020 and 2019, the top five customers comprised 85% and 53% of the balances of accounts receivable, resulting in the concentration of credit risk.

3) For credit risk exposure of notes and trade receivables, please refer to Notes 6(c).

(iii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2020							
Non-derivative financial liabilities							
Secured loans	$ 1,438,250	1,539,088	18,760	18,728	175,496	1,326,104	-
Unsecured loans	110,000	110,444	110,444	-	-	-	-
Letters of credit	9,990	10,023	10,023	-	-	-	-
Short-term notes and bills payable	249,660	250,000	250,000	-	-	-	-
Accrued payables	649,320	649,320	649,320	-	-	-	-
Lease liabilities	33,138	35,243	3,590	3,292	5,481	13,734	9,146
	$ 2,490,358	**2,594,118**	**1,042,137**	**22,020**	**180,977**	**1,339,838**	**9,146**
December 31, 2019							
Non-derivative financial liabilities							
Secured loans	$ 1,183,000	1,220,871	152,518	153,834	442,472	451,379	20,668
Unsecured loans	544,000	545,546	531,847	8,482	5,217	-	-
Letters of credit	61,722	61,920	61,920	-	-	-	-
Accrued payables	398,536	398,536	398,536	-	-	-	-
Lease liabilities	39,883	42,619	4,319	3,823	6,639	14,319	13,519
	$ 2,227,141	**2,269,492**	**1,149,140**	**166,139**	**454,328**	**465,698**	**34,187**

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(Continued)

(iv) Currency risk

1) Exposure to foreign currency risk

The Company's significant exposures to foreign currency risk were as follow:

	December 31, 2020			December 31, 2019		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
Financial assets						
Monetary items						
NTD:USD	$ 27,278	28.095	766,377	18,321	30.015	549,905
Financial liabilities						
Monetary items						
NTD:USD	16,421	28.095	461,341	6,297	30.015	189,004

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable and other receivables, other financial assets, loans, trade and other payables that are denominated in foreign currency. A 1% of appreciation or depreciation of each major foreign currency against the Company's functional currency as of December 31, 2020 and 2019 would have increased (decreased) the net income for the years ended December 31, 2020 and 2019 by $3,050 thousand and $3,609 thousand, respectively.

3) Foreign exchange gains or losses on monetary item

Since the Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2020 and 2019, foreign exchange losses (including realized and unrealized portions) amounted to $59,703 thousand and $2,925 thousand, respectively.

(v) Interest rate analysis

The book values of the financial assets and financial liabilities exposed to the interest rate risk on the reporting date were as below:

	Book value	
	December 31, 2020	December 31, 2019
Fixed interest rate instruments：		
Financial assets	$ 617,783	371,333
Financial liabilities	$ (249,660)	-
Variable interest rate instruments ：		
Financial assets	$ 54,053	62,990
Financial liabilities	$ (1,553,179)	(1,788,722)

(Continued)

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The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The Company's internal management reported the change of interest rate and the exposure to changes in interest rate of 1% is considered by management to be a reasonable change of interest rate.

If the interest rate had increased / decreased by 1% basis points, the Company' s interest expenses would have increased / decreased by $14,991 thousand and $17,257 thousand for the years ended December 31, 2020 and 2019 respectively, with all other variable factors remaining constant. The is mainly due to variable-rate loans.

(vi) Other market price risk

If the security price of domestic stocks measured at fair value through profit or loss held by the Company changes, the impact to other comprehensive income will be as follows, assuming the analysis is based on the same basis for both years and assuming that all other variables considered in the analysis remain the same:

	For the years ended December 31	
	2020	**2019**
Price of securities at reporting date	**Net income (loss)**	**Net income (loss)**
Increasing 7%	$ 43	86
Decreasing 7%	(43)	(86)

(vii) Information of fair value

1) Classification of financial instruments and fair value hierarchy

The book value of the financial assets and liabilities was close to the fair value. The fair value of the financial assets measured at fair value through profit and loss and those measured at fair value through other comprehensive income was estimated on a recurring basis of level 1 and 3, respectively.

2) Valuation techniques for financial instruments not measured at fair value

The Company's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

a) Financial assets and liabilities measured at amortized cost (including debt investment that has no active markets).

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

(Continued)

3) Valuation techniques for financial instruments measured at fair value

The Company's valuation techniques and assumptions used for financial instruments measured at fair value are as follows:

a) The financial instrument that have standard terms and are traded in an active market, such as listed stocks, the fair value is determined by quoted prices.

b) Measurements of fair value of financial instruments without an active market

i) Using discounted cash flow analysis to measure its fair value. The main assumption is investors' expected standard profit which is manipulated by capitalization rate that reflects investment risk.

ii) Using observable market data at the reporting date to measure its fair value. The main assumption is based on comparable price-book ratio, which is adjusted by offsetting the impact of discount for lack of marketability and minority interest.

c) The fair values of financial assets and financial liabilities other than those aforesaid are determined in accordance with discounted cash flow analysis which is generally accepted.

4) Transfers between Level 1 and Level 2

There are no transfers from each level for the years ended December 31, 2020 and 2019.

(v) Financial risk management

(i) Overview

The Company have exposures to the following risks from its financial instruments:

1) credit risk

2) liquidity risk

3) market risk

The following likewise discusses the Company's exposure information, objectives, policies and processes for measuring and managing the above mentioned risks. For further information, please refer to the relevant notes to the financial statement.

(ii) Structure of risk management

The financial management department of the Company provides intercompany services for various businesses, coordinates the operation of entering the domestic and international financial markets, and supervises and manages the financial risks related to the operation of the Company by analyzing the internal risk report according to the degree and breadth of the risk. Internal auditors continue to review compliance with policies and the risk limit. The Company did not trade financial instruments (including derivative financial instruments) for speculative purposes.

(Continued)

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in equity investment.

1) Trade and other receivables

The policy adopted by the Company is to only trade with reputable customers and obtain collateral when necessary to reduce the risk of financial losses from default. The Company only trades with companies rated equivalent to the investment grade. Such information is provided by independent rating agencies; if such information is not available, the Company will use other publicly available financial information and transaction experience to rate major customers. The Company continues to monitor the credit risk insurance level and the credit rating of the counterparty, and distributes the total transaction amount to those with qualified credit ratings, and controls the credit risk through the credit limit that is reviewed and approved annually.

The accounts receivable is comprised from vast customers base, which is scattered in different industries and geographic regions. The Company continues to evaluate the financial status of customers.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

The Company's policy is to provide financial guarantees only to wholly owned subsidiaries. On December 31, 2020 and 2019, no other guarantees were outstanding.

(iv) Liquidity risk

The Company manages and maintains sufficient cash and cash equivalents to support the operation and ease the impact of cash flow fluctuation. The management supervises the unused credit lines and ensures the compliance of loan contracts.

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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Bank loans were important resource of liquidity risk for the Company. The unused credit line of the Company on December 31, 2020 and 2019 were $187,010 thousand and $105,278 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk arising from sales, purchases and borrowings that are not denominated in functional currencies of the Group's main operating entities. The functional currency of the Group is primarily the New Taiwan Dollars (NTD), as well as US Dollars (USD), Euro (EUR) Chinese Yuan (CNY) and South African Rand (ZAR). The currencies used in these transactions are denominated in NTD, EUR, USD, CNY and ZAR.

The loan interest is denominated in the same currency as principal. Generally, borrowings are denominated in the same currencies that generates operating cash flows of the Company, mainly in NTD, as well as in USD and CNY. This provides an economic hedge without derivatives being entered into, and therefore, hedge accounting is not applied in these circumstances.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

2) Interest rate risk

The Company borrowed funds in the fixed and variable rate simultaneously, resulting in fair value change risk and cash flow risk. The Company manage the interest rate risk through maintaining a proper combination of fixed and variable rate.

3) Other market price risk

The Company is exposed to equity price risk due to the investments in domestic listed stocks. The Company does not actively trade these investments, and the management continuously monitor the price risk and assess the portfolio.

(w) Capital management

The Company's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

(Continued)

TEX-RAY INDUSTRIAL CO., LTD.
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The Company and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings and other equity plus net debt.

As of December 31, 2020, the Company’s capital management strategy is consistent with the prior year. The Company’s debt-to-equity ratio at the end of the reporting period as of December 31, 2020 and 2019, were as follows:

	December 31, 2020	December 31, 2019
Total liabilities	$ 2,792,497	2,335,147
Less: cash and cash equivalents	(512,083)	(75,302)
Net debt	2,280,414	2,259,845
Total Equity	3,188,038	2,445,524
Adjusted equity	**$ 5,468,452**	**4,705,369**
Debt-to-equity ratio	**41.70%**	**48.03%**

(7) Related-party transactions

(a) Names and relationship with related parties

The following are entities that have had transactions with related parties and the Company's subsidiaries during the periods covered in the financial statements.

Name of related party	Relationship with the Company
TEX-RAY INDUSTRIAL CO., LTD. (BELIZE)	Subsidiary
TEX-RAY (BN) INTERNATIONAL CO., LTD.	Subsidiary
FLYNN INTERNATIONAL LTD.	Subsidiary
KING’S METAL FIBER LTD.	Subsidiary
TAIWAN SUPERCRITICAL TECHNOLOGY CO., LTD.	Subsidiary
GREAT CPT INTERNATIONAL CO., LTD.	Subsidiary
KASUMI APPARELS SWAZILAND (PTY) LTD. (KASUMI (SWAZILAND))	Subsidiary
T.Q.M. TEXTILE SWAZLAND (PTY) LTD. (T.Q.M. (SWAZILAND))	Subsidiary
UNION INDUSTRIAL WASHING (PTY) LTD. (U.I.W. (SWAZILAND))	Subsidiary
TEX-RAY (SA) (PTY) LTD. (TEX-RAY (SA))	Subsidiary
J.M. Rotary Print Industrial Co., Ltd.	Subsidiary
GOLDEN JUBILEE APPAREL (PROPRIETARY LIMITED)	Subsidiary

(Continued)

TEX-RAY INDUSTRIAL CO., LTD.
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Name of related party	Relationship with the Company
ZHENG-RAY Industrial CO.,LTD.	Subsidiary
WEI LI TEXTILE CO., LTD.	Subsidiary
TEX-RAY INDUSTRIAL CO., LTD. (TEX-RAY (CAYMAN))	Subsidiary
TEX-RAY INDUSTRIAL CO., LTD. (SHANGHAI) (TEX-RAY (SHANGHAI))	Subsidiary
TRLA GROUP, INC.(TRLA GROUP)	Subsidiary
Z-PLY CORPORATION(Z-PLY (NY))	Subsidiary
TEXRAY SWAZILAND PTY LTD.	Subsidiary
GOOD TIME(VIETNAM) ENTERPRISE CO.,LTD. (GOOD TIME)	Subsidiary
MSWATI HOLDINGS LTD.	Subsidiary
TEXRAY (VN) CO., LTD. (TEXRAY (VN))	Subsidiary
T.R.C.A GARMENT CO., LTD. (TRCA GARMENT)	Subsidiary
TEXRAY MEXICO S.A. DE C.V. (TEXRAY (MEXICO))	Subsidiary
AMRAY S.A. DE C.V.(AMRAY (MEXICO))	Subsidiary
KING'S METAL FIBER TECHNOLOGIES B.V.	Subsidiary
ELITETOP TECHNOLOGY INC.	Subsidiary
AIQ HOLDING INC.	Subsidiary
TEX-RAY INDUSTRIAL CO., LTD. (YANCHENG)	Subsidiary
AIQ SMART CLOTHING INC.(AIQ)	Subsidiary
AIQ SMART CLOTHING (Zhejiang) CO.,LTD.	Subsidiary
KING'S METAL FIBER (SHANGHAI) CO., LTD.	Subsidiary
TRYD APPAREL CO., LTD.(TRYD APPAREL)	Subsidiary
JIANGSU TRYD TEXTILE TECHNOLOGY CO., LTD.	Subsidiary
TEXRAY (KUNSHAN) CO., LTD.	Subsidiary
Taiwan Innovation Technology Co., Limited (HK)	Subsidiary
AIQ SYNERTIAL LTD.	Subsidiary
Yancheng Wei-Da Textile Testing Service Co., Ltd.	Subsidiary
ESWATRADING (PTY) LIMITED	Subsidiary
HUAI WEI BIOTECHNOLOGY CO., LTD.	Subsidiary
SEN JEWEL TECHNOLOGY CO., LTD.	Same president with the Company

(Continued)

TEX-RAY INDUSTRIAL CO., LTD.
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Name of related party	Relationship with the Company
TAI CHAM TECHNOLOGY CO., LTD.	The entity's chairman is the vice chairman of the Company

(b) Significant transactions with related parties

(i) Sales

The amounts of sales to the related parties were as follows:

	For the years ended December 31	
	2020	2019
Subsidiary－Z-PLY(NY)	$ 477,276	515,435
Subsidiaries	235,699	239,813
Other related party	-	105
Associates	1,604	-
	$ 714,579	**755,353**

The payment terms ranged from one to three months, which were no difference from the those given to other customers. The pricing cannot be compared due to the specifications and styles of the orders.

(ii) Purchase

1) The amounts of inventory purchases from related parties were as follows:

	For the years ended December 31	
	2020	2019
Subsidiary－TRYD APPAREL	$ 512,046	4,799
Subsidiaries	240,625	200,565
	$ 752,671	**205,364**

The payment terms ranged from one to three months, which were no difference from those given by other vendors. The pricing cannot be compared due to the specifications and styles of the orders.

2) The amount of processing service purchases from related parties were as follows:

	For the years ended December 31	
	2020	2019
Subsidiary－GOOD TIME	$ 98,932	104,598
Subsidiary－TEXRAY (VN)	446,064	172,870
Subsidiaries	37,535	82,269
	$ 582,531	**359,737**

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The Company's outsourcing processing transactions with related parties are based on the content of the customer's order. The prices and payment terms are negotiated, and if necessary, the advance payment may be made based on the operational needs of the related parties.

(iii) Receivables from related parties

The receivables from related parties were as follows:

Account	Relationship	December 31, 2020	December 31, 2019
Accounts receivable due from related parties	Subsidiary-Z-PLY(NY)	$ 23,234	40,049
Accounts receivable due from related parties	Subsidiary-T.Q.M. (SWAZILAND)	73,898	52,667
Accounts receivable due from related parties	Subsidiaries	11,723	6,174
Accounts receivable due from related parties	Other related parties	-	110
Accounts receivable due from related parties	Associates	1,684	-
		$ 110,539	**99,000**
Other receivables due from related parties	Subsidiary-TEX-RAY (MEXICO)	$ 3,971	2,478
Other receivables due from related parties	Subsidiary-AMRAY (MEXICO)	2,529	-
Other receivables due from related parties	Subsidiaries	6,952	3,981
Other receivables due from related parties	Other related parties	295	500
Other receivables due from related parties	Associates	-	142
		$ 13,747	**7,101**

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(iv) Payables to related parties

Account	Relationship	December 31, 2020	December 31, 2019
Notes payable due to related parties	Subsidiary	$ 13	-
Accounts payable due to related parties	Subsidiary-TEXRAY (SHANGHAI)	21,827	9,960
Accounts payable due to related parties	Subsidiary-GOOD TIME	-	24,647
Accounts payable due to related parties	Subsidiaries	5,136	1,704
		$ 26,963	36,311
Other payable due to related parties	Subsidiary	$ 366	763

(v) Prepayments

The prepayments of the Company to related parties were as follows：

	December 31, 2020	December 31, 2019
Subsidiary-TEXRAY (VN)	$ 110,947	139,934
Subsidiary-TRCA GARMENT	23,837	17,953
Subsidiary-GOOD TIME	21,901	-
	$ 156,685	157,887

(vi) Receipts under custody (accounted as other current liabilities)

The receipts of the Company for related parties were as follows:

	December 31, 2020	December 31, 2019
Subsidiary	$ 42	417

(vii) Financing provided to related parties (accounted as other receivables due from related parties)

Balances of financing provided by the Company to related parties were as follows：

	December 31, 2020	December 31, 2019
Subsidiary-AMRAY (MEXICO)	$ 28,095	-
Subsidiary-TEX-RAY (MEXICO)	56,190	5,253
Subsidiary-AIQ	34,000	-
	$ 118,285	5,253

(Continued)

The financing provided to related parties was unsecured. The interest charged by the Company to its subsidiaries is ranging from 2.5%～4%. The interest incomes in 2020 and 2019 were $1,844 thousand and $1,218 thousand, respectively.

(viii) Endorsement guarantee

1) The balances of endorsement guarantee provided to the subsidiaries, which was due to bank borrowings and material purchase borrowings, were as follows (expressed in thousands of each currency)：

	December 31, 2020		December 31, 2019
USD	**34,200**	**USD**	**32,800**
NTD	**30,000**	**NTD**	**80,000**
ZAR	**-**	**ZAR**	**40,000**
CNY	**72,000**	**CNY**	**48,000**

2) As of December 31, 2020 and 2019, the assets pledged by the Company as collateral for subsidiaries' outstanding loans were $278,384 thousand and $363,858 thousand, respectively.

(ix) Leases

The Company leased its factory buildings and offices to subsidiaries, associates and other related parties in lease terms of a year. The rental income was paid on a monthly basis. For the years ended December 31, 2020 and 2019, the rental income was $5,900 thousand and $2,968 thousand, respectively.

(x) Property transaction

1) The Company decided the reorganization plan of the Eswatini production area by the Board of Directors on May 11 and August 13, 2018, and took December 31, 2018, as the base date of sale of equity to TEX-RAY (SA). The Company sold the remaining 49% of the equity of T.Q.M. (SWAZILAND) and 100% of the equity of U.I.W. (SWAZILAND) , identified as the subsidiaries, for US$11,160 thousand. As of December 31, 2019, the amount of $29,965 thousand had not been recovered, and accounted for other receivables due from related parties. The amount had been collected in 2020.

2) In 2020, The Company sold machinery and transportation equipment to subsidiaries and other related parties in the amount of $7,419 thousand and $1,519 thousand, respectively. The gains on disposal were $3,670 thousand and $576 thousand, respectively.

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(xi) Others

1) Management service income

The amount of management service income from related party received by the Company (accounted as other income under non-operating income and expenses) was as follows:

	For the years ended December 31	
	2020	**2019**
Subsidiary	**$ 2,340**	**-**

As of December 31, 2020, unamortized advance receipts amounting to $4,679 thousand were accounted as other advance receipts.

2) Commission income

The amounts of commission income (accounted as other income under non-operating income and expenses) received by the Company for purchasing raw materials for related parties were as follows:

	For the years ended December 31	
	2020	**2019**
Subsidiaries	**$ 13**	**56**

The commission income was charged based on 1% of the purchase price.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31	
	2020	**2019**
Short-term employee benefits	$ 25,401	24,303
Post-employment benefits	702	811
	$ 26,103	**25,114**

TEX-RAY INDUSTRIAL CO., LTD.
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(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Pledged to secure	December 31, 2020	December 31, 2019
Other financial assets－current and non-current	Collateral for borrowings (including guarantee for subsidiaries)	$ 166,778	371,333
Property, plant and equipment	Collateral for borrowings and short-term notes and bills payable	258,411	328,195
Investment property	Collateral for long-term borrowings	1,045,461	115,699
		$ 1,470,650	815,227

(9) Commitments and contingencies

(a) Significant commitments and contingencies were as follows:

Outstanding standby letter of credit

	December 31, 2020	December 31, 2019
USD	$ 12,558	8,407
NTD	$ 22,827	18,373

(b) Significant contingent liability: None.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By funtion / By item	For the years ended December 31					
	2020			2019		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	40,357	188,925	229,282	55,602	159,348	214,950
Labor and health insurance	2,743	14,978	17,721	5,829	15,469	21,298
Pension	971	5,934	6,905	1,898	8,245	10,143
Remuneration of directors	-	14,333	14,333	-	5,747	5,747
Others	1,713	15,103	16,816	3,209	9,143	12,352
Depreciation	9,512	16,663	26,175	17,264	14,817	32,081
Depletion	-	-	-	-	-	-
Amortization	-	6,264	6,264	-	3,666	3,666

For the years ended December 31, 2020 and 2019 , the additional information on the number of employees and employee benefits of the Company was as follows:

	For the years ended December 31	
	2020	2019
Number of employees	305	392
Number of directors (non-employed)	7	8
Average employee benefit expense	$ 908	674
Average employee salary expense	$ 769	560
Change in percentage of average employee benefit	37.32 %	
Supervisor's remuneration	$ -	-

The Company's salary and remuneration policies (including directors, managers and employees) are as follows:

The Company has formulated the "Board of Directors and Functional Committee Performance Evaluation Measures", which is used as the basis for performance evaluation of independent directors and directors. It is considered that Company's overall operating performance, future operating risks and industry development trends, the achievement rate of individual performance and the contribution on the Company as well. Reasonable remuneration will be granted after comprehensive consideration.

The managers of the Company have the responsibility of performing group operations and management, function. To provide reasonable remuneration, their remuneration structure is based on salary and allowance. The bonus is based on the overall operating performance, and takes into account the target achievement rate, profitability, operating efficiency and contribution of each manager, as well as the peer industry standards.

The employee's salary includes monthly salary and bonuses distributed by the Company based on annual profitability. The amount assigned to each employee depends on their position, contribution, and performance.

(Continued)

TEX-RAY INDUSTRIAL CO., LTD.
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(13) Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company:

(i) Loans to other parties

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance Loss	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	The Company	AMRAY (MEXICO)	Other accounts receivable-related party	Yes	$ 30,250	28,095	28,095	2.5-4%	2	-	Operating turnover	-	-	-	1,275,215	1,275,215
0	The Company	TEX-RAY (MEXICO)	Other accounts receivable-related party	Yes	60,500	56,190	56,190	2.5-4%	2	-	Operating turnover	-	-	-	1,275,215	1,275,215
0	The Company	AIQ	Other accounts receivable-related party	Yes	75,000	75,000	34,000	4%	2	-	Operating turnover	-	-	-	1,275,215	1,275,215
1	Z-PLY(NY)	AMRAY (MEXICO)	Other accounts receivable-related party	Yes	29,480	28,095	28,095	2.5%	2	-	Operating turnover	-	-	-	237,599	356,398
1	Z-PLY(NY)	TEX-RAY (MEXICO)	Other accounts receivable-related party	Yes	61,800	56,190	54,785	2.5%	2	-	Operating turnover	-	-	-	237,599	356,398
1	Z-PLY(NY)	TRYD TEXTILE	Other accounts receivable-related party	Yes	91,815	84,285	84,285	2.5%	2	-	Operating turnover	-	-	-	237,599	356,398
2	TEX-RAY (SHANHAI)	TRYD APPAREL	Other accounts receivable-related party	Yes	86,640	86,027	-	6%	2	-	Operating turnover	-	-	-	402,365	603,547
2	TEX-RAY (SHANHAI)	TRYD TEXTILE	Other accounts receivable-related party	Yes	259,920	258,081	245,177	6%	2	-	Operating turnover	-		-	402,365	603,547
3	TEX-RAY (MEXICO)	AMRAY (MEXICO)	Other accounts receivable-related party	Yes	56,772	56,527	52,782	2.5%	2	-	Operating turnover	-	-	-	266,536	399,803
4	KMT	AIQ	Other accounts receivable-related party	Yes	15,450	-	-	2%	2	-	Operating turnover	-	-	-	124,363	124,363
5	KING'S METEL (SHANHAI)	AIQ (Zhejiang)	Other accounts receivable-related party	Yes	1,735	1,727	-	6%	2	-	Operating turnover	-	-	-	2,967	4,451
6	ZHENG-RAY	GREAT CPT	Other accounts receivable-related party	Yes	10,000	10,000	-	3%	2	-	Operating turnover	-	-	-	2,308	2,308

Note 1: Nature of the loan:

1) The borrower calls for loan arrangement.

2) The borrower has short-term financing necessities.

Note 2: The maximum financing amount is limited to not more than 40% of the company's net value, therefore, the calculation is based on the net value of the latest financial report. The ceiling on loan limit is \$3,188,038 thousand NTD × 40% = \$1,275,215 thousand NTD.

(Continued)

TEX-RAY INDUSTRIAL CO., LTD.
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Note 3: The maximum financing amount to individual company is limited to no more than 40% of the company's net value, therefore the calculation is based on the net value of the latest financial report. The ceiling on loan is $3,188,038 thousand NTD × 40% = $1,275,215 thousand NTD.

Note 4: The maximum limit of financing is limited to 40% of the net value of the financial report of the lender company. However, the maximum limit of loans between 100% held foreign subsidiaries is limited to 150% of the lender company’s net value.

Note 5: The maximum financing amount to individual company shall not exceed 40% of the subsidiary’s net value. However, the loans between 100% held foreign subsidiaries shall not exceed 100% of the net value of the lender subsidiary.

(ii) Guarantees and endorsements for other parties

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	T.Q.M. (SWAZILAND)	2	1,594,019	100,000	-	-	51,348	- %	3,188,038	Y	N	N
0	The Company	GOOD TIME	2	1,594,019	55,620	33,714	22,476	-	1.06 %	3,188,038	Y	N	N
0	The Company	TEX RAY (VN)	2	1,594,019	155,275	84,285	-	14,072	2.64 %	3,188,038	Y	N	N
0	The Company	TEX-RAY (SHANHAI)	2	1,594,019	103,968	103,232	60,219	-	3.24 %	3,188,038	Y	N	Y
0	The Company	TRYD APPAREL	2	1,594,019	166,323	154,523	60,342	14,072	4.85 %	3,188,038	Y	N	Y
0	The Company	TRYD TEXTILE	2	1,594,019	877,686	866,697	383,096	198,892	27.19 %	3,188,038	Y	N	Y
0	The Company	TST	2	1,594,019	102,000	48,095	16,663	-	1.51 %	3,188,038	Y	N	N
0	The Company	WLT	2	1,594,019	10,000	10,000	7,849	-	0.31 %	3,188,038	Y	N	N
1	TEX-RAY (SHANHAI)	TEX RAY (KUNSHAN)	2	402,365	43,320	43,013	15,055	-	10.69 %	603,547	N	N	Y

Note 1: The relationships between the guarantee and the guarantor are as follows:
1. The company with which it does business.
2. The company directly or indirectly holds more than 50% of voting right.
3. A companies directly or indirectly hold more than 50% of voting rights of the public company.
4. Companies in which the public company directly or indirectly holds more than 90% of voting right may make endorsement / guarantees for each other.
5. Where a public company fulfills its obligations by providing mutual endorsements / guarantees for other company in the same industry or for joint builders for purposes of undertaking a construction project.
6. Where all capital contributing shareholders make endorsement / guarantees for the jointly invested company in proporation to their shareholding percentages.

Note 2: The maximum limit of endorsement / guarantee is limited to not more than 100% of the net value of the company, therefore the calculation is based on the net value of the latest financial report. The ceiling on endorsement / guarantee is $3,188,038 thousand NTD × 100% = $3,188,038 thousand NTD.

Note 3: The maximum limit for a single enterprise endorsement / guarantee is not more than 50% of the net value of the company. Therefore, the calculation is based on the net value of the latest financial report. The ceiling on endorsement / guarantee is $3,188,038 thousand NTD × 50% = $1,594,019 thousand NTD.

Note 4: The amount of the endorsement / guarantee provided to a single enterprise with which the company does business shall not exceed the total amount of transactions in twelve months before the endorsement.

Note 5: The maximum limit of overseas subsidiary endorsement / guarantee is no more than 150% of the net value of the subsidiary's net value calculated based on the latest financial statement, and the limit of endorsement / guarantee for individual is not more than 100% of the net value of each subsidiary' calculated based on the latest financial statement.

(Continued)

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(iii) Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance: Shares/Units (thousands)	Ending balance: Carrying value	Ending balance: Percentage of ownership (%)	Ending balance: Fair value	Note
The Company	SHIN ERA TECHNOLOGY CO., LTD.	-	Non-current financial assets at value through other comprehensive income	68	-	1.88 %	-	
The Company	Cayman iMaker Technlogy Inc.	-	Non-current financial assets at value through other comprehensive income	800	-	8.80 %	-	
The Company	TAIWAN UNITED OUTDOOR GROUP, INC.	-	Non-current financial assets at value through other comprehensive income	500	-	15.67 %	-	
The Company	PHYSICLO, Inc.	-	Non-current financial assets at value through other comprehensive income	51	-	5.00 %	-	
The Company	NIEN HSING TEXTILES	-	Financial assets at fair value through profit or loss	35	612	- %	612	
AIQ	Joiiup Technology Co., Ltd.	-	Non-current financial assets at value through other comprehensive income	333	-	5.71 %	-	
TST	SEN JEWEL TECHNOLOGY CO., LTD.	-	Non-current financial assets at value through other comprehensive income	950	9,500	19.00 %	9,500	
KING'S METEL FIBER (SHANHAI)	Shenzhen Titanium Investment Development Partnership.	-	Non-current financial assets at value through other comprehensive income	274	1,182	7.648 %	1,182	

Note: The stocks of private companies have no active market price, so they are evaluated at the net equity value multiplied by the percentage of ownership or equity evaluation report for reference.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details: Purchase /Sale	Transaction details: Amount	Transaction details: Percentage of total purchases/sales	Transaction details: Payment terms	Transactions with terms different from others: Unit price	Transactions with terms different from others: Payment terms	Notes/Accounts receivable (payable): Ending balance	Notes/Accounts receivable (payable): Percentage of total notes/accounts receivable (payable)	Note
The Company	Z-PLY(NY)	Sub-subsidiary	Sales	$ (477,276)	(8.24) %	45 days	-	-	23,234	5.17%	
The Company	T.Q.M.(SWAZILAND)	Sub-subsidiary	Sales	(184,333)	(3.18) %	60 days	-	-	73,898	16.44%	
TRYD APPAREL	TEX-RAY (SHANGHAI)	Affiliated company	Sales	(269,430)	(19.76) %	60 days	-	-	74,160	42.95%	
TRYD APPAREL	The Company	Ultimate parent company	Sales	(512,046)	(37.55) %	30 days	-	-	646	0.37%	
TEX-RAY (SHANGHAI)	The Company	Ultimate parent company	Sales	(233,647)	(35.92) %	60 days	-	-	21,827	12.35%	
TEX-RAY (SHANGHAI)	Z-PLY(NY)	Affiliated company	Sales	(140,712)	(21.63) %	60 days	-	-	20,583	11.64%	
T.Q.M.(SWAZILAND)	TEX-RAY(SA)	Parent company	Sales	(1,240,588)	(96.18) %	75 days	-	-	924,611	99.33%	

(Continued)

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase /Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
KASUMI(SWAILAND)	T.Q.M.(SWAZILAND)	Affiliated company	Sales	(168,034)	(99.65) %	60 days	-	-	370,569	99.76%	
KMT	KMBV	Subsidiary	Sales	(118,137)	(37.83) %	90 days	Fixed profit margin	-	27,561	44.43%	
TEX-RAY(VN)	The Company	Ultimate parent company	Sales	(446,064)	(95.16) %	60 days	-	-	-	-%	
TRYD TEXTILE	TRYD APPAREL	Affiliated company	Sales	(497,752)	(66.54) %	30 days	-	-	32,613	23.40%	
Z-PLY(NY)	The Company	Ultimate parent company	Purchase	477,276	58.87 %	45 days	-	-	(23,234)	(42.00)%	
T.Q.M.(SWAZILAND)	The Company	Ultimate parent company	Purchase	184,333	17.26 %	60 days	-	-	(73,898)	(13.67)%	
TEX-RAY (SHANGHAI)	TRYD APPAREL	Affiliated company	Purchase	269,430	45.93 %	60 days	-	-	(74,160)	(51.32)%	
The Company	TRYD APPAREL	Sub-subsidiary	Purchase	512,046	- %	30 days	-	-	(646)	(0.22)%	
The Company	TEX-RAY (SHANGHAI)	Sub-subsidiary	Purchase	233,647	- %	60 days	-	-	(21,827)	(7.52)%	
Z-PLY(NY)	TEX-RAY (SHANGHAI)	Affiliated company	Purchase	140,712	17.36 %	60 days	-	-	(20,583)	(37.20)%	
TEX-RAY(SA)	T.Q.M.(SWAZILAND)	Subsidiary	Purchase	1,240,588	100.00 %	75 days	-	-	(924,611)	(100.00)%	
T.Q.M.(SWAZILAND)	KASUMI(SWAILAND)	Affiliated company	Purchase	168,034	15.73 %	60 days	-	-	(370,569)	(68.56)%	
KMBV	KMT	Parent company	Purchase	118,137	97.13 %	90 days	Fixed profit margin	-	(27,561)	(97.76)%	
The Company	TEX-RAY(VN)	Sub-subsidiary	Purchase	446,064	- %	60 days	-	-	-	-%	
TRYD APPAREL	TRYD TEXTILE	Affiliated company	Purchase	497,752	39.58 %	30 days	-	-	(32,613)	(37.33)%	

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Loss Allowance
					Amount	Action taken		
TEX-RAY (SHANGHAI)	TRYD TEXTILE	Affiliated company	245,177	(Note)	-	-	-	-
T.Q.M.(SWAZILAND)	TEX-RAY(SA)	Parent company	924,611	1.37	-	-	263,002	-
KASUMI(SWAILAND)	T.Q.M.(SWAZILAND)	Affiliated company	370,569	0.47	-	-	36,866	-

Note : Loan provided by the related party.

(ix) Trading in derivative instruments: None

(b) Information on investees

The following is the information on investees for the years ended December 31, 2020 (excluding information on investees in Mainland China)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2020	December 31, 2019	Shares (thousands)	Percentage of wnership	Carrying value			
The Company	TST	TAIWAN	Printing and dyeing finishing, machinery and equipment manufacturing and wholesale, etc.	$ 68,067	68,067	7,487,381	75.63 %	43,039	15,115	10,691	Subsidiary
The Company	Great CPT	TAIWAN	Overseas investment holding	104,370	79,370	4,500,000	100.00 %	64,786	(15,143)	(15,235)	Subsidiary
The Company	KMT	TAIWAN	Non-woven fabrics, copper secondary processing and fabric retailing, etc	84,881	84,881	13,217,428	63.46 %	191,331	65,511	41,575	Subsidiary
The Company	ZHENG-RAY	TAIWAN	Trading and manufacturing of spinning and weaving	5,000	25,000	500,000	100.00 %	5,771	(3,683)	(3,683)	Subsidiary
The Company	WLT	TAIWAN	Wholesale trade	21,000	21,000	2,100,000	70.00 %	5,162	(15,687)	(10,981)	Subsidiary
The Company	FLYNN (SAMOA)	SAMOA	Overseas investment holding	310,613	310,613	9,100,000	100.00 %	435,689	(159,428)	(159,428)	Subsidiary
The Company	TEX-RAY (CAYMAN)	CAYMAN	Overseas investment holding	1,057,841	-	33,542,722	100.00 %	251,223	(58,045)	-	Subsidiary (Note)
The Company	TEX-RAY (BELIZE)	BELIZE	Overseas investment holding	1,063,287	1,314,510	-	100.00 %	403,529	(61,344)	(61,344)	Subsidiary

(Continued)

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2020	December 31, 2019	Shares (thousands)	Percentage of wnership	Carrying value			
The Company	TEX-RAY (BN)	SAMOA	Overseas investment holding	1,756,813	1,756,813	60,579,330	100.00 %	57,235	(50,546)	(50,546)	Subsidiary
The Company	TEX-RAY (SA)	SOUTH AFRICA	Overseas investment holding	102,704	102,704	39,651,772	100.00 %	1,059,497	177,435	177,435	Subsidiary
The Company	AIQ	TAIWAN	Wholesale trade	90,000	90,000	4,015,112	63.43 %	788	(33,482)	(21,238)	Subsidiary
The Company	Unigym Global	CAYMAN	Electronic Information Supply Service Industry	9,092	-	-	- %	-	-	-	Prepayments for investments
TEX-RAY (BELIZE)	TEX-RAY (CAYMAN)	CAYMAN	Overseas investment holding	-	1,057,841	-	- %	-	(58,045)	Exempt from disclosure	Note
TEX-RAY (BN)	GOOD TIME	VIETNAM	Garment processing	227,750	227,750	-	100.00 %	33,133	(18,259)	Exempt from disclosure	Sub-subsidiary
TEX-RAY (BN)	MSWATI	MAURITIUS	Overseas investment holding	1,160,125	1,160,125	-	100.00 %	(136,430)	(83,406)	Exempt from disclosure	Sub-subsidiary
TEX-RAY (BN)	TEX-RAY(VN)	VIETNAM	Garment processing	423,990	423,990	-	100.00 %	175,497	79,278	Exempt from disclosure	Sub-subsidiary
TEX-RAY (BN)	TRCA GARMENT	CAMBODIA	Garment processing	63,564	63,564	-	100.00 %	(21,629)	(23,733)	Exempt from disclosure	Sub-subsidiary
FLYNN (SAMOA)	TRLA GROUP	USA	Marketing and trading	18,384	18,384	2,936,000	100.00 %	50,472	(13,615)	Exempt from disclosure	Sub-subsidiary
FLYNN (SAMOA)	Z-PLY (NY)	USA	Marketing and trading	260,443	260,443	200	100.00 %	385,120	(145,814)	Exempt from disclosure	Sub-subsidiary
Great CPT	TEXRAY (SWAZILAND)	ESWATINI	Garment processing	158,524	158,524	12,417,938	100.00 %	3,264	(147)	Exempt from disclosure	Sub-subsidiary
Great CPT	YIHONG CO.,LTD	TAIWAN	Dyeing and finishing industry	6,000	6,000	600	20.00 %	-	-	Exempt from disclosure	Investment accounted for using equity method
Great CPT	MASTERAY INTERNATIONAL CO., LTD.	TAIWAN	Wholesale trade	-	2,700	-	- %	-	(689)	Exempt from disclosure	Investment accounted for using equity method
TST	Taiwan Innovation (HK)	HONGKONG	Machine marketing and trading	-	390	-	- %	-	738	Exempt from disclosure	Note 2
TST	HUAI WEI BIOTECHNOLOGY CO., LTD	TAIWAN	Biotechnology Service	12,000	-	1,200,000	60.00 %	11,348	(1,087)	Exempt from disclosure	Sub-subsidiary
KMT	KMBV	NETHERLANDS	Marketing and trading	7,950	7,950	200,000	100.00 %	8,589	1,508	Exempt from disclosure	Sub-subsidiary
KMT	ELITETOP TECH	SAMOA	Overseas investment holding	-	48,091	-	- %	-	(3,224)	Exempt from disclosure	Sub-subsidiary
KMT	HND WIRE INC.	TAIWAN	Metal wire products manufacturing	-	10,004	-	- %	-	(2)	Exempt from disclosure	Investment accounted for using equity method
AIQ	AIQ-S(UK)	UK	Development of smart clothing technology	15,419	15,419	396,266	50.00 %	3,076	4,934	Exempt from disclosure	Sub-subsidiary
AIQ	Taiwan Innovation (HK)	HONGKONG	Machine marketing and trading	390	-	100,000	100.00 %	827	738	Exempt from disclosure	Sub-subsidiary
TEX-RAY (CAYMAN)	TEX-RAY(MEXICO)	MEXICO	Dyeing	1,168,882	1,168,882	-	100.00 %	266,536	(33,747)	Exempt from disclosure	Sub-subsidiary
TEX-RAY (CAYMAN)	AMRAY(MEXICO)	MEXICO	Garment processing	178,119	178,119	-	100.00 %	(64,011)	(22,235)	Exempt from disclosure	Sub-subsidiary
TEX-RAY (SA)	KASUMI(SWAZILAND)	ESWATINI	Trading and manufacturing of dyeing, finishing, woven fabrics and garments	43,461	43,461	1,657,400	100.00 %	390,258	954	Exempt from disclosure	Sub-subsidiary
TEX-RAY (SA)	T.Q.M.(SWAZILAND)	ESWATINI	Dyeing	569,316	569,316	132,525,183	100.00 %	948,925	150,903	Exempt from disclosure	Sub-subsidiary
TEX-RAY (SA)	U.I.W.(SWAZILAND)	ESWATINI	Garment processing	47,508	47,508	12,031,000	100.00 %	21,158	(2,367)	Exempt from disclosure	Sub-subsidiary
TEX-RAY (SA)	J.M. Rotary Print Industrial Co.,Ltd.	ESWATINI	Dyeing and finishing of fabrics, clothing sales	12,908	11,712	5,618,679	90.00 %	1,023	(7,782)	Exempt from disclosure	Sub-subsidiary
TEX-RAY (SA)	GOLDEN JUBILEE	ESWATINI	Garment processing	10,800	10,800	5,000,000	100.00 %	26,515	8,768	Exempt from disclosure	Sub-subsidiary
T.Q.M.(SWAZILAND)	ESWT (SWAZILAND)	ESWATINI	Sale of agricultural products	1,822	-	900,000	90.00 %	358	(1,604)	Exempt from disclosure	Third-tier company

Note : The Company adjusted of the holding structure of Merico production area on December 31, 2020. The shares of TEX-RAY (CANMAN), previously owned by TEX-RAY (BELIZE) were new owned directly by the Company.

(Continued)

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(c) Information on investment in mainland China

(i) The names of investees in Mainland China, the main businesses and products, and other information

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2019	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumu-lated remittance of earnings in current period
					Outflow	Inflow						
TEX-RAY (SHANGHAI)	Operating textile storage, trading, distribution, display and technology development	282,574	(2)	282,574	-	-	282,574	(3,217)	100.00%	(3,217)	402,365	-
TEX-RAY (YANCHENG)	Manufacturing and sales of textiles, clothing, shoes and hats	45,527	(3)	-	-	-	-	580	100.00%	580	(48,625)	-
TEXRAY(KUNSHAN)	Development of composite fabrics	168,268	(3)	-	-	-	-	4,842	100.00%	4,842	172,569	-
TRYD TEXTILE	Garment processing and engaged in spinning, weaving, high-end fabrics, bleaching and dyeing, printing and garment production	1,749,139	(2)	1,235,108	-	-	1,235,108	(81,283)	100.00%	(81,283)	(39,610)	-
TRYD ARRAREL	Knitted garment processing	164,220	(2)	86,711	-	-	86,711	1,574	100.00%	1,574	(13,461)	-
KING'S METAL FIBER (SHANGHAI)	Wholesale of glass products, high-efficiency insulation materials, textiles, clothing, apparel and accessories	51,221	(2)	47,247	3,974	-	51,221	(9,045)	63.43%	(5,737)	1,882	-
AIQ (Zhejiang)	System development, production and sales of smart devices	10,318	(3)	-	-	-	-	(3,355)	63.43%	(2,128)	(16)	-
TRYD ARRAREL (HENAN) (Note 3)	Garment processing	-	(2)	46,494	-	-	46,494	-	-%	-	-	-
TRYD TEXTILE RESEARCH INSTITUTE (Note 4)	Technology research and development of polymer composite materials and new textile materials	49,149	(2)	-	-	-	-	-	-%	-	-	-
Wei-Da Testing	Testing service and environmental assessment	31,065	(3)	-	-	-	-	1,674	100.00%	1,674	6,871	-
SHANGHAI JIN PEILI (Note 5)	Weaving, dyeing and finishing of high-end fabrics, sales of products of the company	111,088	(2)	14,321	-	-	14,321	-	-%	-	-	-
JIANAN TEXTILE (Note 6)	Weaving, dyeing and finishing of high-grade fabrics	29,613	(2)	29,613	-	-	29,613	-	-%	-	-	-

Note 1: Three types of investment method are as follows:

1. Directly investing in the mainland area.
2. Investing in the mainland through companies in another country (Please refer to Noter 4(c) of consolidated financial statement for the year ended December 31, 2020.)
3. Other methods.

Note 2: The investment gains and losses recognized at the equity method are based on the financial information of the mainland investee companies, which was audited by the auditors of parent company during the same fiscal period.

Note 3: The business was deregistered in November 2015, and the share capital was remitted back to the upper parent company MSWATI in March 2016.

Note 4: The business was liquidated in October 2019.

Note 5: The business was liquidated in December 2012.

Note 6: The business was sold in June 2012, and the returns of original investment was remitted back to the upper parent company MSWATI.

Note 7: The numbers listed above are presented in NTD rounded to nearest thousand, according to the currency rate on December 31, 2020. (USD: 28.0950, CNY: 4.318)

TEX-RAY INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(ii) Limitation on investment in Mainland China

The Company had obtained the certification letter of the operating headquarters from the Ministry of Economic Affairs on August 6, 2018. The validity period is from August 2, 2018 to August 1, 2021, and there is no such restriction of ceiling on investment in Mainland China.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiaries in Mainland China are disclosed in "Business relationships and significant intercompany transactions".

(d) Major shareholders:

Shareholding / Shareholder's Name	Shares	Percentage
YUE-DA TEXTILE HOLDINGS, LTD B.V	42,052,440	17.99 %
Xian-Yu, Guo	23,680,000	10.13 %
SUXHOU WEIDE CO., LTD.	23,362,466	9.99 %
Feng-Ying, Yeh	14,280,000	6.11 %

(14) Segment information

Please refer to the consolidated financial statements for the year ended December 31, 2020.

TEX-RAY INDUSTRIAL CO., LTD.

Statement of cash and cash equivalents

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Cash		$ 497
Check accounts and demand deposits		7,307
Foreign currency deposits	USD 1,899 thousand	53,255
Time deposits	USD 16,025 thousand	451,024
		$ 512,083

Statement of accounts receivables.

Name of customers	Description	Amount	Note
Customer A	Sales of inventories	$ 140,338	
Customer B	Sales of inventories	86,285	
Customer C	Sales of inventories	41,002	
Customer D	Sales of inventories	14,929	
Customer E	Sales of inventories	7,483	
Customer F	Sales of inventories	6,573	
Customer G	Sales of inventories	6,104	
Others	Sales of inventories	36,335	The balances of each customers did not exceed 2% of the account.
		339,049	
Less：Loss allowance		(212)	
Net amount		**$ 338,837**	

TEX-RAY INDUSTRIAL CO., LTD.

Statement of inventories

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

		Amount		
Items	**Description**	**Cost**	**Net realizable value**	**Note**
Raw materials	Weaving	$ 14,219	13,649	Replacement cost
	Obsolete	11,875	-	Replacement cost
	Subtotal	26,094	13,649	
Work in process	Weaving	17,738	16,903	Net realizable value
	Garment	408,864	351,954	Net realizable value
	Obsolete	5,911	-	Net realizable value
	Subtotal	432,513	368,857	
Finished goods	Obsolete	9,148	-	Net realizable value
	Subtotal	9,148	-	
Merchandise	Weaving	359	336	Net realizable value
	Garment	35,805	35,805	Net realizable value
	Color fabric and general administration office	2,115	2,115	Net realizable value
	Obsolete	39	-	Net realizable value
	Subtotal	38,318	38,256	
		506,073	**420,762**	
Less:Allowance		(85,312)		
Net amount		**$ 420,761**		

TEX-RAY INDUSTRIAL CO., LTD.

Statement of changes in investments accounted for using the equity method

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

	Beginning balance		Increase in the current period		Decrease in the current period					Ending balance				
Name	shares	amount	shares	amount	shares	amount	Investment profit and loss	Difference of foreign operating agency financial report conversion	Others	shares	% Ownership	Amount	Net value of equity	Condition of providing guarantee or pledge
TST	7,487,381	$ 40,771	-	-	-	-	10,691	2	(8,425)	7,487,381	75.63 %	43,039	43,039	None
GREAT CPT	10,133,600	55,184	2,500,000	25,000	8,133,600	-	(15,235)	(378)	215	4,500,000	100.00 %	64,786	64,786	None
KMT	13,217,428	148,135	-	-	-	-	41,575	1,313	308	13,217,428	63.46 %	191,331	191,331	None
ZHENG-RAY	2,500,000	29,454	-	-	2,000,000	20,000	(3,683)	-	-	500,000	100.00 %	5,771	5,771	None
AIQ	4,015,112	22,536	-	-	-	-	(21,238)	(368)	(142)	4,015,112	63.43 %	788	788	None
WLT	2,100,000	16,143	-	-	-	-	(10,981)	-	-	2,100,000	70.00 %	5,162	5,162	None
FLYNN (SAMOA)	9,100,000	625,412	-	-	-	-	(159,428)	(35,043)	4,748	9,100,000	100.00 %	435,689	435,689	None
TEX-RAY (CAYMEN)	-	-	33,542,722	251,223	-	-	-	-	-	33,542,722	100.00 %	251,223	251,223	None
TEX-RAY (BELIZE)	41,290,132	748,389	-	-	8,941,919	251,223	(61,344)	(32,293)	-	32,348,213	100.00 %	403,529	403,529	None
TEX-RAY(BN)	60,579,330	113,595	-	-	-	-	(50,546)	(5,814)	-	60,579,330	100.00 %	57,235	57,235	None
TEX-RAY(SA)	39,651,772	1,000,151	-	-	-	-	177,435	(111,324)	(6,765)	39,651,772	100.00 %	1,059,497	1,059,497	None
		$ 2,799,770		276,223		271,223	(92,754)	(183,905)	(10,061)			2,518,050	2,518,050	

TEX-RAY INDUSTRIAL CO., LTD.

Statement of changes in property, plant and equipment

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Please refer to Note 6(f) for related information.

Statement of changes in investment property

Please refer to Note 6(h) for related information.

Statement of short-term borrowings

December 31, 2020

Type of loan	Bank	Ending balance	Contract period	Interest rate range	Mortgage or guarantee	Note
Credit loan	Bank A	$ 30,000	2020/12/04~2021/3/24	1.35%	None	
Credit loan	Bank B	20,000	2020/8/06~2021/02/06	1.00%	None	
Credit loan	Bank C	60,000	2020/10/16~2021/06/01	1.20%	None	
Letter of credit	Bank C	9,990	2020/09/07~2021/05/28	1.20%	None	
		$ 119,990				

TEX-RAY INDUSTRIAL CO., LTD.

Statement of short-term notes and bills payable

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Please refer to Note 6(j) for related information.

Statement of long-term borrowings

Creditor	Description	Amount	Contract period	Interest rate	Mortgage or guarantee	Note
Bank D	Mortgage loan	$ 1,400,000	2020/01/20~2025/01/20	2.00 %	Land and buildings	
Bank C	Mortgage loan	38,250	2018/03/06~2028/03/26	1.40 %	Buildings	
Less: Current portion		(9,000)				
Less: Fee		(5,061)				
		$ 1,424,189				

TEX-RAY INDUSTRIAL CO., LTD.

Statement of accounts payable

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Name of clients	Description	Amount	Note
Company A	Payment for goods	$ 29,336	
Company B	Payment for goods	23,882	
Company C	Payment for goods	19,634	
Company D	Payment for goods	17,485	
Company E	Payment for goods	13,019	
Company F	Payment for goods	11,167	
Company G	Payment for goods	9,399	
Company H	Payment for goods	9,710	
Company I	Payment for goods	7,955	
Company J	Payment for goods	8,557	
Company K	Payment for goods	7,656	
Company L	Payment for goods	6,894	
Others	Payment for goods	98,455	The balances of each company did not exceed 3% of the account.
		$ 263,149	

TEX-RAY INDUSTRIAL CO., LTD.

Statement of other payables

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Item	Quantities	Amount
Salaries payable	Salaries and year-end bonus	$ 69,651
Interest payable		987
Remuneration payable to employees and directors		6,940
Commission fee payable		197,428
Other payables		16,978
Others		19,506
		$ 311,490

Statement of operating revenue

For the year ended December 31, 2020

Items	Quantities	Amount	Note
Sales revenue of garments	25,493,308 pieces	$ 3,545,658	
Sales revenue of fabrics	694,125Y, 248,271KG	92,903	
Sales revenue of merchandise	4,873,353 pieces, 10 sets, 6,125KG, 64,315 CONE	51,780	
Sales of raw yarn and colored yarn	1,393,868KG	140,697	
Garments revenue	10,398,221 pieces	1,516,420	
Dyeing revenue	2,356,351 pounds, 56,036KG	106,572	
Weaving revenue	559,940KG	170,048	
Others		2,172	
		$ 5,626,250	

TEX-RAY INDUSTRIAL CO., LTD.

Statement of operating costs

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Items	Amount	Note
Merchandising		
Beginning balance of inventory	$ 223	
Add：Purchase	2,766,288	
Less：Ending balance of inventory	(38,318)	
Transfer to expenses	(5,033)	
Loss on physical count of merchandise	(144)	
Merchandising costs	2,723,016	
Manufacturing		
Beginning balance of raw material	58,424	
Add：Purchase	805,513	
Less：Loss on physical count of raw material	(2,458)	
Sales	(1,610)	
Ending balance of raw material	(26,094)	
Transfer to expenses	(1,639)	
Raw material used	832,136	
Direct labor	39,357	
Manufacturing overhead	893,048	
Manufacturing costs	1,764,541	
Add：Beginning balance of work in process	184,623	
Less：Ending balance of work in process	(432,513)	
Loss on physical count on work in process	(27)	
Cost of finished goods	1,516,624	
Add：Beginning balance of finished goods	6,469	
Less：Loss on physical count on finished goods	(1,613)	
Ending balance of finished goods	(9,148)	
Transfer to expenses	(476)	
Other —Sales of raw material	1,610	
Costs of goods sold	1,513,466	
Add：Loss for valuation of inventories	70,693	
Add：Loss on physical count	4,242	
Less：Sales of scraps	(1,229)	
Operating costs	**$ 4,310,188**	

TEX-RAY INDUSTRIAL CO., LTD.

Statement of operating expenses

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Items	Selling expenses	Administrative expenses	Research and development expenses	Total
Salary expense	$ 99,137	105,732	7,601	212,470
Commission expense	373,426	-	-	373,426
Traveling expenses	1,749	544	-	2,293
Utility bill	1,465	1,512	114	3,091
Sample fee	6,270	531	(480)	6,321
Insurance expense	12,216	11,388	787	24,391
Shipping fee	36,945	428	22	37,395
Depreciation expense	5,377	10,562	711	16,650
Amortization expense	3,424	2,795	45	6,264
Service fee	3,348	7,415	13	10,776
Pension expense	4,022	1,493	419	5,934
Import and export expense	144,325	13	-	144,338
Miscellaneous expenses	8,886	6,825	284	15,995
Other expenses	17,969	32,495	3,732	54,196
Total	**$ 718,559**	**181,733**	**13,248**	**913,540**

Statement of the net amount of other revenues and gains and expenses and losses

Please refer to Note 6(t) for related information.