Stock Code:1467

TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Financial Statements

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

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Representation Letter

The entities that are required to be included in the combined financial statements of TEX-RAY INDUSTRIAL CO., LTD. as of and for the year ended December 31, 2020 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, TEX-RAY INDUSTRIAL CO., LTD. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: TEX-RAY INDUSTRIAL CO., LTD.
Chairman: Rui-Yue Lin
Date: March 26, 2021

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Independent Auditors' Report

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

Opinion

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

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

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 Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. 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(t) "Revenue from contracts with customers" for the details of the related disclosure.

   .

Description of the key audit matter:

The Group 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 Group’ 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 sending confirmation letters to verify the sales records 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(g). 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 Group was $1,104,272 thousand. We have considered that the Group’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.

Other Matter

TEX-RAY INDUSTRIAL CO., LTD. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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 consolidated financial statements are intended only to present the consolidated 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 consolidated financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying consolidated 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 consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current assets:				
1100	Cash and cash equivalents(Note 6(a))	$ 1,368,318	17	843,457	12
1110	Current financial assets at fair value through profit or loss(Note 6(b))	612	-	1,225	-
1150	Notes receivable, net(Notes 6(c) and 7)	1,877	-	25,438	-
1170	Accounts receivable, net(Notes 6(c), 7 and 8)	1,104,272	14	1,058,776	15
1200	Other receivables, net(Notes 6(d) and 7)	91,709	1	93,438	1
1220	Current tax assets	7,586	-	2,188	-
1310	Inventories, manufacturing business, net(Note 6(e))	1,328,599	16	1,313,042	20
1410	Prepayments	165,395	2	132,622	2
1470	Other current assets(Note 7)	4,173	-	5,206	-
1476	Other current financial assets(Note 8)	201,764	2	291,231	4
		4,274,305	52	3,766,623	54
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income(Note 6(b))	10,682	-	1,403	-
1550	Investments accounted for using equity method, net(Note 6(f))	-	-	2,541	-
1600	Property, plant and equipment(Notes 6(g) and 8)	2,074,710	26	2,268,622	33
1755	Right-of-use assets(Notes 6(h) and 8)	159,488	2	152,464	2
1760	Investment property, net(Notes 6(i) and 8)	1,225,984	15	335,128	5
1780	Intangible assets(Note 6(j))	262,983	3	254,665	4
1840	Deferred tax assets(Note 6(q))	45,800	1	33,137	-
1960	Prepayments for investments	9,092	-	-	-
1980	Other non-current financial assets(Note 8)	44,816	1	160,095	2
1990	Other non-current assets	5,060	-	10,441	-
		3,838,615	48	3,218,496	46
	Total assets	$ 8,112,920	100	6,985,119	100

	Liabilities and Equity	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current liabilities:				
2100	Short-term borrowings(Note 6(k))	$ 851,069	10	1,410,828	21
2110	Short-term notes and bills payable(Note 6(l))	249,660	3	-	-
2130	Current contract liabilities(Note 6(t))	69,478	1	81,910	1
2150	Notes payable	47,541	1	63,059	1
2170	Accounts payable	724,724	9	587,664	8
2200	Other payables	525,840	6	294,494	4
2220	Other payables due to related parties(Note 7)	14,500	-	5,000	-
2230	Current tax liabilities	99,152	1	82,966	1
2310	Advance receipts	17,886	-	-	-
2280	Current lease liabilities(Note 6(n))	23,650	-	27,424	-
2320	Long-term liabilities, current portion(Note 6(m))	391,874	5	168,978	2
2300	Other current liabilities	5,601	-	4,046	-
		3,020,975	36	2,726,369	38
	Non-current liabilities:				
2540	Long-term borrowings(Note 6(m))	1,464,169	18	1,454,830	22
2570	Deferred tax liabilities(Note 6(q))	178,363	2	66,043	1
2580	Non-current lease liabilities(Note 6(n))	67,025	1	51,690	1
2640	Net defined benefit liability, non-current(Note 6(p))	27,701	-	31,649	-
2670	Other non-current liabilities, others(Note 9(b))	22,687	-	85,375	1
		1,759,945	21	1,689,587	25
	Total liabilities	4,780,920	57	4,415,956	63
	Equity Attributable to Owners of Parent (Note 6(r)):				
3110	Ordinary share	2,336,247	30	2,336,247	33
3200	Capital surplus(Note 7)	234,052	3	235,155	3
3300	Retained earnings	473,640	6	307,142	4
3400	Other equity interest	144,099	2	(433,020)	(5)
	Equity attributable to the parent company:	3,188,038	41	2,445,524	35
36XX	Non-controlling interests	143,962	2	123,639	2
	Total equity	3,332,000	43	2,569,163	37
	Total liabilities and equity	$ 8,112,920	100	6,985,119	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated 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(t) and 7)**	$ 8,598,587	100	6,949,284	100
5000	**Operating costs (Notes 6(e) and (n))**	6,382,107	74	5,770,797	83
5900	**Gross profit from operations**	2,216,480	26	1,178,487	17
6100	Selling expenses	1,002,826	11	581,413	8
6200	Administrative expenses	568,097	7	558,275	8
6300	Research and development expenses	57,702	1	72,392	1
6450	Expected credit loss	155,294	2	27,265	-
6000	**Operating expenses (Notes 6(n) and (s))**	1,783,919	21	1,239,345	17
6900	**Net operating income (loss)**	432,561	5	(60,858)	-
7000	**Non-operating income and expenses:**				
7010	Other income	4,171	-	5,570	-
7020	Other gains and losses, net (Note 6(v))	(87,678)	(1)	61,053	1
7100	Interest income (Note 6(v))	14,675	-	15,926	-
7510	Interest expense (Notes 6(v) and 7)	(96,467)	(1)	(101,411)	(1)
7055	Reversal of expected credit loss, net (Note 6(d))	-	-	49,431	-
7770	Share of loss of associates and joint ventures accounted for using equity method (Note 6(f))	(760)	-	(8,937)	-
		(166,059)	(2)	21,632	-
7900	**Profit (loss) before tax**	266,502	3	(39,226)	-
7950	Less: Income tax expenses (Note 6(q))	101,727	1	133,232	2
	Profit (loss)	164,775	2	(172,458)	(2)
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Losses on remeasurements of defined benefit plans	(1,991)	-	(4,029)	-
8312	Gains on revaluation surplus	873,576	10	262,746	3
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(224)	-	(4,116)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified subsequently to profit or loss	(112,410)	(1)	-	-
	Items that will not be reclassified subsequently to profit or loss	758,951	9	254,601	3
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(183,051)	(2)	(53,054)	(1)
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	(183,051)	(2)	(53,054)	(1)
8300	**Other comprehensive income**	575,900	7	201,547	2
8500	**Total comprehensive income**	**$ 740,675**	**9**	**29,089**	
8600	**Profit (loss), attributable to:**				
8610	Owners of parent	$ 168,120	2	(171,877)	(2)
8620	Non-controlling interests	(3,345)	-	(581)	-
		$ 164,775	**2**	**(172,458)**	**(2)**
8700	**Comprehensive income attributable to:**				
8710	Owners of parent	$ 743,617	9	32,979	-
8720	Non-controlling interests	(2,942)	-	(3,890)	-
		$ 740,675	**9**	**29,089**	**-**
	Basic earnings per share (Note 6(s))				
9750	Basic earnings per share (dollars)	**$ 0.72**		**(0.74)**	
9850	Diluted earnings per share (dollars)	**$ 0.72**		**(0.74)**	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												
			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 equity attributable to owners of parent	Non-controlling interests	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	2,412,607	122,497	2,535,104
Loss	-	-	-	-	(171,877)	(171,877)	-	-	-	-	(171,877)	(581)	(172,458)
Other comprehensive income	-	-	-	-	(4,029)	(4,029)	(52,586)	(1,275)	262,746	-	204,856	(3,309)	201,547
Total comprehensive income	-	-	-	-	(175,906)	(175,906)	(52,586)	(1,275)	262,746	-	32,979	(3,890)	29,089
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	-	-	-	(62)	(62)	-	-	-	-	(62)	-	(62)
Cash dividends distributed to non-controlling interest by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(3,313)	(3,313)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	8,345	8,345
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	610	610	-	(610)	-	-	-	-	-
Equity related to non-current assets held-for-sale	-	-	-	-	254,043	254,043	-	-	4,862	(258,905)	-	-	-
Balance on December 31, 2019	2,336,247	235,155	166,655	201,749	(61,262)	307,142	(664,266)	(36,362)	267,608	-	2,445,524	123,639	2,569,163
Profit (loss)	-	-	-	-	168,120	168,120	-	-	-	-	168,120	(3,345)	164,775
Other comprehensive income	-	-	-	-	(1,622)	(1,622)	(183,905)	(142)	761,166	-	575,497	403	575,900
Total comprehensive income	-	-	-	-	166,498	166,498	(183,905)	(142)	761,166	-	743,617	(2,942)	740,675
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	(1,103)	-	-	-	-	-	-	-	-	(1,103)	-	(1,103)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	23,265	23,265
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**	**-**	**3,188,038**	**143,962**	**3,332,000**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated 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	$	266,502	(39,226)
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		237,061	250,719
Amortization expense		17,674	12,261
Provision (reversal of provision) for expected credit loss		155,294	(22,166)
Loss on financial assets at fair value through profit or loss		128	130
Interest expense		96,467	101,411
Interest income		(14,675)	(15,926)
Dividend income		(22)	(97)
Share of loss of associates and joint ventures accounted for using equity method		760	8,937
Loss on disposal of property, plan and equipment		14,009	3,627
Gain on disposal of non-current assets held-for-sale		-	(42,304)
Impairment loss on non-financial assets		72,259	6,273
Loss (gain) on fair value adjustment of investment property		18,948	(10,420)
Loss on lease modification		707	-
Total adjustments to reconcile profit		598,610	292,445
Changes in operating assets and liabilities:			
Changes in operating assets:			
Decrease in notes receivable		23,536	16,956
Increase in accounts receivable		(227,444)	(42,911)
(Increase) decrease in other receivables		(1,445)	177,958
(Increase) decrease in inventories		(41,711)	111,985
(Increase) decrease in prepayments		(42,653)	58,589
Decrease (increase) in other current assets		872	(1,505)
Increase in other financial assets		(9,434)	(5,188)
Total changes in operating assets		(298,279)	315,884
Changes in operating liabilities:			
Increase (decrease) in contract liabilities		7,260	(34,146)
(Decrease) increase in notes payable		(15,517)	6,873
Increase (decrease) in accounts payable		153,947	(200,168)
Increase (decrease) in other payables		213,302	(80,654)
Increase in other payable due to related parties		9,500	5,000
Increase in other current liabilities		1,765	115
Decrease in net defined benefit liability		(5,939)	(3,872)
(Decrease) increase in other operating liabilities		(61,845)	35,741
Total changes in operating liabilities		302,473	(271,111)
Total changes in operating assets and liabilities		4,194	44,773
Total adjustments		602,804	337,218
Cash inflow generated from operations		869,306	297,992
Interest received		14,675	15,926
Dividends received		22	97
Interest paid		(97,920)	(101,910)
Income taxes paid		(76,879)	(80,232)
Net cash flows from operating activities		709,204	131,873

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated 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 (used in) from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(9,500)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	3,660
Proceeds from disposal of financial assets at fair value through profit or loss	485	-
Acquisition of investments accounted for using equity method	-	(2,700)
Increase in prepayments for investments	(9,092)	-
Proceeds from liquidation of investments accounted for using equity method	1,781	-
Proceeds from disposal of non-current assets held-for-sale	-	321,000
Acquisition of property, plant and equipment	(177,493)	(204,557)
Proceeds from disposal of property, plant and equipment	22,795	9,356
Acquisition of intangible assets	(17,636)	(5,969)
Increase in other non-current assets	(31,327)	(55,098)
Net cash flows (used in) from investing activities	(219,987)	65,692
Cash flows from (used in) financing activities:		
Increase in short-term loans	1,278,913	2,831,077
Decrease in short-term loans	(1,838,672)	(2,778,796)
Increase in short-term notes and bills payable	249,660	-
Proceeds from long-term debt	1,560,673	435,400
Repayments of long-term debt	(1,323,377)	(514,210)
Payment of lease liabilities	(46,437)	(45,156)
Decrease (increase) in other financial assets	205,945	(138,093)
Change in non-controlling interests	7,670	(3,313)
Net cash flows from (used in) financing activities	94,375	(213,091)
Effect of exchange rate changes on cash and cash equivalents	(58,731)	(11,881)
Net increase (decrease) in cash and cash equivalents	524,861	(27,407)
Cash and cash equivalents at beginning of period	843,457	870,864
Cash and cash equivalents at end of period	$ **1,368,318**	**843,457**

See accompanying notes to consolidated financial statements.

(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 Group 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 and its subsidiaries (the "Group") 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 consolidated financial statements

The consolidated 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 Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated 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 Group 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 consolidated financial statements:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"

(Continued)

- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform－Phase 2”

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

The Group 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 consolidated 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”

(Continued)

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

(4) Summary of significant accounting policies

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

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated 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 (assets) 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(q).

(ii) Functional and presentation currency

The functional currency of each Group entities is determined based on the primary economic environment in which the entities operate. The Group's consolidated 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) Basis of consolidation

(i) Principles for preparing consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

(Continued)

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

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Financial statements of subsidiaries are adequately adjusted to align their accounting policies with those of the Group.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements:

			Shareholding percentage		
Name of investor	**Name of subsidiary**	**Principal activity**	**December 31, 2020**	**December 31, 2019**	**Note**
The Company	TEX-RAY INDUSTRIAL CO., LTD. (BELIZE) (TEX-RAY(BELIZE))	Oversea investment holding (Mexico)	100.00 %	100.00 %	The subsidiary that the Company holds more than 50% shares
The Company	TEX-RAY (BN) INTERNATIONAL CO., LTD. (TEX-RAY(BN))	Oversea investment holding (Vietnam and Cambodia)	100.00 %	100.00 %	The subsidiary that the Company holds more than 50% shares.
The Company	FLYNN INTERNATIONAL LTD. (FLYNN(SAMOA))	Oversea investment holding (USA)	100.00 %	100.00 %	The subsidiary that the Company holds more than 50% shares.
The Company	KING'S METAL FIBER TECHNOLOGIES CO., LTD. (KMT)	Non-woven fabrics, copper secondary processing and fabric retailing, etc.	63.46 %	63.46 %	The subsidiary that the Company holds more than 50% shares.
The Company	TAIWAN SUPERCRITICAL TECHNOLOGY CO.,LTD.(TST)	Ultrasonic cleaning and supercritical cleaning, extraction, etc.	75.63 %	75.63 %	The subsidiary that the Company holds more than 50% shares.
The Company	GREAT CPT INTERNATIONAL CO., LTD. (GREAT CPT)	Oversea investment holding (Eswatini)	100.00 %	100.00 %	The subsidiary that the Company holds more than 50% shares.
The Company	TEX-RAY (SA) (PTY) Ltd.(TEX-RAY (SA))	Marketing and trading	100.00 %	100.00 %	The subsidiary that the Company holds more than 50% shares.
The Company	TEX-RAY INDUSTRIAL CO., LTD. (CAYMAN) (TEX-RAY(CAYMAN))	Oversea investment holding	100.00 %	- %	The subsidiary that the Company holds more than 50% shares. (note 1)

(Continued)

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

Name of investor	Name of subsidiary	Principal activity	Shareholding percentage December 31, 2020	Shareholding percentage December 31, 2019	Note
The Company	ZHENG-RAY Industrial CO.,LTD. (ZHENG-RAY)	Trading and manufacturing of weaving and garments	100.00 %	100.00 %	The subsidiary that the Company holds more than 50% shares.
The Company	WEI LI TEXTILE CO., LTD. (WLT)	Wholesale of clothing and fabrics	70.00 %	70.00 %	The subsidiary that the Company holds more than 50% shares.
The Company	AIQ SMART CLOTHING INC. (AIQ)	Wholesale of textile	63.43 %	63.43 %	The subsidiary that the Company holds more than 50% shares. (note 5)
TEX-RAY (SA)	KASUMI APPARELS SWAZILAND PTY LTD. (KASUMI (SWAZILAND))	Garment processing	100.00 %	100.00 %	The subsidiary that TEX-RAY (SA) holds more than 50% shares.
TEX-RAY (SA)	TQM TEXTILE SWAZILAND (PTY) LTD. (T.Q.M.(SWAZILAND))	Weaving and dyeing	100.00 %	100.00 %	The subsidiary that TEX-RAY (SA) holds more than 50% shares.
TEX-RAY (SA)	UNION INDUSTRIAL WASHING PTY LTD. (U.I.W.(SWAZILAND))	Garment processing	100.00 %	100.00 %	The subsidiary that TEX-RAY (SA) holds more than 50% shares.
TEX-RAY (SA)	J.M. Rotary Print Industrial Co., Ltd. (J.M. (SWAZILAND))	Printing	90.00 %	80.00 %	The subsidiary that TEX-RAY (SA) holds more than 50% shares.(note 2)
TEX-RAY (SA)	GOLDEN JUBILEE APPAREL (PTY) LTD.(GOLDEN (SWAZILAND))	Garment processing	100.00 %	100.00 %	The subsidiary that TEX-RAY (SA) holds more than 50% shares.
TEX-RAY (BELIZE)	TEX-RAY(CAYMAN)	Oversea investment holding	- %	100.00 %	(Note 1)
TEX-RAY (BELIZE)	TEX-RAY (SHANGHAI) INDUSTRIAL CO., LTD. (TEX-RAY (SHANGHAI))	Warehousing and trading business of textile	100.00 %	100.00 %	The subsidiary that TEX-RAY (BELIZE) holds more than 50% shares.
FLYNN (SAMOA)	TRLA GROUP, INC.(TRLA GROUP)	Marketing and trading	100.00 %	100.00 %	The subsidiary that FLYNN (SAMOA) holds more than 50% shares.
FLYNN (SAMOA)	Z-PLY CORPORATION (Z-PLY (NY))	Marketing and trading	100.00 %	100.00 %	The subsidiary that FLYNN (SAMOA) holds more than 50% shares.
GREAT CPT	TEXRAY SWAZILAND PTY LTD.(TEXRAY (SWAZILAND))	Garment processing	100.00 %	100.00 %	The subsidiary that GREAT CPT holds more than 50% shares.
TST	HUAI WEI BIOTECHNOLOGY CO., LTD	Biotechnology Service	60.00 %	- %	The subsidiary that TST holds more than 50% shares.(note 3)
TEX-RAY (BN)	GOOD TIME(VIETNAM) ENTERPRISE CO.,LTD. (GOOD TIME)	Garment processing	100.00 %	100.00 %	The subsidiary that TEX-RAY (BN) holds more than 50% shares.

(Continued)

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

Name of investor	Name of subsidiary	Principal activity	Shareholding percentage December 31, 2020	Shareholding percentage December 31, 2019	Note
TEX-RAY (BN)	MSWATI HOLDINGS LTD. (MSWATI)	Garment processing	100.00 %	100.00 %	The subsidiary that TEX-RAY (BN) holds more than 50% shares.
TEX-RAY (BN)	TEXRAY (VN) CO., LTD. (TEXRAY(VN))	Garment processing	100.00 %	100.00 %	The subsidiary that TEX-RAY (BN) holds more than 50% shares.
TEX-RAY (BN)	T.R.C.A GARMENT CO., LTD. (TRCA GARMENT)	Garment processing	100.00 %	100.00 %	The subsidiary that TEX-RAY (BN) holds more than 50% shares.
TEX-RAY (CAYMAN)	TEXRAY MEXICO S.A. DE C.V.(TEXRAY (MEXICO))	Dyeing	100.00 %	100.00 %	The subsidiary that TEX-RAY (CAYMAN) holds more than 50% shares.
TEX-RAY (CAYMAN)	AMRAY S.A. DE C.V. (AMRAY (MEXICO))	Garment processing	100.00 %	100.00 %	The subsidiary that TEX-RAY (CAYMAN) holds more than 50% shares.
KMT	KING'S METAL FIBER TECHNOLOGIES B.V. (KMBV)	Marketing and tradeing	100.00 %	100.00 %	The subsidiary that KMT holds more than 50% shares.
KMT	ELITETOP TECHNOLOGY INC. (ELITETOP TECH)	Oversea investment holding	- %	100.00 %	The subsidiary that KMT holds more than 50% shares. (note 4)
KMT	AIQ	Wholesale of textile	- %	1.57 %	(Note 5)
TEX-RAY (SHANGHAI)	TEX-RAY INDUSTRIAL CO., LTD. (YANCHENG) (TEX-RAY (YANCHENG))	Manufacturing and sales of textiles, clothing, shoes and hats	100.00 %	100.00 %	The subsidiary that TEX-RAY (SHANGHAI) holds more than 50% shares.
TEX-RAY (SHANGHAI)	TEXRAY(KUNSHAN) INDUSTRIAL CO., LTD. (TEXRAY(KUNSHAN))	Development of composite fabrics	100.00 %	100.00 %	The subsidiary that TEX-RAY (SHANGHAI) holds more than 50% shares.
ELITETOP TECH	KING’S METAL FIBER (SHANGHAI) CO., LTD. (KING’S METAL FIBER (SHANGHAI))	Wholesale of glass products and textiles	- %	100.00 %	(Note 4)
KING’S METAL FIBER (SHANGHAI)	AIQ SMART CLOTHING (Zhejiang) CO., LTD. (AIQ (Zhejiang))	System development, production and sales of smart devices	100.00 %	100.00 %	The subsidiary that KING’S METAL FIBER (SHANGHAI) holds more than 50% shares.
AIQ	AIQ SYNERTIAL LTD. (AIQ-S (UK))	Development of smart clothing technology	50.00 %	100.00 %	(Note 6)
AIQ	KING’S METAL FIBER (SHANGHAI)	Wholesale of glass products and textiles	100.00 %	- %	The subsidiary that AIQ holds more than 50% shares. (note 4)
AIQ	Taiwan Innovation Technology Co., Limted (HK) (Taiwan Innovation (HK))	Marketing and trading of machine	100.00 %	- %	The subsidiary that AIQ holds more than 50% shares. (note 7)

(Continued)

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

Name of investor	Name of subsidiary	Principal activity	Shareholding percentage December 31, 2020	Shareholding percentage December 31, 2019	Note
MSWATI	TRYD APPAREL CO.,LTD. (TRYD APPAREL)	Knitted garment processing	100.00 %	100.00 %	The subsidiary that MSWATI holds more than 50% shares.
MSWATI	JIANGSU TRYD TEXTILE TECHNOLOGY CO.,LTD. (TRYD TEXTILE)	Spinning, weaving, high-end fabrics, bleaching and dyeing, printing and garment production	100.00 %	100.00 %	The subsidiary that MSWATI holds more than 50% shares.
TRYD TEXTILE	Yancheng Wei-Da Textile Testing Service Co.,Ltd. (Wei-Da Testing)	Testing service and environmental evaluation	100.00 %	100.00 %	The subsidiary that TRYD TEXTILE holds more than 50% shares.
T.Q.M. (SWAZILAND)	ESWATRADING (PROPRILTARY) LIMITED (ESWT (SWAZILAND))	Sale of Agricultural Product	90.00 %	- %	The subsidiary that T.Q.M. (SWAZILAND) holds more than 50% shares.
			- %	- %	
			- %	- %	

Note 1: The Company approved an adjustment of the structure of Mexico production area on December 31, 2020. The shares of TEX-RAY (CAYMNAN), previously owned by TEX-RAY (BELIZE) were now owned directly by the Company.

Note 2: TEX-RAY (SA) acquired additional 10% shares of J.M. (SWAZILAND) from non-controlling interests in October, 2020.

Note 3: In order to meet the Group's strategy of developing biotechnology business, TST joint the setup of HUAI WEI BIOTECHNOLOGY CO., LTD. and acquired 60% of it's shares in December , 2020.

Note 4: ELITETOP TECH transferred 100% shares of King’s Metal Fiber (SHANHAI) to AIQ in February 2020, and went through liquidation in June 2020. The relevant liquidation procedures have been completed.

Note 5: AIQ HOLDING sold 1% owned equity of AIQ during 2019, and transferred the rest 99% to KMT. KMT’s special shareholders' meeting, held on November 14, 2019, had approved the capital reduction with the shares of AIQ, resulting in the Company holding 63.43% of AIQ’s shares. KMT sold the remaining 1.57% equity of AIQ in February 2020.

Note 6: SYNERTIAL LTD. had completed the transfer of register of trademark to AIQ-S (UK) in exchange of the 50% ownership of AIQ-S (UK).

Note 7: For business development purpose, TST had transferred all owned shares of Taiwan Innovation (HK) to AIQ in December, 2020.

Note 8: In order to meet the Group's strategy of developing biotechnology business, T.Q.M.(SWAZILAND) join the setup of ESWT (SWAZILAND) and acquired 90% of it's shares in December, 2020.

Note 9: There is no subsidiaries that excluded in the consolidated financial report.

(Continued)

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

(d) Foreign currencies

(i) currencies transaction

Transactions in foreign currencies are translated into the respective functional currencies of Group entities 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.

(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 Group 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 Group 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.

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

An asset is classified as current when

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

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

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

(Continued)

(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 Group expects to settle the liability in its normal operating cycle,

(ii) The Group 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 Group 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.

(f) 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 Group' s cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(g) 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 Group 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 Group 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.

(Continued)

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

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.

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Group 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 Group'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 Group 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:

(Continued)

- 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 Group’ 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

- 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 Group’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 Group 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 Group 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 Group’s historical experience and informed credit assessment as well as forward-looking information.

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

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

(Continued)

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 Group in accordance with the contract and the cash flows that the Group 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.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group 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 Group 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 Group's procedures for recovery of amounts due.

6) Derecognition of financial assets

The Group 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 Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group 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 Group 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.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group 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 Group 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.

(h) 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.

(i) 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 Group’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.

(j) Investment in associates

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

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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.

The consolidated financial statements include the Group'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 Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group 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 Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group'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 Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group 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 Group 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 Group 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 Group's ownership interest in an associate is reduced while it continues to apply the equity method, the Group 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 Group continues to apply the equity method without remeasuring the retained interest.

When the Group 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 Group's proportionate interest in the net assets of the associate. The Group 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 Group'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)

(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 Group.

(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.

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

1)	Buildings	3～55 years
2)	Machinery equipment	1～15 years
3)	Transportation equipment	3～5 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 Group 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 Group 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 Group 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 Group's incremental borrowing rate. Generally, the Group 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 Group'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.

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 Group 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 Group 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 Group 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 Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(Continued)

As a practical expedient, the Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group 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.

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.

(Continued)

(p) Revenue from contracts with customers

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group 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 Group's main types of revenue are explained below.

1) Sale of goods

The Group engages in manufacturing, processing and wholesaling of textile and garments, and cleansing and extracting equipment. The Group 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 Group 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 Group has a right to an amount of consideration that is unconditional.

2) Financial components

The Group 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. The Group required advanced receipts when selling machines, which follows the practice of the industry. Thus it is not considered to be financial components. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(q) 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 Group'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 Group, 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 Group 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 Group 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 Group can no longer withdraw the offer of those benefits and when the Group 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 Group 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.

(r) 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.

(Continued)

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 Group 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 Group 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.

(s) Earnings per share

The Group 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.

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may incur revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

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

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC 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 consolidated 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 Group 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 Group 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 Group 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(e) for further description of the valuation of inventories.

(c) Impairment of property, plant and equipment

In the process of evaluating the potential impairment of tangible assets, the Group is required to make subjective judgments in determining the independent cash flows, useful lives, expected future income and expenses related to the specific asset groups considering of the nature of the industry. Any changes in these estimates based on changed economic conditions or business strategies and could result in significant impairment charges or reversal in future years. Refer to Note 6(g) for further description of the key assumptions used to determine the recoverable amount.

(d) Impairment of goodwill

The assessment of impairment of goodwill requires the Group to make subjective judgments to identify cash-generating units (CGUs), allocate the goodwill to relevant CGUs, and estimate the recoverable amount of relevant CGUs. Refer to Note 6(j) for further description of the impairment of goodwill.

The Group's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss. The Group' 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 Group's finance Dept. or by appraisers using appraisal method accepted by FSC.

The Group 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(i), Investment property.

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

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash	$ 3,405	4,967
Check deposits	8,225	14,050
Demand deposits	681,789	596,577
Foreign currency deposits	183,315	158,622
Time deposits	491,584	69,241
Cash and cash equivalents in consolidated statements of cash flows	**$ 1,368,318**	**843,457**

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

(b) Financial assets at fair value

The portfolio of the Group 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**
Equity investments measured at fair value through other comprehensive income		
Unlisted Common Shares	**$ 10,682**	**1,403**

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

(ii) The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group 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 Group 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 Group 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.

(Continued)

(v) Please refer to Note 6(x) 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	$ 1,877	25,438
Accounts receivable-measured at amortized cost	1,271,559	1,096,554
Less: Loss allowance	167,287	37,778
	$ **1,106,149**	**1,084,214**

(i) The Group 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**
Current	$ 886,787	0%~2%	2,038
Overdue under 90 days	151,509	0%~7%	350
Overdue 90 to 180 days	11,099	5%~14%	1,025
Overdue 180 to 360 days	157,262	5%~62%	97,095
Over 360 days past due	66,779	100%	66,779
	$ **1,273,436**		**167,287**

	December 31, 2019		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance Provision**
Current	$ 823,920	0%~10%	6,848
Overdue under 90 days	190,595	10%~12%	4,296
Overdue 90 to 180 days	70,243	10%~48%	7,732
Overdue 180 to 360 days	24,636	10%~51%	6,304
Over 360 days past due	12,598	100%	12,598
	$ **1,121,992**		**37,778**

(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	$ 37,778	12,687
Impairment losses recognized	155,139	27,265
Amounts written off	(19,094)	(1,614)
Foreign exchange losses	(6,536)	(560)
Balance on December 31	**$ 167,287**	**37,778**

(iii) Please refer to Note 8 for the details of notes and trade receivables pledged as collateral for borrowings.

(iv) Due to the Covid-19 epidemic, the Group had negotiated with individual customer to change payment term. For the year ended 2020, the Group had recognized allowance provision amounting to $121,740 thousand designated to the customer. The Group additionally adequately adjusted weighted-average loss rate depending on epidemic severity of each operation region.

(d) Other receivables

	December 31, 2020	**December 31, 2019**
Other receivables－tax refundable	$ 73,434	81,445
Others	24,731	28,706
Less: Loss allowance	(6,456)	(16,713)
	$ 91,709	**93,438**

Except for the other receivables below, all the other receivables are financial assets with low credit risk, therefore, loss allowance for such receivables were measured at the expected credit loss of 12 months. The movement of the allowance for other receivables were as follow:

	For the years ended December 31	
	2020	**2019**
Balance on January 1	$ 16,713	70,049
Impairment losses recognized	155	-
Reversal of impairment loss	-	(49,431)
Amounts written off	(9,353)	(3,659)
Foreign exchange losses	(1,059)	(246)
Balance on December 31	**$ 6,456**	**16,713**

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Part of other receivables－tax refundable of overseas subsidiaries had been overdue 360 days as of Dec. 31, 2018. Since most of the Taiwanese investors in the local area encountered such dilemma, the management of the Group recognized the loss allowance of refundable tax overdue 360 days, which amounted to $63,748 thousand. The Group had reported the situation to the local government via Ministry of Economic Affairs. As of Dec. 31, 2019, the Group had recovered part of overpaid tax. Therefore, the management of the Group recognized gain on reversal of impairment loss and wrote-off the amount that cannot be collected.

(e) Inventories

		December 31, 2020	**December 31, 2019**
Raw materials	$	436,292	528,084
Work in progress		609,627	415,678
Finished goods		278,160	355,721
Merchandise		4,520	13,559
	$	**1,328,599**	**1,313,042**

(i) As of December 31, 2020 and 2019, inventories recognized as cost of sales amounted to $6,180,598 thousand and $5,748,995 thousand, respectively. For the years ended 2020 and 2019, the write-down of inventories amounted to $99,534 thousand and $21,802 thousand, respectively. The write-downs are included in cost of sales.

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

(f) Investments accounted for using equity method

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

		December 31, 2020	**December 31, 2019**
Associate	$	**-**	**2,541**

(i) In 2020 and 2019, the Group’s share of the net income, which equaled to the comprehensive income, generated from associates that are not individually insignificant was $760 thousand and $8,937 thousand, respectively.

(ii) The Group’s ability to affect those returns from associates is not highly restricted. Because the Group had no obligation to bear additional losses, the Group had stopped recognizing its share of losses from these associates. The unrecognized losses in 2020 and 2019 are $0 and $2,244 thousand, respectively.

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

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(g) Property, plant and equipment

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

	Land	Buildings	Machinery equipment	Transportation equipment	Office equipment	Lease assets	Other facilities	Construction in progress	Total
Cost:									
Balance on January 1, 2020	$ 505,656	1,487,886	1,554,721	46,283	131,201	444	175,161	96,871	3,998,223
Additions	-	16,630	25,905	2,012	1,652	-	3,743	127,551	177,493
Transfers	-	4,567	23,942	452	-	-	1,348	-	30,309
Disposals	-	(3,836)	(262,119)	(7,234)	(2,755)	-	(41,747)	-	(317,691)
Reclassification to investment property	(38,490)	(86,011)	-	-	-	-	-	-	(124,501)
Effect of movement in exchange rate	(1,108)	(25,552)	(45,963)	(1,806)	(2,020)	-	(5,882)	(3)	(82,334)
Balance on December 31, 2020	**$ 466,058**	**1,393,684**	**1,296,486**	**39,707**	**128,078**	**444**	**132,623**	**224,419**	**3,681,499**
Balance on January 1, 2019	$ 513,657	1,543,382	1,461,044	50,894	124,961	444	174,647	30,816	3,899,845
Additions	-	17,741	93,862	3,648	6,136	-	9,190	73,980	204,557
Transfers	-	13,800	66,687	-	4,546	-	2,191	(7,823)	79,401
Disposals	-	(8,400)	(35,781)	(7,470)	(2,169)	-	(9,591)	-	(63,411)
Reclassification to investment property	(7,871)	(45,502)	-	-	-	-	-	-	(53,373)
Effect of movement in exchange rate	(130)	(33,135)	(31,091)	(789)	(2,273)	-	(1,276)	(102)	(68,796)
Balance on December 31, 2019	**$ 505,656**	**1,487,886**	**1,554,721**	**46,283**	**131,201**	**444**	**175,161**	**96,871**	**3,998,223**
Depreciation and impairment loss:									
Balance on January 1, 2020	$ -	450,715	992,812	31,250	101,661	444	152,719	-	1,729,601
Depreciation for the period	-	58,450	114,954	4,526	7,071	-	6,036	-	191,037
Impairment loss	-	-	70,059	100	200	-	1,500	-	71,859
Reclassification to investment property	-	(58,475)	-	-	-	-	-	-	(58,475)
Transfers	-	-	(401)	-	-	-	-	-	(401)
Disposals	-	(3,836)	(231,185)	(6,482)	(2,263)	-	(37,121)	-	(280,887)
Effect of movement in exchange rate	-	(7,727)	(30,513)	(1,254)	(1,425)	-	(5,026)	-	(45,945)
Balance on December 31, 2020	**$ -**	**439,127**	**915,726**	**28,140**	**105,244**	**444**	**118,108**	**-**	**1,606,789**
Balance on January 1, 2019	$ -	448,036	916,648	33,840	96,316	444	156,292	-	1,651,576
Depreciation for the period	-	61,305	122,130	4,770	8,376	-	5,813	-	202,394
Transfers	-	12	(12)	-	469	-	(469)	-	-
Disposals	-	(5,805)	(28,250)	(6,865)	(1,734)	-	(7,774)	-	(50,428)
Reclassification to investment property	-	(44,411)	-	-	-	-	-	-	(44,411)
Effect of movements in exchange rates	-	(8,422)	(17,704)	(495)	(1,766)	-	(1,143)	-	(29,530)
Balance on December 31, 2019	**$ -**	**450,715**	**992,812**	**31,250**	**101,661**	**444**	**152,719**	**-**	**1,729,601**
Carrying amounts:									
Balance on December 31, 2020	**$ 466,058**	**954,557**	**380,760**	**11,567**	**22,834**	**-**	**14,515**	**224,419**	**2,074,710**
Balance on December 31, 2019	**$ 505,656**	**1,037,171**	**561,909**	**15,033**	**29,540**	**-**	**22,442**	**96,871**	**2,268,622**
Balance on January 1, 2019	**$ 513,657**	**1,095,346**	**544,396**	**17,054**	**28,645**	**-**	**18,355**	**30,816**	**2,248,269**

(i) On November 12, 2019, the Board of Directors approved the adjustment of business model of TEXRAY (MEXICO) identified as major subsidiary. As a result, some property, plant and equipment are expected to be leased or sold. Therefore, the real estate amounting to $8,962 thousand was transferred to investment property. Please refer to Note 6(i) for details.

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(ii) 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(i) for details.

(iii) In June 2020, due to the cessation of production at the Tainan Dyeing Factory, the Group 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.

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

(h) Right-of-use assets

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

	Land	Buildings	Machinery equipment	Transportation equipment	Total
Cost:					
Balance on January 1, 2020	$ 113,281	71,906	2,564	6,254	194,005
Additions	-	67,844	-	508	68,352
Disposal	(3,385)	(46,395)	(2,564)	-	(52,344)
Effect of movement in exchange rates	(2,473)	(4,154)	-	16	(6,611)
Balance on December 31, 2020	**$ 107,423**	**89,201**	**-**	**6,778**	**203,402**
Balance on January 1, 2019	$ 83,285	72,252	4,082	1,640	161,259
Additions	32,933	15,419	-	4,640	52,992
Disposal / Write-off	-	(14,698)	(1,518)	-	(16,216)
Effect of movement in exchange rates	(2,937)	(1,067)	-	(26)	(4,030)
Balance on December 31, 2019	**$ 113,281**	**71,906**	**2,564**	**6,254**	**194,005**
Accumulated depreciation:					
Balance on January 1, 2020	$ 6,068	32,570	1,525	1,378	41,541
Depreciation for the year	5,883	37,295	390	2,456	46,024
Disposal / Write-off	(3,385)	(36,317)	(1,915)	-	(41,617)
Effect of movement in exchange rates	(506)	(1,539)	-	11	(2,034)
Balance on December 31, 2020	**$ 8,060**	**32,009**	**-**	**3,845**	**43,914**
Balance on January 1, 2019	$ -	-	-	-	-
Depreciation for the year	6,616	37,724	2,601	1,384	48,325
Disposal / Write-off	-	(4,828)	(1,076)	-	(5,904)
Effect of movement in exchange rates	(548)	(326)	-	(6)	(880)
Balance on December 31, 2019	**$ 6,068**	**32,570**	**1,525**	**1,378**	**41,541**
Carrying amounts:					
Balance on December 31, 2020	**$ 99,363**	**57,192**	**-**	**2,933**	**159,488**
Balance on December 31, 2019	**$ 107,213**	**39,336**	**1,039**	**4,876**	**152,464**
Balance on January 1, 2019	**$ 83,285**	**72,252**	**4,082**	**1,640**	**161,259**

(Continued)

The right-of-use assets of the Group had been pledged as collateral for bank borrowings, please refer to Note 8.

(i) Investment property

The movement of the investment property were as follows:

	Land and improvement	Buildings	Total
Book Value:			
Balance on January 1, 2020	$ 197,456	137,672	335,128
Transfer from property, plant, and equipment	38,490	27,536	66,026
Change in fair value	873,576	(18,948)	854,628
Effect of movements in exchange rates	(21,655)	(8,143)	(29,798)
Balance on December 31, 2020	**$ 1,087,867**	**138,117**	**1,225,984**
Balance on January 1, 2019	$ -	53,000	53,000
Transfer from property, plant, and equipment	7,871	1,091	8,962
Change in fair value	189,585	83,581	273,166
Balance on December 31, 2019	**$ 197,456**	**137,672**	**335,128**

(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 Group'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

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Contract Terms	Building No. 6576, Sec. 3, Zhongshan Dist., Taipei City	
	December 31, 2020	**December 31, 2019**
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

Contract terms	The Group's property located at Parque Industrial la Primavera, Mexico	
	December 31, 2020	**December 31, 2019**
Rent at local market rate (note)	$16～$432 /square feet/month	$16～$432 /square feet/month
Current market rent for comparable properties in similar locations and condition	As above	As above
Current status	Available for leasing	Available for leasing
Capitalization rate	7.864%	5.99%～7.07%
Discount rate	2.94%～3.83%	5.74%～6.57%
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 (review opinion)	Grand Elite Real Estate Appraisers Firm (review opinion)
Appraiser name(s)	Fu-Sheng Wang	Fu-Sheng Wang
Appraisal date	December 31, 2020	December 17, 2019
Fair value by external independent appraiser(s)	$271,076 thousand ($191,820 thousand peso)	$299,943 thousand ($188,970 thousand peso)

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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

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 Group 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 Group, 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.

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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 2.02%~3.83% and 2.04%～6.57%, 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 Group'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 Group 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 Group 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 Group thus recognized the gain on sale of investment property amounting to $42,304 thousand.

(iv) In 2019, the Group transferred real estate from property, plant and equipment to investment property measured at fair value and recognized the difference between fair value and book value, amounting to $262,746 thousand as revaluation surplus under other equity. Please refer to Note 6(g).

(v) Remeasurement gains and losses arising from investment property measured at fair value, please refer to Note 6(v).

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

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(j) Intangible assets

The cost, amortization and impairment of the intangible assets of the Group for the years ended December 31, 2020 and 2019, were as follows:

	Patent and trademark	Goodwill	Software cost	Others	Total
Costs:					
Balance on January 1, 2020	$ 191,407	260,971	64,889	1,083	518,350
Additions	15,565	-	16,473	90	32,128
Disposals	(453)	-	-	-	(453)
Transfers	-	-	5,578	251	5,829
Effect of movement in exchange rate	(199)	(11,283)	(223)	-	(11,705)
Balance on December 31, 2020	$ **206,320**	**249,688**	**86,717**	**1,424**	**544,149**
Balance on January 1, 2019	$ 197,200	265,453	69,195	-	531,848
Additions	9,425	-	4,461	1,083	14,969
Disposals	(15,218)	-	(8,396)	-	(23,614)
Effect of movement in exchange rate	-	(4,482)	(371)	-	(4,853)
Balance on December 31, 2019	$ **191,407**	**260,971**	**64,889**	**1,083**	**518,350**
Amortization and impairment loss:					
Balance on January 1, 2020	$ 175,412	38,110	49,689	474	263,685
Amortization for the year	3,521	4,039	9,289	825	17,674
Impairment loss	400	-	-	-	400
Disposals	(453)	-	-	-	(453)
Transfers	-	-	(63)	63	-
Effect of movement in exchange rates	(28)	-	(112)	-	(140)
Balance on December 31, 2020	$ **178,852**	**42,149**	**58,803**	**1,362**	**281,166**
Balance on January 1, 2019	$ 182,678	33,886	52,392	-	268,956
Amortization for the year	1,679	4,224	5,884	474	12,261
Disposals	(8,945)	-	(8,396)	-	(17,341)
Effect of movement in exchange rates	-	-	(191)	-	(191)
Balance on December 31, 2019	$ **175,412**	**38,110**	**49,689**	**474**	**263,685**
Carrying amounts:					
Balance on December 31, 2020	$ **27,468**	**207,539**	**27,914**	**62**	**262,983**
Balance on December 31, 2019	$ **15,995**	**222,861**	**15,200**	**609**	**254,665**
Balance on January 1, 2019	$ **14,522**	**231,567**	**16,803**	**-**	**262,892**

(i) The amortization of intangible assets were recognized in the statement of comprehensive income as follows:

	For the years ended December 31	
	2020	**2019**
Operating costs	$ **1,719**	**711**
Operating expenses	$ **15,955**	**11,550**

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(ii) Impairment

For impairment testing purposes, goodwill had been allocated to operating units. They were the minimum level used to monitor the goodwill of the Group for internal management purposes and shall not be larger than the operating segment of the Group.

The carrying amount of goodwill had been allocated to each operating unit were as follows:

		December 31, 2020	December 31, 2019
America region	$	147,521	157,603
Eswatini region		44,397	44,397
Vietnam region		15,621	20,861
	$	**207,539**	**222,861**

The recoverable amount of the goodwill was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU.

The value in use is determined by the Group’s self-assessment by discounting the future cash flows generated by the continuous use of the unit. The value in use (including property, plant and equipment and goodwill) as of December 31, 2020 and 2019, were performed on the same basis, which was estimated based on factors such as past experience and actual operating results.

The key assumptions of the calculation represent the management's assessment of future trends, or it was determined by appraisal agency based on its own professional judgement. And it takes consideration of both external and internal information (historical information) as well.

(iii) The aforesaid intangible assets were not pledged as collateral.

(k) Short-term borrowings

		December 31, 2020	December 31, 2019
Letters of credit	$	9,990	61,722
Unsecured non-financial institution loans		3,508	-
Unsecured bank loans		567,394	1,163,482
Secured bank loans		270,177	185,624
Total	$	**851,069**	**1,410,828**
Unused credit line	$	**480,557**	**361,336**
Range of interest rates		**1.00%~6.00%**	**1.20%~5.44%**

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

(l) 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 Group had pledged assets as collateral for short-term notes and bills payable, please refer to Note 8.

(m) Long-term borrowings

The details were as follows:

	December 31, 2020	December 31, 2019
Unsecured non-financial institution loans	$ 73,743	50,710
Secured non-financial institution loans	48,830	142,066
Unsecured bank loans	-	34,000
Secured bank loans	1,738,531	1,397,032
Less: current portion	(391,874)	(168,978)
borrowing fees	(5,061)	-
Net	**$ 1,464,169**	**1,454,830**
Unused credit line	**$ 50,248**	**136,648**
Range of interest rates	**1.40%~7.87%**	**1.196%~7.87%**
Maturity	**2021.01~2028.03**	**2020.01~2035.06**

(i) The Group 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 Group 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 Group did not violate the loan agreement.

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

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(n) Lease liabilities

The carrying amount of lease liabilities were as follows:

	December 31, 2020	December 31, 2019
Current	$ 23,650	27,424
Non-current	$ 67,025	51,690

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

The amounts recognized in profit or loss were as follows:

	For the years ended December 31, 2020	
	2020	2019
Interest on lease liabilities	$ 2,568	2,203
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 16,419	24,535

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

	For the years ended December 31, 2020	
	2020	2019
Total cash outflow for leases	$ 62,856	71,894

(o) Operating lease

Please refer to Note 6(g) and 6(i) 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	$ 12,873	3,174
One to two years	12,771	2,857
Two to three years	12,771	2,857
Three to four years	12,057	2,857
Four to five years	9,914	2,143
More than five years	44,613	-
Total undiscounted lease payments	$ 104,999	13,888

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

(p) 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	$ (61,223)	(81,736)
Fair value of plan assets	33,522	50,151
Net defined benefit liabilities	**$ (27,701)**	**(31,585)**

The Group 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 Group 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 Group' s Bank of Taiwan labor pension reserve account balance amounted to $33,522 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.

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	$ (81,736)	(80,603)
Current service costs and interest cost	(713)	(987)
Remeasurements of the net defined benefit liability		
—Experience adjustments	398	(3,405)
—Actuarial gains (losses) arose from changes in demographic assumptions	(5)	(323)
—Actuarial gains (losses) arose from changes in financial assumption	(3,822)	(2,214)
The effect of plan reduction	23,544	3,286
Benefits paid by the plan	1,111	2,510
Defined benefit obligation, December 31	**$ (61,223)**	**(81,736)**

(Continued)

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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	$ 50,151	49,111
Interests revenue	383	503
Remeasurements of the fair value of plan assets		
—Return on plan asset excluding interest income	1,613	1,738
Contributions made	3,623	4,178
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	**$ 33,522**	**50,151**

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

5) Expenses recognized in profit or loss

The Group'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	224	297
Service cost of prior period	(2,407)	(417)
	$ (2,077)	**67**

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	
	2020	**2019**
Operating costs	$ (43)	321
Selling expenses	(1,318)	2
Administration expenses	(914)	(62)
Research and development expenses	(37)	41
	$ (2,312)	**302**

(Continued)

The difference between the above expenses and the amounts should be reported in the actuarial report will be regarded as a change in accounting estimates and recognized as the profit or loss of the following year.

Due to a number of employees agreeing to a curtailment as of December 31, 2020, the Group has reduced the defined benefit retirement obligations by $23,544 thousand and recognized the reduction in benefits in the consolidated 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%~0.35%	0.75 %
Future salary increase rate	2.00 %	2.00 %

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is $2,388 thousand.

The weighted average lifetime of the defined benefits plans is 10～11 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%)	$ (1,524)	1,584
Future salary increasing rate (change 0.25%)	1,553	(1,503)
December 31, 2019		
Discount rate (change 0.25%)	(2,142)	2,230
Future salary increasing rate (change 0.25%)	2,196	(2,122)

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 Group 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 Group 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 $24,541 thousand and $52,801 thousand for the years ended December 31, 2020 and 2019, respectively.

(q) 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	$ 141,885	112,287
Prior years income tax adjustment	(19,674)	(13,474)
Land value increment tax	-	39,136
	122,211	137,949
Deferred income tax expense		
Origination and reversal of temporary differences	(17,294)	(4,420)
Recognition of previously unrecognized tax losses	(3,190)	(297)
	(20,484)	(4,717)
Tax expense	**$ 101,727**	**133,232**

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	$ 266,502	(39,226)
Income tax expense at domestic statutory tax rate	$ 53,300	(7,845)
Effect of tax rates in foreign jurisdiction	91,658	131,079
Tax-exempt income	(4)	(8,461)
Origination and reversal of temporary differences	(19,730)	(7,120)
Change in unrecognized temporary differences	-	7,165
Current-year losses for which no deferred tax asset was recognized	(3,190)	-
Land value increment tax	-	39,136
Adjustment to the prior year	(19,674)	(13,474)
Loss on disposal of investment	(9,660)	(6,894)
Others	9,027	(354)
	$ 101,727	**133,232**

(Continued)

The applicable statutory tax rates for subsidiaries in foreign regions were as follows: America: 22.1%~43.84%, Netherlands: 19%~21%, Mexico: 30%, Mainland: 25%, South Africa: 28% and Eswatini: 27.5%.

(ii) 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	Carryforward of unused tax loss	Others	Total
Balance on January 1, 2020	$	4,389	2,066	10,446	16,236	33,137
Recognized in profit or loss		15,334	(599)	(3,226)	1,154	12,663
Balance on December 31, 2020	**$**	**19,723**	**1,467**	**7,220**	**17,390**	**45,800**
Balance on January 1, 2019	$	1,465	2,178	14,100	11,759	29,502
Recognized in profit or loss		2,924	(112)	(3,654)	4,477	3,635
Balance on December 31, 2019	**$**	**4,389**	**2,066**	**10,446**	**16,236**	**33,137**

2) Deferred tax liabilities:

		Defined benefit plan	Provision for land value increment tax	Others	Total
Balance on January 1, 2020	$	654	64,635	754	66,043
Recognized in profit or loss		-	-	(90)	(90)
Recognized in other comprehensive income		-	112,410	-	112,410
Balance on December 31, 2020	**$**	**654**	**177,045**	**664**	**178,363**
Balance on January 1, 2019	$	654	67,939	1,348	69,941
Recognized in profit or loss		-	(3,304)	(594)	(3,898)
Balance on December 31, 2019	**$**	**654**	**64,635**	**754**	**66,043**

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

(r) 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.

(Continued)

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.

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.

(Continued)

The Company adopts a residual dividend policy. According to the Company's future budget plan and the future annual funding needs measured, the Group 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.

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 Group 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 Group 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 Group 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 Group 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 Group 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.

(Continued)

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.

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.

(s) Earnings per share

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

	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)**
Diluted 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)**

(Continued)

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(t) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the years ended December 31	
	2020	**2019**
Primary geographical markets:		
Taiwan	$ 634,498	511,438
America	2,017,581	2,922,439
Asia	4,198,587	1,475,651
Mexico	165,910	162,289
Africa	1,359,986	1,603,541
Other countries	222,025	273,926
	$ 8,598,587	**6,949,284**

(ii) Contract balances

	December 31, 2020	**December 31, 2019**	**January 1, 2019**
Contract liabilities	**$ 69,478**	**81,910**	**115,996**

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.

(u) 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 each amounting to $3,235 thousand, respectively, 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.

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(v) 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	$ 4,149	5,473
Dividend income	22	97
	$ 4,171	**5,570**

(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 on disposal of property, plant and equipment	(14,009)	(3,627)
(Losses) gain on fair value adjustment of investment property	(18,948)	10,420
Foreign exchange losses	(51,524)	(4,844)
Loss on financial asset at fair value through profit or loss	(128)	(130)
Impairment loss of non-financial asset	(72,259)	(6,273)
Other income	70,451	29,854
Other expenses	(1,261)	(6,651)
	$ (87,678)	**61,053**

(iii) Interest income

The details of interest income were as follows:

	For the years ended December 31 2020	2019
Interest income		
Bank deposits	$ 14,324	14,840
Overdue accounts	323	1,086
Interest subsidy	28	-
	$ 14,675	**15,926**

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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	$ 96,148	100,027
Lease liabilities	2,568	2,203
Capitalized interest	(2,249)	(819)
	$ 96,467	**101,411**

(w) 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 fair value through other comprehensive income	10,682	1,403
Subtotal	11,294	2,628
Measured at amortized cost (deposits and receivables)		
Cash and cash equivalents	1,368,318	843,457
Notes, accounts receivable, and other receivables	1,197,858	1,177,652
Other current financial assets	201,764	291,231
Other non-current financial assets	44,816	160,095
Subtotal	2,812,756	2,472,435
Total	**$ 2,824,050**	**2,475,063**

2) Financial liabilities

	December 31, 2020	December 31, 2019
Financial liabilities carried at amortized cost		
Short-term borrowings	$ 851,069	1,410,828
Short-term notes and bills payable	249,660	-
Accrued payables	1,312,605	950,217
Long-term borrowings (including current portion)	1,856,043	1,623,808
Total	**$ 4,269,377**	**3,984,853**

(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 Group on December 31, 2020 and 2019, were $2,824,050 thousand and $2,475,063 thousand, respectively.

2) The customers of the Group are concentrated in the retail and wholesale of textile or garments. In order to reduce credit risk, the Group 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 Group has a vast client base that is not connected, thus, the extent of concentration of credit risk is limited.

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

(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	$ 2,057,538	2,141,365	521,256	102,877	191,128	1,326,104	-
Unsecured loans	644,645	700,589	576,181	86,522	35,499	2,387	-
Letters of credit	9,990	10,023	10,023	-	-	-	-
Short-term notes and bills payable	249,660	250,000	250,000	-	-	-	-
Accrued payables	1,312,605	1,312,605	1,312,605	-	-	-	-
Lease liabilities	90,675	97,300	16,696	8,493	13,232	30,347	28,532
	$ 4,365,113	**4,511,882**	**2,686,761**	**197,892**	**239,859**	**1,358,838**	**28,532**
December 31, 2019							
Non-derivative financial liabilities							
Secured loans	$ 1,724,722	1,796,333	309,842	273,880	515,642	513,573	183,396
Unsecured loans	1,248,192	1,258,169	1,125,007	107,557	25,605	-	-
Letters of credit	61,722	61,920	61,920	-	-	-	-
Accrued payables	950,217	950,217	950,217	-	-	-	-
Lease liabilities	79,114	83,043	17,278	11,932	18,565	21,750	13,518
	$ 4,063,967	**4,149,682**	**2,464,264**	**393,369**	**559,812**	**535,323**	**196,914**

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

(Continued)

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(iv) Currency risk

1) Exposure to foreign currency risk

The Group’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	$ 29,090	28.0950	817,296	19,700	30.0150	591,302
SZL:USD	941	14.6628	26,422	646	14.0483	19,348
CNY:USD	2,709	6.5326	76,404	7,819	6.9680	234,210
VND:USD	2,029	23,080	56,987	278	23,168	8,357
EUR:NTD	1,425	34.5800	49,285	1,435	33.6500	48,274
Financial liabilities						
Monetary items						
NTD:USD	16,648	28.0950	467,713	6,587	30.0150	197,716
SZL:USD	3,382	14.6628	95,005	3,086	14.0483	92,463
CNY:USD	8,406	6.5326	237,121	7,892	6.9680	236,404
VND:USD	4,421	23,080	124,170	3,166	23,168	95,025
MXN:USD	8,765	19.8807	246,075	4,110	18.9100	123,143

2) Sensitivity analysis

The Group’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 Group’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 $1,437 thousand and $1,567 thousand, respectively.

3) Foreign exchange gains or losses on monetary item

Since the Group 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 $51,524 thousand and $4,844 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:

	Fixed-rate instrument		Variable rate instrument	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Financial assets	$ 673,259	459,952	911,421	799,064
Financial liabilities	(298,490)	(142,066)	(2,658,282)	(2,892,570)
	$ 374,769	**317,886**	**(1,746,861)**	**(2,093,506)**

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 Group’ 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 Group’s interest expenses would have increased / decreased by $17,469 thousand and $20,935 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 Group 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 Group' 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.

3) Valuation techniques for financial instruments measured at fair value

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

a) Financial instruments that have standard terms and are traded in an active market, such as listed stocks, the fair value are 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.

(Continued)

(x) Financial risk management

(i) Overview

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

1) credit risk

2) liquidity risk

3) market risk

The following likewise discusses the Group'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 consolidated financial statement.

(ii) Structure of risk management

The financial management department of the Group 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 Group 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 Group did not trade financial instruments (including derivative financial instruments) for speculative purposes.

(iii) Credit risk

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

1) Trade and other receivables

The policy adopted by the Group is to only trade with reputable customers and obtain collateral when necessary to reduce the risk of financial losses from default. The Group 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 Group will use other publicly available financial information and transaction experience to rate major customers. The Group 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 Group 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 Group's finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group 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 Group'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 Group 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 Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group' 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 Group's reputation.

Bank loans were important resource of liquidity risk for the Group. For the unused credit line of the Group on December 31, 2020 and 2019, please refer to the Notes 6(k) and 6(m).

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

3) Other market price risk

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

(y) Capital management

The Group’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 Group 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.

The Group 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, other equity and non-controlling interests plus net debt.

As of December 31, 2020, the Group’s capital management strategy is consistent with the prior year. The Group’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	$ 4,780,920	4,415,956
Less: cash and cash equivalents	(1,368,318)	(843,457)
Net debt	3,412,602	3,572,499
Total Equity	3,332,000	2,569,163
Adjusted equity	**$ 6,744,602**	**6,141,662**
Debt-to-equity ratio	**50.60%**	**58.17%**

(7) Related-party transactions

(a) Names and relationship with related parties

The following are entities that have had transactions with related parties during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
SEN JEWEL TECHNOLOGY CO., LTD.	Same president with the Company
MASTERAY INTERNATIONAL CO., LTD.	An associate
TAI CHAM TECHNOLOGY CO., LTD.	The entity's chairman is the vice chairman of the Company
Feng-Ying Yeh	Key management personnel

(b) Significant transactions with related parties

(i) For the years ended December 31, 2020 and 2019, the sales revenue due from related parties amounted to $1,604 thousand and $105 thousand, respectively. The payment terms of cash collection of the receivables ranged from one to three months, which were similar to the normal transactions.

(ii) The amount of purchase by the Group from related parties was $15 thousand in 2020. The payment terms of the payables were one month, which were similar to the normal transactions.

(iii) Receivables from Related Parties

The receivables from related parties were as follows:

Account	Relationship	December 31, 2020	December 31, 2019
Account receivables	Other related party	$ -	110
	Associates	1,684	-
		$ 1,684	**110**
Other receivables	Other related party	$ 295	500
	Associates	-	127
		$ 295	**627**
Other current assets	Associates	**$ -**	**15**

(iv) Leases

The Group leased its factory buildings and offices to associates and other related party in lease terms of a year. The rental income was paid on a monthly basis. For years ended December 31, 2020 and 2019, there were $260 thousand and $180 thousand, respectively.

(v) Loans from key management

	December 31, 2020	December 31, 2019
Key management personnel-Feng-Ying, Yeh	$ 14,500	5,000

The Group's borrowing from the main management is calculated at an interest rate of 4%. The interest expenses recognized for the years ended December 31, 2020 and 2019 were $360 thousand and $12 thousand, respectively. The above-mentioned loans did not provide collateral.

(vi) Disposals of property, plant and equipment

1) The Group sold 99,424 shares of AIQ to key management. The total disposal price was $815 thousand. The gains of the disposal were $163 thousand which is recorded under additional paid-in capital.

2) In 2020, the Group sold machinery and transportation equipment to other related party. The total disposal price were $1,519 thousand. The gains of the disposal was $576 thousand.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31	
	2020	2019
Short-term employee benefits	$ 27,456	26,572
Post-employment benefits	702	811
	$ 28,158	27,383

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Pledged to secure	December 31, 2020	December 31, 2019
Account receivables	Collateral for short-term borrowings	$ 2,063	30,162
Other financial assets－current and non-current	Collateral for long-term and short-term borrowings, guarantee of litigation and performance	227,995	434,576
Property, plant and equipment	Collateral for long-term and short-term borrowings	1,068,216	1,208,640
Investment property	Collateral for long-term borrowings	984,074	63,420
Right-of-use assets	Collateral for short-term borrowings	107,809	113,008
		$ 2,390,157	**1,849,806**

(9) Commitments and contingencies

(a) Significant commitments and contingencies were as follows:

(i) Unrecognized contractual commitments

	December 31, 2020	December 31, 2019
Acquisition of property, plant and equipment	**$ 17,668**	**138,368**

(ii) Outstanding standby letter of credit

	December 31, 2020	December 31, 2019
USD	**$ 12,558**	**8,407**
EUR	**$ -**	**3,519**
NTD	**$ 22,827**	**18,373**

(b) Significant contingent liability

(i) The subsidiary ZHENG-RAY has dispute with the procurement center of the Armament Bureau of the Ministry of National Defense regarding part of the military product inspection of the order No. 98011, which the business was previously transferred from the Company's Dept. 302. Thus, ZHENG-RAY filed a lawsuit for payment of the price to District Court in 2012. On November 14, 2019, the Supreme Court's Civil Judgment was made that the Armament Bureau of the Ministry of National Defense should pay a price of $10,888 thousand. The case was settled. After an agreement with the Ministry of National Defense to reduce the price, the products were fully inspected and accepted in April 2020.

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TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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(ii) The subsidiary TRYD TEXTILE joint venture with its portion of the real estate, plant and equipment and guarantee deposits from non-related counterparty. As of December 31, 2019, the deposits from counterparty amounting to $81,499 thousand (CNY 18,920 thousand) was accounted under other non-current liabilities. Due to the mutually agreed termination of the investment plan, the deposits after settlement were paid in April 2020.

(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:

	For the years ended December 31					
	2020			2019		
By funtion / By item	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	797,810	508,397	1,306,207	908,140	497,356	1,405,496
Labor and health insurance	56,545	33,687	90,232	71,310	35,272	106,582
Pension	8,975	13,254	22,229	27,410	25,693	53,103
Others	46,427	59,061	105,488	48,301	31,943	80,244
Depreciation	162,354	74,707	237,061	154,746	95,973	250,719
Depletion	-	-	-	-	-	-
Amortization	1,719	15,955	17,674	711	11,550	12,261

TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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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 Group:

(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.

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TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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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.

Note 6: The above-mentioned transactions have been reconciliated in the preparation of consolidated report.

(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 no 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 not 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.

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TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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(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				Highest Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	SHIN ERA TECHNOLOGY CO., LTD.	-	Non-current financial assets at value through other comprehensive income	68	-	1.88 %	-	1.88 %	
The Company	Cayman iMaker Technlogy Inc.	-	Non-current financial assets at value through other comprehensive income	800	-	8.80 %	-	8.80 %	
The Company	TAIWAN UNITED OUTDOOR GROUP, INC.	-	Non-current financial assets at value through other comprehensive income	500	-	15.67 %	-	15.67 %	
The Company	PHYSICLO, Inc.	-	Non-current financial assets at value through other comprehensive income	51	-	5.00 %	-	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 %	-	7.18 %	
TST	SEN JEWEL TECHNOLOGY CO., LTD.	-	Non-current financial assets at value through other comprehensive income	950	9,500	19.00 %	9,500	19.00 %	
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	7.648 %	

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				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)	
The Company	Z-PLY(NY)	Sub-subsidiary	Sales	$ (477,276)	(8.24) %	45 days	-	-	23,234	5.17%	
The Company	T.Q.M.(SWAZI LAND)	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.(SWAZI LAND)	TEX-RAY(SA)	Parent company	Sales	(1,240,588)	(96.18) %	75 days	-	-	924,611	99.33%	

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TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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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)%	

Note: The above-mentioned transactions have been reconciliated in the preparation of consolidated report.

(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 1)	-	-	-	-
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 1: Loan provided by the related party.

Note 2: The above-mentioned transactions have been reconciliated in the preparation of consolidated report.

(ix) Trading in derivative instruments: None

(x) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Z-PLY(NY)	1	Sales revenue	$ 477,276	Similar to non-related parties	5.55%
0	The Company	Z-PLY(NY)	1	Accounts Receivable	23,234	Similar to non-related parties	0.29%
0	The Company	TEX-RAY(VN)	1	Other prepaid expenses	110,947	Similar to non-related parties	1.37%
0	The Company	TRCA GARMENT	1	Other prepaid expenses	23,837	Similar to non-related parties	0.29%
0	The Company	T.Q.M.(SWAZILAND)	1	Sales revenue	184,333	Similar to non-related parties	2.14%
0	The Company	T.Q.M.(SWAZILAND)	1	Accounts Receivable	73,898	Similar to non-related parties	0.91%
0	The Company	GOOD TIME	1	Other prepaid expenses	21,901	Similar to non-related parties	0.27%
0	The Company	AMRAY(MEXICO)	1	Sales revenue	46,028	Similar to non-related parties	0.54%

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TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	AMRAY(MEXICO)	1	Accounts Receivable	10,214	Similar to non-related parties	0.13%
0	The Company	AMRAY(MEXICO)	1	Other receivables	28,095	By contract	0.35%
0	The Company	AIQ	1	Other receivables	34,000	By contract	0.42%
0	The Company	TEX-RAY(MEXICO)	1	Other receivables	56,190	By contract	0.65%
1	TEX-RAY(CAYMAN)	TEX-RAY(MEXICO)	3	Accounts Receivable	39,243	Similar to non-related parties	0.48%
2	TRYD APPAREL	TRLA GROUP	3	Sales revenue	30,322	Similar to non-related parties	0.35%
2	TRYD APPAREL	TEX-RAY (SHANGHAI)	3	Sales revenue	269,430	Similar to non-related parties	3.13%
2	TRYD APPAREL	TEX-RAY (SHANGHAI)	3	Accounts Receivable	74,160	Similar to non-related parties	0.91%
2	TRYD APPAREL	The Company	2	Sales revenue	512,046	Similar to non-related parties	5.96%
2	TRYD APPAREL	Z-PLY(NY)	3	Sales revenue	79,568	Similar to non-related parties	0.93%
3	TEX-RAY (SHANGHAI)	The Company	2	Sales revenue	233,647	Similar to non-related parties	2.72%
3	TEX-RAY (SHANGHAI)	The Company	2	Accounts Receivable	21,827	Similar to non-related parties	0.27%
3	TEX-RAY (SHANGHAI)	Z-PLY(NY)	3	Sales revenue	140,712	Similar to non-related parties	1.64%
3	TEX-RAY (SHANGHAI)	Z-PLY(NY)	3	Accounts Receivable	20,583	Similar to non-related parties	0.25%
3	TEX-RAY (SHANGHAI)	TEX-RAY (YANCHENG)	3	Accounts Receivable	52,892	Similar to non-related parties	0.65%
3	TEX-RAY (SHANGHAI)	TRYD TEXTILE	3	Other receivables	245,177	By contract	3.02%
3	TEX-RAY (SHANGHAI)	TRYD TEXTILE	3	Sales revenue	58,329	Similar to non-related parties	0.68%
4	T.Q.M.(SWAZILAND)	TEX-RAY(SA)	3	Accounts Receivable	924,611	Similar to non-related parties	11.40%
4	T.Q.M.(SWAZILAND)	TEX-RAY(SA)	3	Sales revenue	1,240,588	Similar to non-related parties	14.43%
5	KASUMI(SWAILAND)	T.Q.M.(SWAZILAND)	3	Accounts Receivable	370,569	Similar to non-related parties	4.57%
5	KASUMI(SWAILAND)	T.Q.M.(SWAZILAND)	3	Sales revenue	168,034	Similar to non-related parties	1.95%
6	U.I.W(SWAZILAND)	KASUMI(SWAILAND)	3	Accounts Receivable	15,830	Similar to non-related parties	0.20%
7	GOLDEN JUBILEE	T.Q.M.(SWAZILAND)	3	Sales revenue	61,537	Similar to non-related parties	0.76%
7	GOLDEN JUBILEE	The Company	2	Sales revenue	15,776	Similar to non-related parties	0.18%
8	GOOD TIME	The Company	2	Processing revenue	98,932	Similar to non-related parties	1.15%
9	MSWATI	TRYD APPAREL	3	Other receivables	19,654	Similar to non-related parties	0.24%
10	AMRAY(MEXICO)	TRLA GROUP	3	Sales revenue	39,328	Similar to non-related parties	0.46%
10	AMRAY(MEXICO)	TEX-RAY(MEXICO)	3	Sales revenue	80,478	Similar to non-related parties	0.94%
11	TEX-RAY(MEXICO)	AMRAY(MEXICO)	3	Other receivables	52,782	By contract	0.65%
11	TEX-RAY(MEXICO)	AMRAY(MEXICO)	3	Prepayment for purchases	44,754	Similar to non-related parties	0.52%
12	Z-PLY(NY)	TRYD TEXTILE	3	Other receivables	84,285	By contract	1.04%
12	Z-PLY(NY)	TEX-RAY(MEXICO)	3	Other receivables	54,785	By contract	0.68%
12	Z-PLY(NY)	AMRAY(MEXICO)	3	Other receivables	28,095	By contract	0.33%
13	KMT	KMBV	3	Sales revenue	118,137	Fixed profit margin	1.37%
13	KMT	KMBV	3	Accounts Receivable	27,561	Similar to non-related parties	0.34%
14	TRCA GARMENT	The Company	2	Processing revenue	23,185	Similar to non-related parties	0.27%
15	TEX-RAY(VN)	The Company	2	Processing revenue	446,064	Similar to non-related parties	5.19%
16	TRYD TEXTILE	TRYD APPAREL	3	Sales revenue	497,752	Similar to non-related parties	5.79%
16	TRYD TEXTILE	TRYD APPAREL	3	Accounts Receivable	32,613	Similar to non-related parties	0.38%
17	TEX-RAY (YANCHENG)	TRYD APPAREL	3	Sales revenue	23,278	Similar to non-related parties	0.27%
18	TEXRAY(KUNSHAN)	TRYD APPAREL	3	Accounts Receivable	52,047	Similar to non-related parties	0.61%
19	Taiwan Innovation (HK)	TST	3	Sales revenue	39,497	Similar to non-related parties	0.46%

(Continued)

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

Note 1: The numbering is as follows:

1. "0" represents the parent company.
2. Subsidiaries are sequentially numbered from 1 by company.

Note 2: Relation between related parties are as follows:

1. Parent company and its subsidiaries.
2. Subsidiaries and its parent company.
3. Subsidiaries and subsidiaries.

(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 December 31, 2020	Original investment amount December 31, 2019	Balance as of December 31, 2020 Shares (thousands)	Balance as of December 31, 2020 Percentage of wnership	Balance as of December 31, 2020 Carrying value	Highest Percentage of wnership	Net income (losses) of investee	Share of profits/losses of investee	Note
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	75.63 %	15,115	10,691	Subsidiary
The Company	Great CPT	TAIWAN	Overseas investment holding	104,370	79,370	4,500,000	100.00 %	64,786	100.00 %	(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	63.46 %	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	100.00 %	(3,683)	(3,683)	Subsidiary
The Company	WLT	TAIWAN	Wholesale trade	21,000	21,000	2,100,000	70.00 %	5,162	70.00 %	(15,687)	(10,981)	Subsidiary
The Company	FLYNN (SAMOA)	SAMOA	Overseas investment holding	310,613	310,613	9,100,000	100.00 %	435,689	100.00 %	(159,428)	(159,428)	Subsidiary
The Company	TEX-RAY (CAYMAN)	CAYMAN	Overseas investment holding	1,057,841	-	33,542,722	100.00 %	251,223	100.00 %	(58,045)	-	Subsidiary (Note 2)
The Company	TEX-RAY (BELIZE)	BELIZE	Overseas investment holding	1,063,287	1,314,510	-	100.00 %	403,529	100.00 %	(61,344)	(61,344)	Subsidiary
The Company	TEX-RAY (BN)	SAMOA	Overseas investment holding	1,756,813	1,756,813	60,579,330	100.00 %	57,235	100.00 %	(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	100.00 %	177,435	177,435	Subsidiary
The Company	AIQ	TAIWAN	Wholesale trade	90,000	90,000	4,015,112	63.43 %	788	63.43 %	(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	-	- %	-	100.00 %	(58,045)	Exempt from disclosure	Note 2
TEX-RAY (BN)	GOOD TIME	VIETNAM	Garment processing	227,750	227,750	-	100.00 %	33,133	100.00 %	(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)	100.00 %	(83,406)	Exempt from disclosure	Sub-subsidiary
TEX-RAY (BN)	TEX-RAY(VN)	VIETNAM	Garment processing	423,990	423,990	-	100.00 %	175,497	100.00 %	79,278	Exempt from disclosure	Sub-subsidiary
TEX-RAY (BN)	TRCA GARMENT	CAMBODIA	Garment processing	63,564	63,564	-	100.00 %	(21,629)	100.00 %	(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	100.00 %	(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	100.00 %	(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	100.00 %	(147)	Exempt from disclosure	Sub-subsidiary
Great CPT	YIHONG CO.,LTD	TAIWAN	Dyeing and finishing industry	6,000	6,000	600	20.00 %	-	20.00 %	-	Exempt from disclosure	Investment accounted for using equity method
Great CPT	MASTERAY INTERNATIONAL CO., LTD.	TAIWAN	Wholesale trade	-	2,700	-	- %	-	45.00 %	(689)	Exempt from disclosure	Investment accounted for using equity method
TST	Taiwan Innovation (HK)	HONGKONG	Machine marketing and trading	-	390	-	- %	-	100.00 %	738	Exempt from disclosure	Note 2
TST	HUAI WEI BIOTECHNOLOGY CO., LTD	TAIWAN	Biotechnology Service	12,000	-	1,200,000	60.00 %	11,348	60.00 %	(1,087)	Exempt from disclosure	Sub-subsidiary
KMT	KMBV	NETHERLANDS	Marketing and trading	7,950	7,950	200,000	100.00 %	8,589	100.00 %	1,508	Exempt from disclosure	Sub-subsidiary
KMT	ELITETOP TECH	SAMOA	Overseas investment holding	-	48,091	-	- %	-	100.00 %	(3,224)	Exempt from disclosure	Sub-subsidiary

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Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Highest Percentage of wnership	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				
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	50.00 %	4,934	Exempt from disclosure	Sub-subsidiary
AIQ	Taiwan Innovation (HK)	HONGKONG	Machine marketing and trading	390	-	100,000	100.00 %	827	100.00 %	738	Exempt from disclosure	Sub-subsidiary
TEX-RAY (CAYMAN)	TEX-RAY(MEXICO)	MEXICO	Dyeing	1,168,882	1,168,882	-	100.00 %	266,536	100.00 %	(33,747)	Exempt from disclosure	Sub-subsidiary
TEX-RAY (CAYMAN)	AMRAY(MEXICO)	MEXICO	Garment processing	178,119	178,119	-	100.00 %	(64,011)	100.00 %	(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	100.00 %	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	100.00 %	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	100.00 %	(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	90.00 %	(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	100.00 %	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	90.00 %	(1,604)	Exempt from disclosure	Third-tier company

Note 1: The carrying value of subsidiaries are reconciliated in the preparation of consolidated report.

Note 2: Please refer to Note 4(c) for consolidated components.

(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	Highest percentage of ownership	Investment income (losses)	Book value	Highest Percentage of ownership	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%	100.00%	(3,217)	402,365	-	-
TEX-RAY (YANCHENG)	Manufacturing and sales of textiles, clothing, shoes and hats	45,527	(3)	-	-	-	-	580	100.00%	100.00%	580	(48,625)	-	-
TEXRAY(KUNSHAN)	Development of composite fabrics	168,268	(3)	-	-	-	-	4,842	100.00%	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%	100.00%	(81,283)	(39,610)	-	-
TRYD ARRAREL	Knitted garment processing	164,220	(2)	86,711	-	-	86,711	1,574	100.00%	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%	63.43%	(5,737)	1,882	-	-

(Continued)

TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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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	Highest percentage of ownership	Investment income (losses)	Book value	Highest Percentage of ownership	Accumu-lated remittance of earnings in current period
					Outflow	Inflow								
AIQ (Zhejiang)	System development, production and sales of smart devices	10,318	(3)	-	-	-	-	(3,355)	63.43%	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%	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)).
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)

(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, which were eliminated in the preparation of consolidated financial statements, 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

(a) General information

(i) The Group's reportable segments are as below: the dyeing and spinning segment, the weaving segment, the garment processing segment, the functional subsidiaries, the military affairs segment, and other segments. They are respectively engaged in the weaving, manufacturing and processing, dyeing and finishing and trading of cotton, cloth, various fibers and textiles, and cotton yarn purchasing, export business, garment processing and export business, etc..

(ii) The operating results of all operating departments are regularly reported to the Company's operating decision-makers for resource allocation and for evaluation of their performance. It was prepared on a basis consistent with the consolidated financial statements.

(b) Information about reportable segments and their measurement and reconciliations

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before taxation, but not including any extraordinary activity and foreign exchange gain or losses because taxation, extraordinary activity, and foreign exchange gain or losses are managed on a group basis, and hence they are not able to be allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

The operating segment accounting policies are similar to those described in Note (4) "Summery of significant accounting policies" except for the recognition and measurement of pension cost, which is on a cash basis.

The Group treated intersegment sales and transfers as third-party transactions. They are measured at market price.

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The Group's operating segment information and reconciliation were as follows:

For the year ended December 31, 2020	Dyeing and weaving segment	Garment processing segment	Machine manufacturing segment	Military Affairs segment	Metal Fiber segment	Other	Adjustment and eliminations	Total
Revenue from external customers	$ 677,253	7,400,802	149,787	10,238	351,523	8,984	-	8,598,587
Intersegment revenues	1,845,189	3,281,411	39,497	-	131,066	189,052	(5,486,215)	-
Total revenue	$ 2,522,442	10,682,213	189,284	10,238	482,589	198,036	(5,486,215)	8,598,587
Interest revenue	$ 2,547	24,967	15	138	66	4,729	(17,787)	14,675
Interest expenses	$ 55,463	18,729	34	-	5,290	34,738	(17,787)	96,467
Depreciation and amortization	$ 113,219	81,289	2,336	15	27,857	30,019	-	254,735
Share of profit (loss) of associates and joint ventures accounted for using equity method	$ -	-	-	-	-	(760)	-	(760)
Reportable segment profit or loss	$ 10,337	518,468	16,162	(3,683)	26,527	(301,309)	-	266,502

For the year ended December 31, 2019	Dyeing and weaving segment	Garment processing segment	Machine manufacturing segment	Military Affairs segment	Metal Fiber segment	Other	Adjustment and eliminations	Total
Revenue from external customers	$ 1,211,678	5,257,074	107,579	10	361,187	11,756	-	6,949,284
Intersegment revenues	1,668,561	3,153,385	5,771	-	145,137	238,046	(5,210,900)	-
Total revenue	$ 2,880,239	8,410,459	113,350	10	506,324	249,802	(5,210,900)	6,949,284
Interest revenue	$ 2,914	19,587	15	90	214	5,007	(11,901)	15,926
Interest expenses	$ 51,804	20,554	191	-	5,368	35,395	(11,901)	101,411
Depreciation and amortization	$ 98,850	91,876	2,606	17	26,113	43,518	-	262,980
Share of profit (loss) of associates and joint ventures accounted for using equity method	$ -	-	-	-	(8,301)	(636)	-	(8,937)
Reportable segment profit or loss	$ (98,351)	95,525	6,048	(4,132)	3,562	(41,878)	-	(39,226)

Note: The departmental assets and liabilities information of the Group is not provided to the management for reference or for decision-making purposes, and there is no need to disclose departmental assets and liabilities.

TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

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(c) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, please refer to Note 6(t). The segment assets are based on the geographical location of the assets.

	For the years ended December 31	
Region	**2020**	**2019**
Non-current assets		
Taiwan	$ 2,079,075	1,148,251
USA	215,136	185,198
China	698,822	835,737
Mexico	256,276	291,012
Africa	186,618	212,978
Vietnam	270,794	315,796
Others	21,504	32,348
	$ 3,728,225	**3,021,320**

Non-current assets include property, plant and equipment use-of-right assets, investment property, intangible assets and other non-current assets, excluding financial instruments, deferred tax assets, pension fund assets, and rights arising from an insurance contract (non-current).

(d) Major customers

	For the years ended December 31	
	2020	**2019**
Customer A from garment processing segment	$ 3,130,492	-
Customer B from garment processing segment	583,442	890,833
	$ 3,713,934	**890,833**