

**TON YI INDUSTRIAL CORP. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2020 AND 2019**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

TON YI INDUSTRIAL CORP. AND SUBSIDIARIES

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2020, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the entities that are required to be included in the consolidated financial statements of affiliates, are the same as the entities required to be included in the consolidated financial statements under International Financial Reporting Standards 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare consolidated financial statements of affiliates.

Hereby declare,

TON YI INDUSTRIAL CORP.

March 23, 2021

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Ton Yi Industrial Corp.

Opinion

We have audited the accompanying consolidated balance sheets of Ton Yi Industrial Corp. and its subsidiaries (the "Group") as of December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of 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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards 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 Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2020 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Existence of sales revenues of Tin Plate products

Description

Refer to Note 4(28) for the accounting policy on revenue recognition. The Group's sales revenues for the year ended December 31, 2020 was NT\$17,488,536 thousand.

The Group has a large volume of transactions from sales of numerous kinds of products to a wide range of customers in many different locations such as Taiwan, Asia, Europe, America, etc. For the customers and dealers who are from remote districts, the sales revenue transactions need more time for verification. Thus, the existence of sales revenue of tin plate products has been identified as a key audit matter.

How our audit addressed the matter

Our key audit procedures performed in respect of the above key audit matter included the following:

1. Inspecting whether approved additions to the merchandise master file data had been correctly entered in the merchandise master file which include basic information of customers, such as name of representative, location of company, amount of capital and scope of business for evaluating the creditworthiness of buyers.
2. Understanding, evaluating and validating management's controls in respect of the Group's sales transactions from customer order's approval, goods delivery, sales recording, reconciliation of cash receipts and customer's records to subsequent settlement of trade receivables. In addition, testing the effectiveness of internal control environment over revenue recognition.
3. Performing substantive test on selected sales transactions including confirming orders, shipping documents, invoices and cash receipts to verify the existence of sales revenues.

Inventory valuation of Tin Plate products

Description

Refer to Note 4(9) for accounting policy on inventory valuation, and Note 5(2) for the accounting estimates and assumption uncertainty in relation to inventory valuation. For the year ended December 31, 2020, inventory and allowance to reduce inventory to market amounted to NT\$2,472,451 thousand and NT\$84,111 thousand, respectively.

The Group's raw materials are often subject to fluctuations in the international steel prices. However, as the Tin Plate products are considered necessities, such price changes may not be immediately reflected in material costs. In addition, the competition landscape within the steel industry in China will continue to affect the price of raw materials that would impact the estimation of net realizable value of inventory. Thus, the inventory valuation has been identified as a key audit matter.

How our audit addressed the matter

Our key audit procedures performed in respect of the above key audit matter included the following:

1. Evaluating the adequacy of allowance for inventory and the consistency of provision policy.
2. Assessing the reasonableness of the estimation of net realizable value of Tin plate products and discussing with management and examining related documents to confirm the adequacy of allowance for price decline.

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion on the parent company only financial statements of Ton Yi Industrial Corp. as of and for the years ended December 31, 2020 and 2019.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the 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 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 generally accepted auditing standards 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 generally accepted auditing standards 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 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, including audit committee, 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, including audit committee, 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, including audit committee, 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.

Liu, Tzu-Meng

Independent Accountants

Lin, Yung-Chih

PricewaterhouseCoopers, Taiwan

Republic of China

March 23, 2021

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TON YI INDUSTRIAL CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2020		December 31, 2019		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 2,478,435	7	\$ 1,353,470	4
1150	Notes receivable, net	6(2)(3), 8 and 12	600,422	2	598,282	2
1170	Accounts receivable, net	6(2) and 12	1,470,871	4	1,753,908	5
1180	Accounts receivable - related parties	6(2) and 7	1,137,375	4	1,305,051	4
1200	Other receivables		84,506	-	77,200	-
1220	Current income tax assets	6(25)	49,109	-	44,393	-
130X	Inventories	5(2) and 6(4)	3,264,307	10	3,697,100	10
1410	Prepayments		398,065	1	483,981	1
1476	Other current financial assets		6,553	-	2,309	-
11XX	Total current assets		<u>9,489,643</u>	<u>28</u>	<u>9,315,694</u>	<u>26</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(5)	68,246	-	97,359	-
1600	Property, plant and equipment	6(6) and 7	21,172,439	62	22,096,118	63
1755	Right-of-use assets	6(7) and 7	2,508,192	7	2,701,454	8
1760	Investment property, net	6(9)	99,460	-	104,424	-
1780	Intangible assets	6(10)	324,193	1	344,073	1
1840	Deferred income tax assets	6(25)	580,658	2	558,017	2
1915	Prepayments for business facilities		99,538	-	78,452	-
1920	Guarantee deposits paid	7	24,952	-	25,101	-
1990	Other non-current assets, other		14,871	-	12,624	-
15XX	Total non-current assets		<u>24,892,549</u>	<u>72</u>	<u>26,017,622</u>	<u>74</u>
1XXX	Total assets		<u>\$ 34,382,192</u>	<u>100</u>	<u>\$ 35,333,316</u>	<u>100</u>

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TON YI INDUSTRIAL CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(11) and 8	\$ 1,848,141	5	\$ 3,123,993	9
2130	Current contract liabilities	6(18) and 7	62,930	-	42,704	-
2150	Notes payable		-	-	2,095	-
2170	Accounts payable		1,181,043	4	1,008,026	3
2180	Accounts payable - related parties	7	158,989	1	155,791	-
2200	Other payables		1,407,532	4	1,284,114	4
2220	Other payables - related parties	7	83,527	-	116,772	-
2230	Current income tax liabilities	6(25)	8,280	-	50,182	-
2280	Lease liabilities, current	7	226,363	1	224,988	1
2305	Other current financial liabilities		25,711	-	24,178	-
2365	Current refund liabilities		10,712	-	10,016	-
21XX	Total current liabilities		<u>5,013,228</u>	<u>15</u>	<u>6,042,859</u>	<u>17</u>
Non-current liabilities						
2540	Long-term borrowings	6(12)	6,520,000	19	7,400,000	21
2550	Non-current provisions	6(13)	81,204	-	79,709	-
2570	Deferred income tax liabilities	6(25)	558,942	2	507,647	1
2580	Lease liabilities, non-current	7	1,812,504	5	1,965,577	6
2630	Long-term deferred revenue		30,543	-	34,444	-
2640	Net defined benefit liabilities, non-current	6(14)	316,693	1	277,900	1
2645	Guarantee deposits received		24,745	-	22,969	-
25XX	Total non-current liabilities		<u>9,344,631</u>	<u>27</u>	<u>10,288,246</u>	<u>29</u>
2XXX	Total liabilities		<u>14,357,859</u>	<u>42</u>	<u>16,331,105</u>	<u>46</u>
Equity attributable to owners of parent						
Share capital						
3110	Common stock	6(15)	15,791,453	46	15,791,453	45
3200	Capital surplus	6(16)	231,690	1	231,168	-
Retained earnings						
3310	Legal reserve	6(17)	1,793,153	5	1,739,515	5
3320	Special reserve		1,922,076	6	1,378,569	4
3350	Unappropriated retained earnings		856,723	2	597,145	2
3400	Other equity interest		(1,811,806)	(5)	(1,996,499)	(6)
31XX	Equity attributable to owners of the parent		<u>18,783,289</u>	<u>55</u>	<u>17,741,351</u>	<u>50</u>
36XX	Non-controlling interests		<u>1,241,044</u>	<u>3</u>	<u>1,260,860</u>	<u>4</u>
3XXX	Total equity		<u>20,024,333</u>	<u>58</u>	<u>19,002,211</u>	<u>54</u>
Significant contingent liabilities and unrecognized contract commitments						
3X2X	Total liabilities and equity		<u>\$ 34,382,192</u>	<u>100</u>	<u>\$ 35,333,316</u>	<u>100</u>

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

TON YI INDUSTRIAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items	Notes	Year ended December 31				
		2020		2019		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(18) and 7	\$ 29,934,966	100	\$ 32,527,535	100
5000	Operating costs	6(4)(9)(10)(14)(2)				
		3)(24) and 7	(26,511,753)	(89)	(29,510,062)	(91)
5900	Gross profit from operations		<u>3,423,213</u>	<u>11</u>	<u>3,017,473</u>	<u>9</u>
	Operating expenses	6(9)(10)(14)(23)(
		24), 7 and 12				
6100	Selling expenses		(1,112,902)	(3)	(1,140,685)	(4)
6200	Administrative expenses		(1,127,362)	(4)	(1,113,009)	(3)
6450	Expected credit gains		<u>6,183</u>	<u>-</u>	<u>9,037</u>	<u>-</u>
6000	Total operating expenses		(<u>2,234,081</u>)	(<u>7</u>)	(<u>2,244,657</u>)	(<u>7</u>)
6900	Operating income		<u>1,189,132</u>	<u>4</u>	<u>772,816</u>	<u>2</u>
	Non-operating income and expenses					
7100	Interest income	6(19)	26,081	-	34,212	-
7010	Other income	6(5)(8)(9)(20)	179,797	1	394,963	1
7020	Other gains and losses	6(7)(21) and 12	15,501	-	(208,067)	-
7050	Finance costs	6(3)(6)(7)(22)				
		and 7	(<u>208,705</u>)	(<u>1</u>)	(<u>315,644</u>)	(<u>1</u>)
7000	Total non-operating income and expenses		<u>12,674</u>	<u>-</u>	(<u>94,536</u>)	<u>-</u>
7900	Profit before income tax		<u>1,201,806</u>	<u>4</u>	<u>678,280</u>	<u>2</u>
7950	Income tax expense	6(25)	(<u>312,641</u>)	(<u>1</u>)	(<u>237,012</u>)	(<u>1</u>)
8200	Profit for the year		<u>\$ 889,165</u>	<u>3</u>	<u>\$ 441,268</u>	<u>1</u>

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TON YI INDUSTRIAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items	Notes	Year ended December 31			
		2020		2019	
		AMOUNT	%	AMOUNT	%
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311	(Loss) gain on remeasurements of defined benefit plan	6(14)	(\$ 80,671) (1)	\$ 44,045	-
8316	Unrealized loss from investments in equity instruments measured at fair value through other comprehensive income	6(5)	(29,113)	- (24,840)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)	16,134	- (8,809)	-
Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation		225,427	1 (639,170)	(2)
8399	Income tax relating to components of other comprehensive income that will be reclassified to profit or loss	6(25)	658	- 349	-
8300	Other comprehensive income (loss) for the year		<u>\$ 132,435</u>	<u>- (\$ 628,425)</u>	<u>(2)</u>
8500	Total comprehensive income (loss) for the year		<u>\$ 1,021,600</u>	<u>3 (\$ 187,157)</u>	<u>(1)</u>
Profit (loss) attributable to:					
8610	Owners of the parent		\$ 921,260	3 \$ 536,384	1
8620	Non-controlling interests		(32,095)	- (95,116)	-
			<u>\$ 889,165</u>	<u>3 \$ 441,268</u>	<u>1</u>
Comprehensive income (loss) attributable to:					
8710	Owners of the parent		\$ 1,041,416	3 (\$ 46,310)	-
8720	Non-controlling interests		(19,816)	- (140,847)	(1)
			<u>\$ 1,021,600</u>	<u>3 (\$ 187,157)</u>	<u>(1)</u>
Earnings per share (in dollars) 6(26)					
9750	Basic		<u>\$ 0.58</u>	<u>\$ 0.34</u>	
9850	Diluted		<u>\$ 0.58</u>	<u>\$ 0.34</u>	

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

TON YI INDUSTRIAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent									
		Retained Earnings					Other equity interest				
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gain (loss) on financial assets measured at fair value through other comprehensive income	Total	Non-controlling interest	Total equity
<u>2019</u>											
Balance at January 1, 2019		\$ 15,791,453	\$ 230,261	\$ 1,596,669	\$ 860,682	\$ 1,428,456	(\$ 1,121,851)	(\$ 256,718)	\$ 18,528,952	\$ 1,401,707	\$ 19,930,659
Profit (loss) for the year		-	-	-	-	536,384	-	-	536,384	(95,116)	441,268
Other comprehensive income (loss) for the year	6(5)	-	-	-	-	35,236	(593,090)	(24,840)	(582,694)	(45,731)	(628,425)
Total comprehensive income (loss)		-	-	-	-	571,620	(593,090)	(24,840)	(46,310)	(140,847)	(187,157)
Distribution of 2018 net income											
Legal reserve		-	-	142,846	-	(142,846)	-	-	-	-	-
Special reserve	6(17)	-	-	-	517,887	(517,887)	-	-	-	-	-
Cash dividends	6(17)	-	-	-	-	(742,198)	-	-	(742,198)	-	(742,198)
Non-payment of expired cash dividends from previous year transferred to capital reserve	6(16)	-	907	-	-	-	-	-	907	-	907
Balance at December 31, 2019		\$ 15,791,453	\$ 231,168	\$ 1,739,515	\$ 1,378,569	\$ 597,145	(\$ 1,714,941)	(\$ 281,558)	\$ 17,741,351	\$ 1,260,860	\$ 19,002,211
<u>2020</u>											
Balance at January 1, 2020		\$ 15,791,453	\$ 231,168	\$ 1,739,515	\$ 1,378,569	\$ 597,145	(\$ 1,714,941)	(\$ 281,558)	\$ 17,741,351	\$ 1,260,860	\$ 19,002,211
Profit (loss) for the year		-	-	-	-	921,260	-	-	921,260	(32,095)	889,165
Other comprehensive income (loss) for the year	6(5)	-	-	-	-	(64,537)	213,806	(29,113)	120,156	12,279	132,435
Total comprehensive income (loss)		-	-	-	-	856,723	213,806	(29,113)	1,041,416	(19,816)	1,021,600
Distribution of 2019 net income											
Legal reserve		-	-	53,638	-	(53,638)	-	-	-	-	-
Special reserve	6(17)	-	-	-	543,507	(543,507)	-	-	-	-	-
Non-payment of expired cash dividends from previous year transferred to capital reserve	6(16)	-	522	-	-	-	-	-	522	-	522
Balance at December 31, 2020		\$ 15,791,453	\$ 231,690	\$ 1,793,153	\$ 1,922,076	\$ 856,723	(\$ 1,501,135)	(\$ 310,671)	\$ 18,783,289	\$ 1,241,044	\$ 20,024,333

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

TON YI INDUSTRIAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Notes	2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,201,806	\$ 678,280
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit gains	12	(6,183)	(9,037)
(Reversal of allowance) Provision for inventory market price decline	6(4)	(14,431)	13,850
Depreciation	6(6)(7)(9)	2,609,120	2,729,021
(Gain) loss on disposal of property, plant and equipment	6(21)	(5,991)	109,094
Gain from lease modifications	6(7)(21)	(20,247)	(8,645)
Amortization	6(10)(23)	9,448	9,448
Interest income	6(19)	(26,081)	(34,212)
Dividend income	6(5)(20)	-	(4,176)
Interest expense	6(22)	208,705	315,644
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(2,239)	330,710
Accounts receivable		288,868	399,654
Accounts receivable - related parties		167,676	(56,498)
Other receivables		(7,306)	61,483
Inventories		447,555	194,303
Prepayments		90,149	(112,080)
Changes in operating liabilities			
Contract liabilities, current		20,226	(28,502)
Notes payable		(2,095)	(13,150)
Accounts payable		173,017	(27,454)
Accounts payable - related parties		3,198	21,693
Other payables		118,947	(401,489)
Other payables - related parties		(53,587)	48,948
Current refund liabilities		696	871
Long-term deferred revenue		(3,901)	34,444
Net defined benefit liabilities, non-current		(41,878)	(57,808)
Cash inflow generated from operations		5,155,472	4,194,392
Interest received		26,081	34,212
Dividends received		-	4,176
Income tax refund		789	1,810
Interest paid		(213,156)	(318,906)
Income tax paid		(313,696)	(530,652)
Net cash flows from operating activities		<u>4,655,490</u>	<u>3,385,032</u>

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TON YI INDUSTRIAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Notes	2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
(Increase) decrease in other current financial assets		(\$ 4,244)	\$ 696,269
Acquisition of property, plant and equipment	6(27)	(980,961)	(1,259,581)
Interest paid for acquisition of property, plant and equipment	6(6)(22)(27)	(3,161)	(247)
Acquisition of right-of-use assets		-	(68,257)
Proceeds from disposal of property, plant and equipment	6(27)	18,477	94,399
Acquisition of intangible assets	6(10)	(1,309)	-
Increase in prepayments for business facilities		(293,100)	(125,198)
Interest paid for prepayments for business facilities	6(6)(22)	(114)	(208)
Decrease in refundable deposits		149	1,895
Proceeds from disposal of long-term lease prepayments	6(27)	-	41,819
(Increase) decrease in other non-current assets, other		(2,247)	1,754
Net cash flows used in investing activities		(1,266,510)	(617,355)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term borrowings	6(28)	(1,275,852)	(588,588)
Decrease in short-term notes and bills payable	6(28)	-	(400,000)
Increase in other current financial liabilities	6(28)	1,533	3,998
Payments of lease liabilities	6(28)	(198,267)	(204,752)
Increase in long-term borrowings	6(28)	873,153	2,100,000
Decrease in long-term borrowings	6(28)	(1,753,153)	(3,652,632)
Increase (decrease) in guarantee deposits received	6(28)	1,776	(3,117)
Cash dividends paid	6(17)	-	(742,198)
Non-payment of expired cash dividends from previous year transferred to capital reserve	6(16)	522	907
Net cash flows used in financing activities		(2,350,288)	(3,486,382)
Effect of foreign exchange rate changes on cash and cash equivalents		86,273	(193,211)
Net increase (decrease) in cash and cash equivalents		1,124,965	(911,916)
Cash and cash equivalents at beginning of year	6(1)	1,353,470	2,265,386
Cash and cash equivalents at end of year	6(1)	<u>\$ 2,478,435</u>	<u>\$ 1,353,470</u>

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

TON YI INDUSTRIAL CORP. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

(1) Ton Yi Industrial Corp. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on April 14, 1969. The Company is primarily engaged in the manufacture, processing and sales of various cans of steel and tin plate.

For the subsidiaries’ scope of business, please refer to Note 4(3), ‘Basis of consolidation’.

(2) The common shares of the Company have been listed on the Taiwan Stock Exchange since January 1991.

(3) Uni-President Enterprises Corp. holds 45.55% equity interest in the Company and is the ultimate parent company.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on March 23, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments as endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, ‘Disclosure initiative-definition of material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, ‘Interest rate benchmark reform’	January 1, 2020
Amendment to IFRS 16, ‘Covid-19-related rent concessions’	June 1, 2020 (Note)

Note: Earlier application from January 1, 2020 is allowed by the FSC.

Except for the following, the above standards and interpretations have no significant impact to the Company and its subsidiaries’ (collectively referred herein as the “Group”) financial position and financial performance based on the Group’s assessment.

Amendment to IFRS 16, ‘Covid-19-related rent concessions’

This amendment provides a practical expedient for lessees from assessing whether a rent concession related to COVID-19, and that meets all of the following conditions, is a lease modification:

- A. Changes in lease payments result in the revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- B. Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
- C. There is no substantive change to other terms and conditions of the lease.

For the gain from changes in lease payments arising from applying the practical expedient, please refer to Note 6(7), ‘Leasing arrangements – lessee’.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform – Phase 2’	January 1, 2021

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(3) Effect of IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2023
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts – cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018 – 2020	January 1, 2022

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

- a. Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- b. Financial assets at fair value through other comprehensive income.
- c. Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5 'Critical accounting judgements, estimates and key sources of assumption uncertainty'.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- a. All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- b. Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

- c. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed 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.
- d. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- e. When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investors	Name of subsidiaries	Business activities	Percentage owned by the Group (%)		Note
			December 31, 2020	December 31, 2019	
Ton Yi Industrial Corp.	Cayman Ton Yi Industrial Holdings Ltd.	General investment	100.00	100.00	—
Ton Yi Industrial Corp.	Tovecan Corp.	Manufacturing of cans and sales	51.00	51.00	—
Cayman Ton Yi Industrial Holdings Ltd.	Cayman Ton Yi Holdings Ltd.	General investment	100.00	100.00	—
Cayman Ton Yi Industrial Holdings Ltd.	Cayman Fujian Ton Yi Industrial Holding Ltd.	General investment	100.00	100.00	—
Cayman Ton Yi Industrial Holdings Ltd.	Cayman Jiangsu Ton Yi Industrial Holding Ltd.	General investment	100.00	100.00	—
Cayman Ton Yi Industrial Holdings Ltd.	Wuxi Ton Yi Industrial Packing Co., Ltd.	Sale of cans	100.00	100.00	—
Cayman Ton Yi Industrial Holdings Ltd.	Chengdu Ton Yi Industrial Packing Co., Ltd.	Sale of cans	100.00	100.00	—
Cayman Ton Yi Industrial Holdings Ltd.	Changsha Ton Yi Industrial Co., Ltd.	Sale of cans	100.00	100.00	—
Cayman Ton Yi Holdings Ltd.	Cayman Ton Yi (China) Holdings Ltd.	General investment	100.00	100.00	—
Cayman Fujian Ton Yi Holding Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	Manufacturing of tinplate and sales	86.80	86.80	—
Cayman Jiangsu Ton Yi Holding Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Manufacturing of tinplate and sales	82.86	82.86	—
Wuxi Ton Yi Industrial Packing Co., Ltd.	Wuxi Ton Yi Daiwa Industrial Co., Ltd.	Manufacturing of cans and sales	66.50	66.50	—
Cayman Ton Yi (China) Holdings Ltd.	Ton Yi (China) Investment Co., Ltd.	General investment	100.00	100.00	—
Ton Yi (China) Investment Co., Ltd.	Taizhou Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages and sales	100.00	100.00	—
Ton Yi (China) Investment Co., Ltd.	Zhangzhou Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages and sales	100.00	100.00	—
Ton Yi (China) Investment Co., Ltd.	Kunshan Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages and sales	100.00	100.00	—
Ton Yi (China) Investment Co., Ltd.	Beijing Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages and sales	100.00	100.00	—
Ton Yi (China) Investment Co., Ltd.	Huizhou Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages and sales	100.00	100.00	—
Ton Yi (China) Investment Co., Ltd.	Chengdu Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages and sales	100.00	100.00	—
Ton Yi (China) Investment Co., Ltd.	Sichuan Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages and sales	100.00	100.00	—
Ton Yi (China) Investment Co., Ltd.	Zhanjiang Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages and sales	100.00	100.00	—
Ton Yi (China) Investment Co., Ltd.	Tianjin Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages and sales	100.00	100.00	—

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional and presentation currency.

A. Foreign currency transactions and balances

- a. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- b. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- c. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- d. All foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within "other gains and losses".

B. Translation of foreign operations

- a. The financial performance and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

- (c) All resulting exchange differences are recognized in other comprehensive income.
- b. When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - a. Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - b. Assets held mainly for trading purposes;
 - c. Assets that are expected to be realized within twelve months from the balance sheet date;
 - d. Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - a. Liabilities that are expected to be paid off within the normal operating cycle;
 - b. Liabilities arising mainly from trading activities;
 - c. Liabilities that are to be paid off within twelve months from the balance sheet date;
 - d. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. 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.

(6) Cash equivalents

- A. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
- B. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair

value, and recognizes the gain or loss in profit or loss.

(8) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost to completion and applicable variable selling expenses. When the cost of inventory is lower than net realizable value, a write down is provided and recognized in operating costs. If the circumstances that caused the write-down cease to exist, such that all or part of the write down is no longer needed, it should be reversed to that extent and recognized as deduction of operating costs.

(10) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - a. The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - b. The assets' contractual cash flows represent solely payments of principal and interest on the principal outstanding.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:
The changes in fair value of equity instruments that were recognized in other comprehensive income. Cumulative gain or loss previously recognized in comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the instrument. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(11) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortized cost, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is met:

- A. The contractual rights to receive cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows from the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows from the financial asset have been transferred, and the Group has not retained control of the financial asset.

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Property, plant and equipment apply the cost model. Except for land, other property, plant and equipment are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is significant, it is depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the consumption patterns of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Asset	Useful Lives
Buildings	5 ~ 55 years
Machinery and equipment	2 ~ 30 years
Transportation equipment	3 ~ 20 years
Office equipment	2 ~ 10 years
Other equipment	2 ~ 40 years

(14) Leasing arrangements (lessor) – operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(15) Leasing arrangements (lessee) – right-of-use assets/ lease liabilities

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:
- a. Fixed payments, less any lease incentives receivable; and
 - b. Variable lease payments that depend on an index or a rate.

The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- a. The amount of the initial measurement of lease liability;
 - b. Any lease payments made at or before the commencement date; and
 - c. Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference between remeasured lease liability in profit or loss.

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful

life of 20 years.

(17) Intangible assets

A. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

B. Computer software

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 10 years.

(18) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

B. The recoverable amounts of goodwill shall be evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination.

(19) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(20) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability specified in the contract is discharged, cancelled or expired.

(22) Offsetting financial instruments

Financial assets and liabilities are offset and reported at net amount on the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(23) Provision

Provision (decommissioning liabilities) is recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provision is measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense.

(24) Employee benefits

A. Short-term employee benefits

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

B. Pensions

a. Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

b. Defined benefit plans

(a) Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior period. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

(b) Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those

amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(25) Income tax

- A. The tax expense comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which case the tax is recognized in other comprehensive income or equity.
- B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings.
- C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

(26) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(27) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares and share

premium on the effective date of new shares issuance.

(28) Revenue recognition

Sales of goods

- A. The Group manufactures and sells tinsplate, cans, and PET package products. Sales are recognized when control of the products has transferred, being when the products are delivered to the customers, the customers have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' 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 customers, and either the customers have accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- B. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated sales discounts and volume discounts. The products are often sold with volume discounts based on estimated sales of each year. Accumulated experience is used to estimate and provide for the sales discounts and volume discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognized for expected sales discounts and volume discounts payable to customers in relation to sales made until the end of the reporting period.

(29) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate.

(30) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

A. As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Because of the change in market demand and the sales strategy, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on the balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

B. As of December 31, 2020, the carrying amount of inventories was \$3,264,307.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash:		
Cash on hand and petty cash	\$ 478	\$ 388
Checking deposits and demand deposits	<u>736,648</u>	<u>996,364</u>
	<u>737,126</u>	<u>996,752</u>
Cash equivalents:		
Time deposits	<u>1,741,309</u>	<u>356,718</u>
	<u>\$ 2,478,435</u>	<u>\$ 1,353,470</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to diversify credit risk, so it expects that the probability of counterparty default is remote.

B. The Group did not pledge cash and cash equivalents as collateral as at December 31, 2020 and 2019.

(2) Notes and accounts receivable, net

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Notes receivable	\$ 601,701	\$ 599,462
Less: Allowance for doubtful accounts	<u>(1,279)</u>	<u>(1,180)</u>
	<u>\$ 600,422</u>	<u>\$ 598,282</u>
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts receivable	\$ 1,522,767	\$ 1,811,635
Less: Allowance for doubtful accounts	<u>(51,896)</u>	<u>(57,727)</u>
	<u>\$ 1,470,871</u>	<u>\$ 1,753,908</u>

A. The aging analysis of notes receivable and accounts receivable (including related parties) is as

follows:

	December 31, 2020		December 31, 2019	
	Notes Receivable	Accounts Receivable	Notes Receivable	Accounts Receivable
1 to 30 days	\$ 218,750	\$ 2,086,816	\$ 288,148	\$ 2,545,504
31 to 60 days	111,673	369,484	171,290	347,105
61 to 90 days	101,239	131,396	76,932	169,198
91 to 180 days	169,952	30,200	60,939	10,507
Over 181 days	87	42,246	2,153	44,372
	<u>\$ 601,701</u>	<u>\$ 2,660,142</u>	<u>\$ 599,462</u>	<u>\$ 3,116,686</u>

The above aging analysis was based on credit date.

- B. As of December 31, 2020 and 2019, notes receivable and accounts receivable were all from contracts with customers. As of January 1, 2019, the balance of receivables (including related parties) from contracts with customers amounted to \$4,390,014.
- C. For notes receivable pledged to others as collateral, please refer to Note 8, “Pledged assets”.
- D. Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the notes receivable and accounts receivable held by the Group was the book value.
- E. Information relating to credit risk of notes receivable and accounts receivable is provided in Note 12(2), “Financial instruments”.

(3) Transfer of financial assets

- A. Transferred financial assets that are derecognized in their entirety

(a) For the years ended December 31, 2020 and 2019, the Group entered into a factoring agreement with China Construction Bank to sell its notes receivable. Under the agreement, the Group is not obligated to bear the default risk of the transferred notes receivable, but is liable for the losses incurred on any business dispute. The Group does not have any continuing involvement in the transferred notes receivable. As of December 31, 2020 and 2019, the Group derecognized the transferred notes receivable, and the related information is as follows:

December 31, 2020				
Purchase of notes receivable	Notes receivable transferred	Amount derecognized	Amount advanced	Interest rate of amount advanced
China Construction Bank	<u>\$ 197,126</u>	<u>\$ 197,126</u>	<u>\$ 197,126</u>	3.35%

December 31, 2019				
Purchase of notes receivable	Notes receivable transferred	Amount derecognized	Amount advanced	Interest rate of amount advanced
China Construction Bank	<u>\$ 24,111</u>	<u>\$ 24,111</u>	<u>\$ 24,111</u>	4.57%

(b) The Group has recognized financial expense (listed under “Finance costs”) of \$1,456 and \$286 when transferring the derecognized notes receivable for the years ended December 31, 2020 and 2019, respectively

B. Transferred financial assets that are not derecognized in their entirety

(a) For the years ended December 31, 2020 and 2019, the Group entered into a factoring agreement with Bank of China Limited to sell its notes receivable. Under the agreement, the Group is obligated to provide partial guarantees for the default risk of the transferred notes receivable. Therefore, the Group did not derecognize these notes receivable in their entirety. Related advance payments are recorded under short-term borrowings.

(b) As of December 31, 2020 and 2019, the information on transferred notes receivable continued to be recognized by the Group is as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Carrying amount / fair value of transferred notes receivable	<u>\$ 21,817</u>	<u>\$ 49,562</u>
Carrying amount / fair value of advanced payments	<u>\$ 21,817</u>	<u>\$ 49,562</u>

(4) Inventories

	December 31, 2020		
	Cost	Allowance for price decline of inventories	Carrying amount
Raw materials	\$ 1,014,219	(\$ 9,712)	\$ 1,004,507
Supplies	402,516	(64)	402,452
Work in process	591,457	(14,475)	576,982
Finished goods	<u>1,361,083</u>	<u>(80,717)</u>	<u>1,280,366</u>
	<u>\$ 3,369,275</u>	<u>(\$ 104,968)</u>	<u>\$ 3,264,307</u>

December 31, 2019			
	Cost	Allowance for price decline of inventories	Carrying amount
Raw materials	\$ 1,481,448	(\$ 24,427)	\$ 1,457,021
Raw materials in transit	8,393	-	8,393
Supplies	403,363	(6,302)	397,061
Supplies in transit	245	-	245
Work in process	671,642	(15,971)	655,671
Finished goods	1,251,739	(73,030)	1,178,709
	<u>\$ 3,816,830</u>	<u>(\$ 119,730)</u>	<u>\$ 3,697,100</u>

The cost of inventories recognized as expense for the year:

	For the years ended December 31,	
	2020	2019
Cost of goods sold	\$ 26,817,708	\$ 29,821,916
(Reversal of allowance) provision for inventory market price decline (Note)	(14,431)	13,850
Loss on disposal of inventory	1,441	567
Income from sale of scraps	(282,836)	(304,939)
Indemnities	(10,129)	(21,332)
	<u>\$ 26,511,753</u>	<u>\$ 29,510,062</u>

(Note) The Group reversed a previous inventory write-down as a result of the subsequent sales of inventories which were previously provided with allowance for the year ended December 31, 2020.

(5) Non-current financial assets at fair value through other comprehensive income

Items	December 31, 2020	December 31, 2019
Equity instruments		
Listed stocks	\$ 378,917	\$ 378,917
Valuation adjustment	(310,671)	(281,558)
	<u>\$ 68,246</u>	<u>\$ 97,359</u>

- A. The Group has elected to classify listed stocks that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$68,246 and \$97,359 as at December 31, 2020 and 2019, respectively.
- B. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the years ended December 31,	
	2020	2019
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	(\$ <u>29,113</u>)	(\$ <u>24,840</u>)
Dividend income recognised in profit or loss (listed under “Other income”)	\$ <u>-</u>	\$ <u>4,176</u>

- C. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral as at December 31, 2020 and 2019.
- D. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2), “Financial instruments”.

(6) Property, plant and equipment

	Land		Buildings		Machinery		Transportation equipment	Office equipment		Other equipment		Equipment under installation and construction in progress	Total
	Owner-occupied	Owner-occupied	Owner-occupied	Lease	Owner-occupied	Owner-occupied	Lease	Owner-occupied	Lease				
	<u>Balance at January 1, 2020</u>												
Cost	\$ 615,892	\$ 9,812,164	\$ 45,894,083	\$ 793,441	\$ 270,092	\$ 190,353	\$ 2,012	\$ 5,640,970	\$ 221	\$ 72,551	\$ 63,291,779		
Accumulated depreciation	-	(5,138,098)	(30,525,626)	(682,752)	(247,204)	(173,966)	(1,103)	(4,353,519)	(200)	-	(41,122,468)		
Accumulated impairment	-	-	(43,055)	(30,138)	-	-	-	-	-	-	(73,193)		
	<u>\$ 615,892</u>	<u>\$ 4,674,066</u>	<u>\$ 15,325,402</u>	<u>\$ 80,551</u>	<u>\$ 22,888</u>	<u>\$ 16,387</u>	<u>\$ 909</u>	<u>\$ 1,287,451</u>	<u>\$ 21</u>	<u>\$ 72,551</u>	<u>\$ 22,096,118</u>		
<u>For the year ended December 31, 2020</u>													
Balance at January 1, 2020	\$ 615,892	\$ 4,674,066	\$ 15,325,402	\$ 80,551	\$ 22,888	\$ 16,387	\$ 909	\$ 1,287,451	\$ 21	\$ 72,551	\$ 22,096,118		
Additions - Cost	-	19,935	135,639	-	4,591	6,938	-	151,073	-	696,705	1,014,881		
Transferred - Cost	-	5,233	61,927	304,235	225	435	-	123,354	76	(231,266)	264,219	(Note)	
Transferred - Accumulated depreciation	-	-	191,569	(191,569)	-	-	-	49	(49)	-	-		
Depreciation	-	(243,470)	(1,792,558)	(25,352)	(5,156)	(7,392)	(339)	(263,392)	(19)	-	(2,337,678)		
Disposal - Cost	-	-	(12,326)	-	(16,890)	(1,744)	-	(61,339)	-	-	(92,299)		
Disposal - Accumulated depreciation	-	-	8,033	-	13,689	1,716	-	56,375	-	-	79,813		
Net currency exchange differences	-	37,956	104,147	596	(128)	78	5	3,864	-	867	147,385		
Balance at December 31, 2020	<u>\$ 615,892</u>	<u>\$ 4,493,720</u>	<u>\$ 14,021,833</u>	<u>\$ 168,461</u>	<u>\$ 19,219</u>	<u>\$ 16,418</u>	<u>\$ 575</u>	<u>\$ 1,297,435</u>	<u>\$ 29</u>	<u>\$ 538,857</u>	<u>\$ 21,172,439</u>		
<u>Balance at December 31, 2020</u>													
Cost	\$ 615,892	\$ 9,899,196	\$ 46,315,272	\$ 1,108,327	\$ 257,996	\$ 198,470	\$ 2,039	\$ 5,887,541	\$ 300	\$ 538,857	\$ 64,823,890		
Accumulated depreciation	-	(5,405,476)	(32,249,806)	(909,322)	(238,777)	(182,052)	(1,464)	(4,590,106)	(271)	-	(43,577,274)		
Accumulated impairment	-	-	(43,633)	(30,544)	-	-	-	-	-	-	(74,177)		
	<u>\$ 615,892</u>	<u>\$ 4,493,720</u>	<u>\$ 14,021,833</u>	<u>\$ 168,461</u>	<u>\$ 19,219</u>	<u>\$ 16,418</u>	<u>\$ 575</u>	<u>\$ 1,297,435</u>	<u>\$ 29</u>	<u>\$ 538,857</u>	<u>\$ 21,172,439</u>		

(Note) Including transfer from prepayments for business facilities and transfer to intangible assets.

	Land		Buildings		Machinery		Transportation equipment	Office equipment		Other equipment		Equipment under installation and construction	Total
	Owner-occupied	Owner-occupied	Owner-occupied	Lease	Owner-occupied	Owner-occupied	Lease	Owner-occupied	Lease	in progress			
<u>Balance at January 1, 2019</u>													
Cost	\$ 615,892	\$ 9,812,991	\$ 45,520,318	\$ 825,223	\$ 275,045	\$ 187,729	\$ 2,087	\$ 5,609,361	\$ 229	\$ 80,981	\$ 62,929,856		
Accumulated depreciation	-	(4,956,212)	(29,379,243)	(694,398)	(246,858)	(162,498)	(780)	(4,127,028)	(193)	-	(39,567,210)		
Accumulated impairment	-	-	(44,654)	(31,257)	-	-	-	-	-	-	(75,911)		
	<u>\$ 615,892</u>	<u>\$ 4,856,779</u>	<u>\$ 16,096,421</u>	<u>\$ 99,568</u>	<u>\$ 28,187</u>	<u>\$ 25,231</u>	<u>\$ 1,307</u>	<u>\$ 1,482,333</u>	<u>\$ 36</u>	<u>\$ 80,981</u>	<u>\$ 23,286,735</u>		
For the year ended December 31, 2019													
Balance at January 1, 2019	\$ 615,892	\$ 4,856,779	\$ 16,096,421	\$ 99,568	\$ 28,187	\$ 25,231	\$ 1,307	\$ 1,482,333	\$ 36	\$ 80,981	\$ 23,286,735		
Additions - Cost	-	117,933	802,492	-	5,179	2,819	-	119,521	-	398,294	1,446,238		
Transferred - Cost	-	56,188	645,381	-	867	4,742	-	66,360	-	(404,340)	369,198		
Depreciation	-	(248,830)	(1,794,872)	(14,713)	(9,710)	(17,334)	(365)	(365,777)	(14)	-	(2,451,615)		
Disposal - Cost	-	(5,300)	(433,357)	-	(9,286)	(407)	-	(64,978)	-	-	(513,328)		
Disposal - Accumulated depreciation	-	5,300	300,176	-	7,902	323	-	62,678	-	-	376,379		
Net currency exchange differences	-	(108,004)	(290,839)	(4,304)	(251)	1,013	(33)	(12,686)	(1)	(2,384)	(417,489)		
Balance at December 31, 2019	<u>\$ 615,892</u>	<u>\$ 4,674,066</u>	<u>\$ 15,325,402</u>	<u>\$ 80,551</u>	<u>\$ 22,888</u>	<u>\$ 16,387</u>	<u>\$ 909</u>	<u>\$ 1,287,451</u>	<u>\$ 21</u>	<u>\$ 72,551</u>	<u>\$ 22,096,118</u>		
<u>Balance at December 31, 2019</u>													
Cost	\$ 615,892	\$ 9,812,164	\$ 45,894,083	\$ 793,441	\$ 270,092	\$ 190,353	\$ 2,012	\$ 5,640,970	\$ 221	\$ 72,551	\$ 63,291,779		
Accumulated depreciation	-	(5,138,098)	(30,525,626)	(682,752)	(247,204)	(173,966)	(1,103)	(4,353,519)	(200)	-	(41,122,468)		
Accumulated impairment	-	-	(43,055)	(30,138)	-	-	-	-	-	-	(73,193)		
	<u>\$ 615,892</u>	<u>\$ 4,674,066</u>	<u>\$ 15,325,402</u>	<u>\$ 80,551</u>	<u>\$ 22,888</u>	<u>\$ 16,387</u>	<u>\$ 909</u>	<u>\$ 1,287,451</u>	<u>\$ 21</u>	<u>\$ 72,551</u>	<u>\$ 22,096,118</u>		

(Note) Including transfer from prepayments for business facilities.

- A. Amount of borrowing costs capitalized as part of certain property, plant and equipment and prepayment for business facilities and the range of the interest rates for such capitalization are as follows:

	For the years ended December 31,	
	2020	2019
Amount capitalized	\$ 3,275	\$ 455
Interest rate range	1.30%~4.75%	1.30%~4.35%

- B. The Group did not pledge property, plant and equipment as collateral as at December 31, 2020 and 2019.

(7) Leasing arrangements — lessee

- A. The Group leases various assets including land, buildings and other equipment. Rental contracts are typically made for periods of 1 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.
- B. Low-value assets are comprised of multifunction printers.
- C. The carrying amount of right-of-use assets and the depreciation are as follows:

	December 31, 2020	December 31, 2019
	Carrying amount	Carrying amount
Land	\$ 861,780	\$ 964,273
Buildings	1,644,541	1,734,147
Other equipment	1,871	3,034
	<u>\$ 2,508,192</u>	<u>\$ 2,701,454</u>

	For the years ended December 31,	
	2020	2019
	Depreciation	Depreciation
Land	\$ 44,703	\$ 50,885
Buildings	219,120	219,140
Other equipment	1,387	867
	<u>\$ 265,210</u>	<u>\$ 270,892</u>

- D. For the years ended December 31, 2020 and 2019, the additions and decreases to right-of-use assets were \$113,946, \$66,819 and \$383,294, \$—, respectively.
- E. The information on profit or loss relating to lease contracts is as follows:

	For the years ended December 31,	
	2020	2019
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 80,484	\$ 80,943
Expense on leases of low-value assets	151	208
Gain from lease modification	20,247	8,645

F. For the years ended December 31, 2020 and 2019, the Group’s total cash outflow for leases were \$278,902 and \$285,903, respectively.

G. The Group has applied the practical expedient to “Covid-19-related rent concessions”, and recognized the gain from changes in lease payments arising from the rent concessions amounting to \$23,793 (listed under “Other gains and losses”) for the year ended December 31, 2020.

(8) Leasing arrangements – lessor

A. The Group leases various assets including buildings and machineries. Rental contracts are typically made for periods of 1 to 15 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor’s ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes.

B. For the years ended December 31, 2020 and 2019, the Group recognized rent income (listed under “Other income”) in the amounts of \$41,719 and \$42,945, respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity date analysis of the unrealized lease payments of the Group under operating leases is as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Within 1 year	\$ 40,010	\$ 35,463
1 to 2 years	26,650	26,700
2 to 3 years	20,823	12,412
3 to 4 years	17,545	12,412
4 to 5 years	17,534	12,389
Over 5 years	55,525	51,590
	<u>\$ 178,087</u>	<u>\$ 150,966</u>

(9) Investment property, net

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>Balance at January 1, 2020</u>			
Cost	\$ 3,785	\$ 139,277	\$ 143,062
Accumulated depreciation	-	(35,919)	(35,919)
Accumulated impairment	(2,719)	-	(2,719)
	<u>\$ 1,066</u>	<u>\$ 103,358</u>	<u>\$ 104,424</u>
 <u>For the year ended December 31, 2020</u>			
Carrying amount at January 1	\$ 1,066	\$ 103,358	\$ 104,424
Depreciation	-	(6,232)	(6,232)
Net currency exchange differences	-	1,268	1,268
Carrying amount at December 31	<u>\$ 1,066</u>	<u>\$ 98,394</u>	<u>\$ 99,460</u>
 <u>Balance at December 31, 2020</u>			
Cost	\$ 3,785	\$ 141,147	\$ 144,932
Accumulated depreciation	-	(42,753)	(42,753)
Accumulated impairment	(2,719)	-	(2,719)
	<u>\$ 1,066</u>	<u>\$ 98,394</u>	<u>\$ 99,460</u>
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>Balance at January 1, 2019</u>			
Cost	\$ 3,785	\$ 144,450	\$ 148,235
Accumulated depreciation	-	(30,753)	(30,753)
Accumulated impairment	(2,719)	-	(2,719)
	<u>\$ 1,066</u>	<u>\$ 113,697</u>	<u>\$ 114,763</u>
 <u>For the year ended December 31, 2019</u>			
Carrying amount at January 1	\$ 1,066	\$ 113,697	\$ 114,763
Depreciation	-	(6,514)	(6,514)
Net currency exchange differences	-	(3,825)	(3,825)
Carrying amount at December 31	<u>\$ 1,066</u>	<u>\$ 103,358</u>	<u>\$ 104,424</u>
 <u>Balance at December 31, 2019</u>			
Cost	\$ 3,785	\$ 139,277	\$ 143,062
Accumulated depreciation	-	(35,919)	(35,919)
Accumulated impairment	(2,719)	-	(2,719)
	<u>\$ 1,066</u>	<u>\$ 103,358</u>	<u>\$ 104,424</u>

A. Rental income from the lease of the investment property and direct operating expenses arising from the investment property are shown below:

	For the years ended December 31,	
	2020	2019
Rental income from the lease of the investment property	\$ <u>13,943</u>	\$ <u>16,278</u>
Direct operating expenses arising from the investment property that generated rental income during the period	\$ <u>9,115</u>	\$ <u>9,743</u>

B. The fair values of the investment property held by the Group as at December 31, 2020 and 2019 were \$130,306 and \$101,465, respectively, which were categorized within Level 3 in the fair value hierarchy. Land is valued according to Current Land Value announced by the Department of Land Administration. Buildings are valued based on discounted recoverable amounts of future rent income.

C. As of December 31, 2020 and 2019, no investment property held by the Group was pledged to others as collateral.

(10) Intangible assets

	<u>Goodwill</u>	<u>Computer Software</u>	<u>Total</u>
<u>Balance at January 1, 2020</u>			
Cost	\$ 342,773	\$ 102,615	\$ 445,388
Accumulated amortization	-	(66,041)	(66,041)
Net currency exchange differences	(29,879)	(5,395)	(35,274)
	<u>\$ 312,894</u>	<u>\$ 31,179</u>	<u>\$ 344,073</u>
<u>For the year ended December 31, 2020</u>			
Carrying amount at January 1	\$ 312,894	\$ 31,179	\$ 344,073
Additions - acquired separately	-	1,309	1,309
Reclassification (Note)	-	3,676	3,676
Amortization	-	(9,448)	(9,448)
Net currency exchange differences	(15,655)	238	(15,417)
Carrying amount at December 31	<u>\$ 297,239</u>	<u>\$ 26,954</u>	<u>\$ 324,193</u>
<u>Balance at December 31, 2020</u>			
Cost	\$ 342,773	\$ 107,600	\$ 450,373
Accumulated amortization	-	(75,489)	(75,489)
Net currency exchange differences	(45,534)	(5,157)	(50,691)
	<u>\$ 297,239</u>	<u>\$ 26,954</u>	<u>\$ 324,193</u>

(Note) Transfer from property, plant and equipment.

	<u>Goodwill</u>	<u>Computer Software</u>	<u>Total</u>
<u>Balance at January 1, 2019</u>			
Cost	\$ 342,773	\$ 102,615	\$ 445,388
Accumulated amortization	-	(56,593)	(56,593)
Net currency exchange differences	(22,208)	(4,257)	(26,465)
	<u>\$ 320,565</u>	<u>\$ 41,765</u>	<u>\$ 362,330</u>
<u>For the year ended December 31, 2019</u>			
Carrying amount at January 1	\$ 320,565	\$ 41,765	\$ 362,330
Amortization	-	(9,448)	(9,448)
Net currency exchange differences	(7,671)	(1,138)	(8,809)
Carrying amount at December 31	<u>\$ 312,894</u>	<u>\$ 31,179</u>	<u>\$ 344,073</u>
<u>Balance at December 31, 2019</u>			
Cost	\$ 342,773	\$ 102,615	\$ 445,388
Accumulated amortization	-	(66,041)	(66,041)
Net currency exchange differences	(29,879)	(5,395)	(35,274)
	<u>\$ 312,894</u>	<u>\$ 31,179</u>	<u>\$ 344,073</u>

A. No borrowing costs were capitalized as part of intangible assets for the years ended December 31, 2020 and 2019.

B. Details of amortization on intangible assets are as follows:

	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Operating costs	\$ 1,655	\$ 1,593
Selling expenses	1,092	1,110
Administrative expenses	6,701	6,745
	<u>\$ 9,448</u>	<u>\$ 9,448</u>

C. The Group applied value in use method when calculating recoverable amount of goodwill and determined the recoverable amount to be greater than the carrying amount; thus, no impairment was identified. Goodwill distributed to cash-generating unit according to operating segment is shown below:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Tinplate factory located in Mainland China	<u>\$ 297,239</u>	<u>\$ 312,894</u>

D. The Group performs impairment testing of goodwill annually. The recoverable amount has been determined based on fair value less costs to sell. The fair value measured by the assets and the liabilities of cash-generating units using the market approach considered the selling price of comparable objects from the same region or using the cost method which considered adjustments

by the purpose of assets and liabilities and other elements. The fair value were categorized within Level 3. The recoverable amount determined based on fair value less costs to sell exceeded their carrying amount, so goodwill was not impaired, and reflected specific risks relating to the relevant operating segments.

(11) Short-term borrowings

<u>Nature</u>	<u>December 31, 2020</u>	<u>Range of interest rates</u>	<u>Collateral</u>
Unsecured bank borrowings	\$ 1,826,324	0.62%~1.06%	None
Secured bank borrowings	21,817	2.86%	Notes receivable
	<u>\$ 1,848,141</u>		
<u>Nature</u>	<u>December 31, 2019</u>	<u>Range of interest rates</u>	<u>Collateral</u>
Unsecured bank borrowings	\$ 3,074,431	0.79%~3.92%	None
Secured bank borrowings	49,562	2.65%~3.08%	Notes receivable
	<u>\$ 3,123,993</u>		

A. For more information about interest expenses recognized by the Group for the years ended December 31, 2020 and 2019, please refer to Note 6(22), 'Finance costs'.

B. For information on the terms and conditions of all the loan contracts the Group entered into with financial institutions, please refer to Note 9, "Significant contingent liabilities and unrecognized contract commitments".

(12) Long-term borrowings

<u>Nature</u>	<u>Range of maturity dates</u>	<u>Range of interest rates</u>	<u>Collateral</u>	<u>December 31, 2020</u>
Unsecured bank borrowings	2022. 2. 9~ 2023. 12. 28	0.93%~1.15%	None	<u>\$ 6,520,000</u>
<u>Nature</u>	<u>Range of maturity dates</u>	<u>Range of interest rates</u>	<u>Collateral</u>	<u>December 31, 2019</u>
Unsecured bank borrowings	2021. 2. 9~ 2022. 10. 24	1.04%~1.26%	None	<u>\$ 7,400,000</u>

A. For more information about interest expenses recognized by the Group for the years ended December 31, 2020 and 2019, please refer to Note 6(22), 'Finance costs'.

B. For information on the terms and conditions of all the loan contracts the Group entered into with financial institutions, please refer to Note 9, "Significant contingent liabilities and unrecognized contract commitments".

(13) Non-current provision

<u>Decommissioning liabilities</u>	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 79,709	\$ 78,242
Unwinding of discount	<u>1,495</u>	<u>1,467</u>
Balance, end of year	<u>\$ 81,204</u>	<u>\$ 79,709</u>

According to the policy published, applicable agreement or the law and regulation, the Group has obligations to restore certain property, plant and equipment located in Yong-Kang District, Tainan City in the future. A provision is recognized for the present value of costs to be incurred for dismantling, removing the asset and restoring the site. It is expected that the provision will be settled within 50 years from the beginning of contract.

(14) Pensions

A. The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 14% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. The rate was adjusted to 10% as approved by the Bureau of Labor Affairs, Tainan City Government in February, 2020. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.

a. The amounts recognized in the balance sheet are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Present value of defined benefit obligation	(\$ 1,592,052)	(\$ 1,488,994)
Fair value of plan assets	<u>1,275,359</u>	<u>1,211,094</u>
Net defined benefit liability, non-current	<u>(\$ 316,693)</u>	<u>(\$ 277,900)</u>

b. Movements in net defined benefit liabilities, non-current are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
<u>For the year ended December 31, 2020</u>			
Balance at January 1, 2020	(\$ 1,488,994)	\$1,211,094	(\$ 277,900)
Current service cost	(16,444)	-	(16,444)
Interest (expense) income	(14,823)	12,406	(2,417)
	<u>(1,520,261)</u>	<u>1,223,500</u>	<u>(296,761)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	35,787	35,787
Changes in financial assumptions	(70,532)	-	(70,532)
Experience adjustments	(45,926)	-	(45,926)
	<u>(116,458)</u>	<u>35,787</u>	<u>(80,671)</u>
Pension fund contribution	-	60,739	60,739
Paid pension	44,667	(44,667)	-
Balance at December 31, 2020	<u>(\$ 1,592,052)</u>	<u>\$1,275,359</u>	<u>(\$ 316,693)</u>
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
<u>For the year ended December 31, 2019</u>			
Balance at January 1, 2019	(\$ 1,490,276)	\$1,110,523	(\$ 379,753)
Current service cost	(17,814)	-	(17,814)
Interest (expense) income	(16,706)	12,841	(3,865)
	<u>(1,524,796)</u>	<u>1,123,364</u>	<u>(401,432)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	36,584	36,584
Changes in financial assumptions	(23,573)	-	(23,573)
Experience adjustments	31,034	-	31,034
	<u>7,461</u>	<u>36,584</u>	<u>44,045</u>
Pension fund contribution	-	79,487	79,487
Paid pension	28,341	(28,341)	-
Balance at December 31, 2019	<u>(\$ 1,488,994)</u>	<u>\$1,211,094</u>	<u>(\$ 277,900)</u>

c. The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement

Fund” (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2020 and 2019 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

d. The principal actuarial assumptions used were as follows:

	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Discount rate	<u>1.00%</u>	<u>1.125%</u>
Future salary increase rate	<u>3.00%</u>	<u>3.00%</u>

Future mortality rate was estimated based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	<u>Discount rate</u>		<u>Future salary increase rate</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
<u>December 31, 2020</u>				
Effect on present value of defined benefit obligation	(\$ <u>47,466</u>)	<u>\$ 49,309</u>	<u>\$ 47,240</u>	(\$ <u>45,749</u>)
<u>December 31, 2019</u>				
Effect on present value of defined benefit obligation	(\$ <u>46,683</u>)	<u>\$ 48,575</u>	<u>\$ 46,748</u>	(\$ <u>45,194</u>)

The sensitivity analysis above was arrived at based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

e. Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2021 amount to \$51,624.

f. As of December 31, 2020, the weighted average duration of the retirement plan is 13 years.

The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	14,089
2-5 years		142,004
6-10 years		367,611
11-13 years		<u>327,952</u>
	<u>\$</u>	<u>851,656</u>

B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The Group’s subsidiaries have defined contribution plans. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations are based on a certain percentage of employees’ monthly salaries and wages. Due to the impact of Covid-19, certain subsidiaries reduced their pension contributions in accordance with the regulations of the government. Other than the monthly contributions, the Group has no further obligations. The pension costs under the defined contribution pension plans of the Group (listed under “Operating cost” and “Operating expense”) for the years ended December 31, 2020 and 2019 were \$38,000 and \$169,294, respectively.

(15) Share capital - Common stock

A. Movements in the number of the Company’s ordinary shares outstanding are as follows (in thousands of shares):

	For the years ended December 31,	
	2020	2019
Beginning and ending balance	<u>1,579,145</u>	<u>1,579,145</u>

B. As of December 31, 2020, the Company’s authorized capital was \$17,847,009, and the paid-in capital was \$15,791,453, consisting of 1,579,145 thousand shares of ordinary stock with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

(16) Capital surplus

Pursuant to the R.O.C. Company Act, capital reserve arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to offset accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital reserve should not be used to cover accumulated deficit after the legal reserve is used. Movements of the Company’s capital reserve for the years ended December 31, 2020 and 2019 are as follows:

	For the year ended December 31, 2020				
	Share	Treasury	Donations	Others	Total
	premium	share			
		transactions			
Balance, beginning of year	\$58,271	\$169,088	\$ 819	\$2,990	\$231,168
Non-payment of expired cash dividends from previous year transferred to capital reserve	-	-	-	522	522
Balance, end of year	<u>\$58,271</u>	<u>\$169,088</u>	<u>\$ 819</u>	<u>\$ 3,512</u>	<u>\$231,690</u>
	For the year ended December 31, 2019				
	Share	Treasury	Donations	Others	Total
	premium	share			
		transactions			
Balance, beginning of year	\$58,271	\$169,088	\$ 819	\$2,083	\$230,261
Non-payment of expired cash dividends from previous year transferred to capital reserve	-	-	-	907	907
Balance, end of year	<u>\$58,271</u>	<u>\$169,088</u>	<u>\$ 819</u>	<u>\$ 2,990</u>	<u>\$231,168</u>

(17) Retained earnings

- A. The legal reserve shall be exclusively used to offset accumulated deficit, to issue new stocks or distribute cash to shareholders in proportion to their share ownership. The use of legal reserve for the issuance of stocks or cash dividends to shareholders in proportion to their share ownership is permitted provided that the balance of such reserve exceeds 25% of the Company's paid-in capital.
- B. According to the Articles of Incorporation of the Company, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve and special reserve shall be set aside or reversed in accordance with related regulations. The remaining amount plus the accumulated unappropriated earnings from prior years is this accumulated distributable earnings. Of the amount to be distributed by the Company, shareholders' dividends shall comprise 50% to 100% of the accumulated distributable earnings and cash dividends shall not be lower than 30% of the total dividends distributed. The appropriation of earnings shall be proposed by the Board of Directors and resolved by the shareholders.
- C. Special reserve
- a. In accordance with the regulations, the Company shall set aside special reserve arising from the debit balances in other equity items at the balance sheet date before distributing earnings. When debit balances in other equity items are reversed subsequently, an equal amount could be included in the distributable earnings. As of December 31, 2020 and 2019, special reserve of \$1,922,076 and \$1,378,569, respectively, was set aside in accordance with the Company

Act on special reserve, and no dividends shall be distributed.

- b. The amounts previously set aside by the Company as special reserve of \$826,453 on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets, those other than land, are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.
- D. The Company recognized dividends distributed to owners amounting to \$— and \$742,198 (\$0.47 (in dollars) per share as cash dividend) for the years ended December 31, 2020 and 2019, respectively. On June 19, 2020, the shareholders during their meeting resolved that no dividend will be distributed because the current year's earnings have been depleted after legal reserve and special reserve were set aside in accordance with related regulations. On March 23, 2021, total dividends for the year ended December 31, 2020 amounting to \$836,947, constituting \$0.53 (in dollars) per share as cash dividends, was proposed by the Board of Directors.

(18) Operating revenue

	For the years ended December 31,	
	2020	2019
Revenue from contracts with customers	\$ 29,934,966	\$ 32,527,535

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time in the following major product and segment:

<u>Segment</u>	For the year ended December 31, 2020	
	Revenue from products of Tinplate	Revenue from products of Plastic pack
Taiwan	\$ 10,609,203	\$ 8,920
Mainland China - tinplate products	4,950,249	-
Mainland China - plastic products	-	12,437,510
Others	1,929,084	-
	<u>\$ 17,488,536</u>	<u>\$ 12,446,430</u>

<u>Segment</u>	For the year ended December 31, 2019	
	Revenue from products of Tinplate	Revenue from products of Plastic pack
Taiwan	\$ 12,215,297	\$ 7,614
Mainland China - tinplate products	5,357,397	-
Mainland China - plastic products	-	13,017,232
Others	1,929,995	-
	<u>\$ 19,502,689</u>	<u>\$ 13,024,846</u>

B. The Group has recognized the following revenue-related contract liabilities:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>January 1, 2019</u>
Current contract liabilities	\$ 62,930	\$ 42,704	\$ 71,206

Revenue recognized that was included in the contract liability balance at the beginning of the years ended December 31, 2020 and 2019 was \$37,517 and \$29,407, respectively.

(19) Interest income

	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Interest income from bank deposits	\$ 26,081	\$ 34,212

(20) Other income

	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Rental income	\$ 41,719	\$ 42,945
Dividend income	-	4,176
Government grants	103,531	310,151
Other income	34,547	37,691
	<u>\$ 179,797</u>	<u>\$ 394,963</u>

(21) Other gains and losses

	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Gain on financial assets at fair value through profit or loss	\$ -	\$ 1,207
Net gain (loss) on disposal of property, plant and equipment	5,991 (109,094)
Gain from lease modifications	20,247	8,645
Net currency exchange gain (loss)	8,000 (27,679)
Other losses	(18,737)	(81,146)
	<u>\$ 15,501</u>	<u>(\$ 208,067)</u>

(22) Finance costs

	For the years ended December 31,	
	2020	2019
Interest expense:		
Bank borrowings	\$ 130,001	\$ 233,689
Provisions - unwinding of discount	1,495	1,467
Interest expense on lease liabilities	80,484	80,943
	<u>211,980</u>	<u>316,099</u>
Less: Capitalization of qualifying assets	(<u>3,275</u>)	(<u>455</u>)
	<u>\$ 208,705</u>	<u>\$ 315,644</u>

(23) Expenses by nature

	For the year ended December 31, 2020			For the year ended December 31, 2019		
	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>
Employee benefit expenses	<u>\$ 1,606,030</u>	<u>\$ 662,169</u>	<u>\$ 2,268,199</u>	<u>\$ 1,668,814</u>	<u>\$ 658,891</u>	<u>\$ 2,327,705</u>
Depreciation of property, plant and equipment and right-of-use assets	<u>\$ 2,316,857</u>	<u>\$ 286,031</u>	<u>\$ 2,602,888</u>	<u>\$ 2,449,899</u>	<u>\$ 272,608</u>	<u>\$ 2,722,507</u>
Amortization of intangible assets	<u>\$ 1,655</u>	<u>\$ 7,793</u>	<u>\$ 9,448</u>	<u>\$ 1,593</u>	<u>\$ 7,855</u>	<u>\$ 9,448</u>

(24) Employee benefit expenses

	For the year ended December 31, 2020			For the year ended December 31, 2019		
	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>
Wages and salaries	\$ 1,333,190	\$ 539,856	\$ 1,873,046	\$ 1,284,203	\$ 501,012	\$ 1,785,215
Labor and health insurance expenses	104,583	34,799	139,382	121,307	42,324	163,631
Pension costs	40,778	16,083	56,861	138,143	52,830	190,973
Other personnel expenses	<u>127,479</u>	<u>71,431</u>	<u>198,910</u>	<u>125,161</u>	<u>62,725</u>	<u>187,886</u>
	<u>\$ 1,606,030</u>	<u>\$ 662,169</u>	<u>\$ 2,268,199</u>	<u>\$ 1,668,814</u>	<u>\$ 658,891</u>	<u>\$ 2,327,705</u>

- A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 2% for employees' compensation and shall not be higher than 2% for directors' remuneration.
- B. For the years ended December 31, 2020 and 2019, employees' compensation was accrued at \$ 42,172 and \$ 28,460, respectively, while directors' remuneration was accrued at \$16,583 and \$—, respectively. The aforementioned amounts were recognized in salary expenses. The expenses recognized were accrued based on the profit of current period distributable and the percentage specified in the Articles of Incorporation of the Company for the years ended December 31, 2020 and 2019. The employees' compensation and directors' remuneration resolved by the Board of Directors were \$42,172 and \$17,626, respectively, for the year ended December 31, 2020, and the employees' compensation will be distributed in the form of cash. The difference of \$1,043 in employees' compensation and directors' remuneration, had been adjusted in the consolidated profit or loss for the year ended December 31, 2021. The employees' compensation and directors' remuneration resolved by the Board of Directors were \$28,460 and \$—, respectively, for the year ended December 31, 2019. The amount of employees' compensation was the same with the amount recognized in the 2019 financial statements.

Information about employees' compensation and directors' remuneration by the Company as proposed by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income tax

A. Income tax expense

a. Components of income tax expense

	For the years ended December 31,	
	2020	2019
Current income tax:		
Income tax incurred in current period	\$ 269,432	\$ 226,801
(Over) under provision of prior years income tax	(2,237)	143,510
	<u>267,195</u>	<u>370,311</u>
Deferred income tax:		
Origination and reversal of temporary differences	45,446	(133,299)
Income tax expense	<u>\$ 312,641</u>	<u>\$ 237,012</u>

b. The income tax relating to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2020	2019
Remeasurement of defined benefit obligations	(\$ 16,134)	\$ 8,809
Currency translation differences	(658)	(349)
	<u>(\$ 16,792)</u>	<u>\$ 8,460</u>

B. Reconciliation between income tax expense and accounting profit.

	For the years ended December 31,	
	2020	2019
Income tax expense at the statutory tax rate	\$736,001	\$231,140
Effect of amount not allowed to recognize under regulations	(460,832)	(280,275)
Tax losses and temporary differences not recognized as deferred income tax assets	39,709	142,637
(Over) under provision of prior year's income tax	(2,237)	143,510
Income tax expense	<u>\$ 312,641</u>	<u>\$ 237,012</u>

C. Amounts of deferred tax assets or liabilities recognized as a result of temporary differences and tax losses are as follows:

	For the year ended December 31, 2020			
	Balance, beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Balance, end of year
Deferred income tax assets:				
Temporary differences:				
Unrealized sales returns and allowance	\$ 2,003	\$ 139	\$ -	\$ 2,142
Unrealized profit from sales	1,182	2,753	-	3,935
Loss on doubtful debts	10,222	(216)	-	10,006
Loss on inventories from market value decline	24,131	(4,361)	-	19,770
Depreciation	126,807	34,539	-	161,346
Unused compensated absences	7,592	86	-	7,678
Maintenance fees for machinery	13,592	(852)	-	12,740
Unrealized provision	13,263	402	-	13,665
Unrealized losses	23,050	(2,409)	-	20,641
Remeasurement of defined benefit obligation	63,234	-	16,134	79,368
Currency translation difference	1,434	-	658	2,092
Tax losses	271,507	(24,232)	-	247,275
	<u>\$558,017</u>	<u>\$ 5,849</u>	<u>\$ 16,792</u>	<u>\$580,658</u>
Deferred income tax liabilities				
Temporary differences:				
Pensions	(\$ 7,654)	(\$ 8,375)	\$ -	(\$ 16,029)
Foreign investment income	(7,312)	675	-	(6,637)
Depreciation	(295,195)	(43,526)	-	(338,721)
Land value incremental tax	(197,039)	-	-	(197,039)
Unrealized gain	(447)	(69)	-	(516)
	<u>(\$507,647)</u>	<u>(\$ 51,295)</u>	<u>\$ -</u>	<u>(\$558,942)</u>
	<u>\$ 50,370</u>	<u>(\$ 45,446)</u>	<u>\$ 16,792</u>	<u>\$ 21,716</u>

For the year ended December 31, 2019

	Balance, beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Balance, end of year
Deferred income tax assets:				
Temporary differences:				
Unrealized sales returns and allowance	\$ 1,829	\$ 174	\$ -	\$ 2,003
Unrealized profit from sales	17,471	(16,289)	-	1,182
Loss on doubtful debts	13,297	(3,075)	-	10,222
Loss on inventories from market value decline	24,181	(50)	-	24,131
Depreciation	118,334	8,473	-	126,807
Unused compensated absences	7,422	170	-	7,592
Maintenance fees for machinery	13,001	591	-	13,592
Unrealized provision	12,866	397	-	13,263
Pensions	3,909	(3,909)	-	-
Unrealized losses	24,337	(1,287)	-	23,050
Remeasurement of defined benefit obligation	72,043	-	(8,809)	63,234
Currency translation difference	1,085	-	349	1,434
Tax losses	<u>280,241</u>	<u>(8,734)</u>	<u>-</u>	<u>271,507</u>
	<u>\$ 590,016</u>	<u>(\$ 23,539)</u>	<u>(\$ 8,460)</u>	<u>\$ 558,017</u>
Deferred income tax liabilities				
Temporary differences:				
Pensions	\$ -	(\$ 7,654)	\$ -	(\$ 7,654)
Foreign investment income	(8,319)	1,007	-	(7,312)
Depreciation	(268,531)	(26,664)	-	(295,195)
Land value incremental tax	(197,039)	-	-	(197,039)
Unrealized gain	(190,596)	190,149	-	(447)
	<u>(\$ 664,485)</u>	<u>\$ 156,838</u>	<u>\$ -</u>	<u>(\$ 507,647)</u>
	<u>(\$ 74,469)</u>	<u>\$ 133,299</u>	<u>(\$ 8,460)</u>	<u>\$ 50,370</u>

D. Expiration dates of unused tax losses and amounts of unrecognized deferred tax assets are as follows:

December 31, 2020				
Year incurred	Amount filed /assessed	Unused amount	Unrecognized deferred income tax assets	Expiry year
2016~2020	<u>\$ 1,038,060</u>	<u>\$ 1,027,636</u>	<u>\$ -</u>	2021~2030

December 31, 2019

Year incurred	Amount filed /assessed	Unused amount	Unrecognized deferred income tax assets	Expiry year
2015~2019	<u>\$ 1,362,052</u>	<u>\$ 1,123,093</u>	<u>\$ -</u>	2020~2029

E. The Group did not recognize temporary differences arising from gains on investment in overseas subsidiaries. As of December 31, 2020 and 2019, unrecognized deferred income tax liabilities were \$3,896,346 and \$2,604,547, respectively

F. The Company's income tax returns through 2018 have been assessed and approved by the Tax Authority. As of March 23, 2021, there was no administrative lawsuit.

(26) Earnings per share

	For the year ended December 31, 2020		
	<u>Amount after tax</u>	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 921,260</u>	<u>1,579,145</u>	<u>\$ 0.58</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 921,260	1,579,145	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	4,365	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 921,260</u>	<u>1,583,510</u>	<u>\$ 0.58</u>

For the year ended December 31, 2019

	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 536,384	1,579,145	\$ 0.34
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 536,384	1,579,145	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	3,709	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 536,384	1,582,854	\$ 0.34

(27) Supplemental cash flow information

A. Investing activities with partial cash collection and payments:

a. Cash paid for acquisition of property, plant and equipment:

	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Acquisition of property, plant and equipment	\$ 1,014,881	\$ 1,446,238
Add: Opening balance of other payables	223,255	36,845
Less: Ending balance of other payables	(233,672)	(223,255)
Ending balance of other payables — related parties	(20,342)	-
Capitalization of interest	(3,161)	(247)
Cash paid for acquisition of property, plant and equipment	<u>\$ 980,961</u>	<u>\$ 1,259,581</u>

b. Cash received from disposal of property, plant and equipment:

	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Disposal of property, plant and equipment	\$ 18,477	\$ 27,855
Add: Opening balance of other receivables	-	66,544
Cash received from disposal of property, plant and equipment	<u>\$ 18,477</u>	<u>\$ 94,399</u>

c. Cash received from disposal of long-term lease prepayments:

	For the years ended December 31,	
	2020	2019
Disposal of long-term lease prepayments	\$ -	\$ -
Add: Opening balance of other receivables	-	41,819
Cash received from disposal of long-term lease prepayments	<u>\$ -</u>	<u>\$ 41,819</u>

B. Investing activities with no cash flow effect:

	For the years ended December 31,	
	2020	2019
a. Prepayment for business facilities reclassified to prepayments	<u>\$ 4,233</u>	<u>\$ 13,099</u>
b. Prepayment for business facilities reclassified to property, plant and equipment	<u>\$ 267,895</u>	<u>\$ 369,198</u>
c. Property, plant and equipment reclassified to intangible assets	<u>\$ 3,676</u>	<u>\$ -</u>

(28) Changes in liabilities from financing activities

	Short-term borrowings	Lease liabilities	Long-term borrowings	Others	Total liabilities from financing activities
<u>For the year ended December 31, 2020</u>					
Balance at January 1, 2020	\$ 3,123,993	\$ 2,190,565	\$ 7,400,000	\$ 47,147	\$12,761,705
Changes in cash flow from financing activities	(1,275,852)	(198,267)	(880,000)	3,309	(2,350,810)
Changes in other non-cash items	-	26,880	-	-	26,880
Impact of changes in foreign exchange rate	-	19,689	-	-	19,689
Balance at December 31, 2020	<u>\$ 1,848,141</u>	<u>\$ 2,038,867</u>	<u>\$ 6,520,000</u>	<u>\$ 50,456</u>	<u>\$10,457,464</u>

	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Long-term borrowings	Others	Total liabilities from financing activities
<u>For the year ended December 31, 2019</u>						
Balance at January 1, 2019	\$ 3,712,581	\$ 399,927	\$ -	\$ 8,950,829	\$ 46,266	\$13,109,603
Effect of retrospective application	-	-	2,143,708	-	-	2,143,708
Changes in cash flow from financing activities	(588,588)	(400,000)	(204,752)	(1,552,632)	881	(2,745,091)
Changes in other non-cash items	-	73	306,392	-	-	306,465
Impact of changes in foreign exchange rate	-	-	(54,783)	1,803	-	(52,980)
Balance at December 31, 2019	<u>\$ 3,123,993</u>	<u>\$ -</u>	<u>\$ 2,190,565</u>	<u>\$ 7,400,000</u>	<u>\$ 47,147</u>	<u>\$12,761,705</u>

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The ultimate parent of the Company is Uni-President Enterprises Corp. The ultimate controlling party of the Company is 45.55%.

(2) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Guangzhou President Enterprises Co., Ltd.	Parent company to entity with joint control or significant influence
Beijing President Enterprises Drinks Co., Ltd.	Parent company to entity with joint control or significant influence
Uni-President Trading (Kunshan) Co., Ltd.	Parent company to entity with joint control or significant influence
Taizhou President Enterprises Co., Ltd.	Parent company to entity with joint control or significant influence
Chengdu President Enterprises Food Co., Ltd.	Parent company to entity with joint control or significant influence
Zhanjiang President Enterprises Co., Ltd.	Parent company to entity with joint control or significant influence
Kunshan President Enterprises Food Co., Ltd.	Parent company to entity with joint control or significant influence
Tianjiang President Enterprises Food Co., Ltd.	Parent company to entity with joint control or significant influence
Xuzhou President Enterprises Co., Ltd.	Parent company to entity with joint control or significant influence
Akesu President Enterprises Co., Ltd.	Parent company to entity with joint control or significant influence
Shijiazhuang President Enterprises Co., Ltd.	Parent company to entity with joint control or significant influence
TTET Union Corp.	Parent company to entity with joint control or significant influence
Shanghai E & P Trading Co., Ltd.	Parent company to entity with joint control or significant influence
Daiwa Can Co., Ltd.	Entity to subsidiary-Wuxi Ton Yi Daiwa Industrial Co., Ltd. with significant influence

(3) Significant transactions and balances with related party

A. Sales

	For the years ended December 31,	
	2020	2019
Sales of goods		
Parent company to entities with joint control or significant influence	\$ 12,126,674	\$ 13,160,142

The Group's collection terms and methods for related party are wire transfer within 28~60 days of monthly statements, and wire transfer within 7~45 days after receiving the receipt. The collection terms are similar to that of a third party. The Group mainly sells to the subsidiaries of ultimate parent company; thus there is no comparable price for sales made at arm's length.

B. Purchases

	For the years ended December 31,	
	2020	2019
Purchases of goods		
Parent company to entities with joint control or significant influence	\$ 1,404,034	\$ 1,234,991
Daiwa Can Co., Ltd.	8,662	3,197
	\$ 1,412,696	\$ 1,238,188

Purchase price from related party is similar to that of a third party. Except for some transactions through letters of credit, the payment terms are similar to those of third parties, which are payments within 28~45 days of monthly statement, 10~30 days of invoice receipt, wire transfer within 7~88 days after receiving the receipt and 15 days of inventories receipt.

C. Property transactions

Acquisition of property, plant and equipment:

	For the years ended December 31,	
	2020	2019
Akesu President Enterprises Co., Ltd.	\$ 68,592	\$ -
Xuzhou President Enterprises Co., Ltd.	25,758	65,801
Shijiazhuang President Enterprises Co., Ltd.	17,629	-
Daiwa Can Co., Ltd.	-	524,949
	\$ 111,979	\$ 590,750

D. Receivables from related parties

	December 31, 2020	December 31, 2019
Receivables from related parties:		
Parent company to entities with joint control or significant influence	\$ 1,137,375	\$ 1,305,051

Receivables from related party arise primarily from sales of goods. These receivables have not

been pledged and do not incur interest.

E. Guarantee deposit paid

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Parent company to entities with joint control or significant influence	\$ <u>23,626</u>	\$ <u>21,202</u>

F. Current contract liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Parent company to entities with joint control or significant influence	\$ <u>1,447</u>	\$ <u>895</u>

G. Payables to related parties

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Payables to related parties:		
Parent company to entities with joint control or significant influence	\$ <u>242,516</u>	\$ <u>272,563</u>

Payables to related parties arise from purchase of goods and collections and payments on behalf of others. These payables do not incur interest.

H. Lease transactions — lessee

(a) The Group leases plants and other equipment from related parties. Rental contracts are typically made for periods of 3 to 9 years. Rents are prepaid for three months or paid monthly.

(b) Acquisition of right-of-use assets:

	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Parent company to entities with joint control or significant influence		
Tianjiang President Enterprises Food Co., Ltd.	\$ <u>109,057</u>	\$ <u>283,092</u>

(c) Lease liabilities and interest expense

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	<u>Lease liabilities</u>	<u>Lease liabilities</u>
Parent company to entities with joint control or significant influence		
Taizhou President Enterprises Co., Ltd.	\$ 414,058	\$ 461,847
Tianjiang President Enterprises Food Co., Ltd.	380,985	276,694
Zhanjiang President Enterprises Co., Ltd.	365,158	397,212
Kunshan President Enterprises Food Co., Ltd.	240,902	266,167
Beijing President Enterprises Drinks Co., Ltd.	175,173	197,546
Others	131,711	161,943
	<u>\$ 1,707,987</u>	<u>\$ 1,761,409</u>
	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
	<u>Interest expense</u>	<u>Interest expense</u>
Parent company to entities with joint control or significant influence		
Taizhou President Enterprises Co., Ltd.	\$ 18,346	\$ 21,519
Tianjiang President Enterprises Food Co., Ltd.	13,657	2,070
Zhanjiang President Enterprises Co., Ltd.	16,016	18,363
Kunshan President Enterprises Food Co., Ltd.	10,633	12,365
Beijing President Enterprises Drinks Co., Ltd.	7,797	9,235
Others	6,462	8,232
	<u>\$ 72,911</u>	<u>\$ 71,784</u>

(4) Key management compensation

	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Salaries and other short-term employee benefits	<u>\$ 67,488</u>	<u>\$ 44,964</u>

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

<u>Pledged asset</u>	<u>Carrying amount</u>		<u>Purpose</u>
	<u>December 31, 2020</u>	<u>December 31, 2019</u>	
Notes receivable	<u>\$ 21,817</u>	<u>\$ 49,562</u>	Short-term borrowings securities

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

A. As of December 31, 2020 and 2019, the balances for contracts that the Group entered into but not yet incurred are \$113,504 and \$270,835, respectively.

B. As of December 31, 2020 and 2019, the unused letters of credit amounted to \$661,618 and \$465,060, respectively.

C. The commitments of the Group to sign loan agreements with banks are as follows:

a. The Company has entered into a loan agreement with CTBC Bank in 2020. In accordance with the agreement, the Company has to maintain the following financial ratios and terms: the consolidated debt-to-equity ratio of less than 180%, interest coverage ratio of over 200%, and the consolidated tangible shareholders' equity of not less than \$15,000,000 at the annual assessment. Under the terms of the loan agreement, if any of the financial covenants were not met, the Company has to improve the conditions. Otherwise, the bank has the right to cancel or reduce the credit line, shorten credit period, or principal and interest deemed as due.

b. The Company has signed a loan agreement with KGI Bank in 2020. In accordance with the agreement, the Company has to maintain the following financial ratios and terms: the Company has to maintain a consolidated debt-to-equity ratio of less than 180%, interest coverage ratio at over 200%, and consolidated tangible shareholders' equity of not less than \$15,000,000 at the annual assessment. If any of the financial covenants were not met, the Company has to improve within four months. Otherwise, the bank has the right to demand the Company to pay off the loan balance immediately.

c. The Company has entered into a loan agreement with CTBC Bank in 2019. In accordance with the agreement, the Company has to maintain the following financial ratios and terms: the consolidated debt-to-equity ratio of less than 180%, interest coverage ratio of over 200%, and the consolidated tangible shareholders' equity of not less than \$15,000,000 at the annual assessment. Under the terms of the loan agreement, if any of the financial covenants were not met, the Company has to improve the conditions. Otherwise, the bank has the right to cancel or reduce the credit line, shorten credit period, or principal and interest deemed as due.

As of December 31, 2020 and 2019, the Group has not violated any of the above covenants.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, maintain an optimal capital structure to both reduce the cost of capital and to meet the monetary needs of improving productivity. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

Details of financial instruments by category of the Group are described in Note 6, 'Financial assets.'

B. Financial risk management policies

- a. The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group seeks to minimize potential adverse effects on the Group's financial performance. The Group hedges foreign exchange risk by using forward foreign exchange contracts.
- b. Risk management is carried out by a central treasury department (Group Finance Department) under policies approved by the board of directors. Group Finance Department identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

a. Market risk

(a) Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD, EUR and China Yuan (the 'CNY'). Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.
- ii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. The Group's foreign operations are considered strategic investments; thus, no hedging for the purpose is conducted.
- iii. The Group's businesses involve some non-functional currency operations (the Group's

functional currency: NTD; certain subsidiaries' functional currency: USD, CNY and VND.) The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

(Foreign currency: functional currency)	December 31, 2020		
	Foreign Currency (in thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 14,346	28.48	\$ 408,574
USD : CNY	2,044	6.53	58,213
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	16,599	28.48	472,740
USD : CNY	11,022	6.53	313,907
(Foreign currency: functional currency)	December 31, 2019		
	Foreign Currency (in thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 14,492	29.98	\$ 434,470
USD : CNY	1,735	6.96	52,015
EUR : NTD	2,308	33.59	77,526
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	16,215	29.98	486,126
EUR : CNY	769	7.82	25,831

iv. As of December 31, 2020 and 2019, if the functional currency exchange rate had appreciated/depreciated by 1%, with all other factors remaining constant, the Group's post-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by \$2,559 and \$416, respectively.

v. The total exchange gain (loss), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2020 and 2019 amounted to \$8,000 and (\$27,679), respectively.

(b) Price risk

i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

- ii. The Group's investments in equity securities comprise the prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other components of equity for the years ended December 31, 2020 and 2019 would have increased/decreased by \$682 and \$974, respectively.

(c) Cash flow and fair value interest rate risk

- i. The Group's interest rate risk arises from short-term and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rate. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. For the years ended December 31, 2020 and 2019, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars, US dollars, JPY dollars, and CNY dollars.
- ii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2020 and 2019 would have decreased/increased by \$1,040 and \$1,870, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

b. Credit risk

- (a) Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost.
- (b) The Group manages its credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.
- (c) In line with credit risk management procedure, when the contract payments are past due over certain number days, the default has occurred.
- (d) The Group adopts the following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
 - i. If the contract payments are past due over certain number of days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

- ii. If any external credit rating agency rates these bonds as investment grade, the credit risk of these financial assets is low. If the credit rating grade of an investment target degrades two scales, there has been a significant increase in credit risk on that instrument since initial recognition.
- (e) The Group classifies customers' accounts receivable in accordance with product types. The Group applies the simplified approach using the provision matrix to estimate expected credit loss, and used the forecastability concern to adjust historical and timely information to assess the default possibility of accounts receivable. Movements in relation to the Group applied the simplified approach to provide loss allowance for notes and accounts receivable as follows:

	For the year ended December 31, 2020		
	Notes receivable	Accounts receivable	Total
Balance, beginning of year	\$ 1,180	\$ 57,727	\$ 58,907
Expected credit losses (gains)	89	(6,272)	(6,183)
Effect of foreign exchange	10	441	451
Balance, end of year	<u>\$ 1,279</u>	<u>\$ 51,896</u>	<u>\$ 53,175</u>

	For the year ended December 31, 2019		
	Notes receivable	Accounts receivable	Total
Balance, beginning of year	\$ 1,492	\$ 68,277	\$ 69,769
Expected credit gains	(312)	(8,725)	(9,037)
Effect of foreign exchange	-	(1,825)	(1,825)
Balance, end of year	<u>\$ 1,180</u>	<u>\$ 57,727</u>	<u>\$ 58,907</u>

c. Liquidity risk

- (a) Cash flow forecasting is performed in the operating entities of the Group and aggregated by the Group Finance Department. Group Finance Department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.
- (b) Surplus cash held by the operating entities over and above the balance required for working capital management are transferred to the Group Finance Department. Group Finance Department invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above mentioned forecasts.
- (c) The table below analyses the Group's non-derivative financial liabilities into relevant

maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>December 31, 2020</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>More than 5 years</u>
Non-derivative financial liabilities:				
Short-term borrowings	\$ 1,850,068	\$ -	\$ -	\$ -
Accounts payable (including related parties)	1,340,032	-	-	-
Other payables (including related parties)	1,491,059	-	-	-
Lease liabilities	301,881	291,001	823,087	1,033,935
Other current financial liabilities	25,711	-	-	-
Refund liabilities	10,712	-	-	-
Long-term borrowings	66,719	3,718,853	2,875,973	-
Guarantee deposits received	-	7,074	218	17,453
<u>December 31, 2019</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>More than 5 years</u>
Non-derivative financial liabilities:				
Short-term borrowings	\$ 3,131,251	\$ -	\$ -	\$ -
Notes payable	2,095	-	-	-
Accounts payable (including related parties)	1,163,817	-	-	-
Other payables (including related parties)	1,400,886	-	-	-
Lease liabilities	304,773	290,847	853,487	1,226,249
Other current financial liabilities	24,178	-	-	-
Refund liabilities	10,016	-	-	-
Long-term borrowings	85,737	4,466,081	3,023,009	-
Guarantee deposits received	-	5,532	215	17,222

(d) The Group does not expect the maturity date to end early nor the actual cash flow to be materially different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. Fair value of the Group's financial assets and financial liabilities not measured at fair value. The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables, other current financial assets, guarantee deposits paid, short-term borrowings, notes payable, accounts payable (including related parties), other payables (including related parties), lease liabilities-current, other current financial liabilities, refund liabilities, long-term borrowings, lease liabilities-non-current and guarantee deposits received are approximate to their fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

<u>December 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 68,246</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,246</u>
<u>December 31, 2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 97,359</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,359</u>

D. The methods and assumptions the Group used to measure fair value are as follows:

The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

- | Market quoted price | <u>Listed shares</u>
Closing price |
|---|---------------------------------------|
| E. For the years ended December 31, 2020 and 2019, there was no transfer into or out between Level 1 and Level 2. | |
| F. For the years ended December 31, 2020 and 2019, there was no transfer into or out from Level 3. | |

13. SUPPLEMENTARY DISCLOSURES

According to the current regulatory requirements, the Group is only required to disclose the information for the year ended December 31, 2020.

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 3.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 4.
- I. Trading in derivative financial instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting period: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 6.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 7.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 8.

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. SEGMENT INFORMATION

(1) General information

The management of the Group has identified the operating segments based on information provided to the Group's chief operating decision-maker in order to make strategic decisions. The Group's organization, basis of identification and measurement of segment information had no significant changes in this period.

(2) Measurement of segment information

The chief operating decision-maker evaluates the performance of operating segments based on segment pre-tax income.

(3) Information about segment profit or loss and assets

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the year ended December 31, 2020				
	Taiwan	Tinplate Products (in Mainland China)	Plastic Products (in Mainland China)	Others	Total
Revenue from external customers	\$ 10,618,123	\$ 4,950,249	\$ 12,437,510	\$ 1,929,084	\$ 29,934,966
Revenue from internal customers	3,688,590	382,222	-	15,118	4,085,930
Segment revenue	<u>\$ 14,306,713</u>	<u>\$ 5,332,471</u>	<u>\$ 12,437,510</u>	<u>\$ 1,944,202</u>	<u>\$ 34,020,896</u>
Segment income	<u>\$ 893,374</u>	<u>\$ 2,246</u>	<u>\$ 1,338,153</u>	<u>\$ 1,114,006</u>	<u>\$ 3,347,779</u>
Segment assets	<u>\$ 29,034,115</u>	<u>\$ 7,091,068</u>	<u>\$ 14,097,733</u>	<u>\$ 20,950,666</u>	<u>\$ 71,173,582</u>
	For the year ended December 31, 2019				
	Taiwan	Tinplate Products (in Mainland China)	Plastic Products (in Mainland China)	Others	Total
Revenue from external customers	\$ 12,222,911	\$ 5,357,397	\$ 13,017,232	\$ 1,929,995	\$ 32,527,535
Revenue from internal customers	4,622,479	517,828	-	12,338	5,152,645
Segment revenue	<u>\$ 16,845,390</u>	<u>\$ 5,875,225</u>	<u>\$ 13,017,232</u>	<u>\$ 1,942,333</u>	<u>\$ 37,680,180</u>
Segment income	<u>\$ 550,322</u>	<u>(\$ 540,952)</u>	<u>\$ 993,756</u>	<u>\$ 717,722</u>	<u>\$ 1,720,848</u>
Segment assets	<u>\$ 29,388,495</u>	<u>\$ 7,261,194</u>	<u>\$ 13,092,887</u>	<u>\$ 19,165,429</u>	<u>\$ 68,908,005</u>

(4) Reconciliation for segment income (loss) and assets

A. Sales between segments were carried out at arm's length. Basis of measurement remained consistent with revenue in the statements of comprehensive income and revenue from external parties reported to the chief operating decision-maker. A reconciliation of segment profit or loss before tax and the profit or loss before tax from continuing operations is shown below:

	For the years ended December 31,	
	2020	2019
Reportable segments profit and loss	\$ 2,233,773	\$ 1,003,126
Other segments profit and loss	1,114,006	717,722
Elimination of intersegment transactions	(2,145,973)	(1,042,568)
Net income before income tax from continuing operations	<u>\$ 1,201,806</u>	<u>\$ 678,280</u>

B. The amount of total assets provided to the Chief Operating Decision-Maker adopts the same basis of measurement as assets in the Group's financial statements. The reconciliations between reportable segments' assets and total assets are as follows:

	December 31, 2020	December 31, 2019
Assets of reportable segments	\$ 50,222,916	\$ 49,742,576
Assets of other operating segments	20,950,666	19,165,429
Elimination of intersegment transactions	(36,791,390)	(33,574,689)
Total assets	<u>\$ 34,382,192</u>	<u>\$ 35,333,316</u>

(5) Information on products and services

The Group's revenue information for 2020 and 2019 is as follows:

	For the years ended December 31,	
	2020	2019
Revenue from products of Tinplate	\$ 17,488,536	\$ 19,502,689
Revenue from products of Plastic pack	12,446,430	13,024,846
	<u>\$ 29,934,966</u>	<u>\$ 32,527,535</u>

(6) Geographical information

Geographical information for the years ended December 31, 2020 and 2019 is as follows:

	For the year ended December 31, 2020		For the year ended December 31, 2019	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 2,775,988	\$ 8,546,934	\$ 3,496,306	\$ 9,605,366
Mainland China	19,189,513	15,621,853	20,130,977	15,672,516
Others	7,969,465	49,906	8,900,252	59,263
	<u>\$ 29,934,966</u>	<u>\$ 24,218,693</u>	<u>\$ 32,527,535</u>	<u>\$ 25,337,145</u>

(7) Major customer information

In 2020 and 2019, no customers constituted more than 10% of the Group's total revenue.

Ton Yi Industrial Corp. and Subsidiaries

Loans to others

For the year ended December 31, 2020

Table 1

Expressed in thousands of NTD

NO.	Name of lender	Name of borrower	Account	Related party	Maximum balance	Ending balance	Actual amount		Interest rate	Nature of financial activity (Note 1)	Total transaction amount	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Loan limit per entity	Maximum amount available for loan	Note
							drawn down							Item	Value			
1	Kunshan Ton Yi Industrial Co., Ltd.	Ton Yi (China) Investment Co., Ltd.	Other receivables	Y	\$ 130,898	\$ 130,898	\$ -	3.00	2	\$ -	Operational use	\$ -	-	\$ -	\$ 1,179,826	\$ 1,179,826	Note 2	
1	Kunshan Ton Yi Industrial Co., Ltd.	Chengdu Ton Yi Industrial Co., Ltd.	Other receivables	Y	349,062	218,164	218,164	3.515~4.00	2	-	Operational use	-	-	-	1,179,826	1,179,826	Note 2	
1	Kunshan Ton Yi Industrial Co., Ltd.	Huizhou Ton Yi Industrial Co., Ltd.	Other receivables	Y	130,898	130,898	130,898	3.715	2	-	Operational use	-	-	-	1,179,826	1,179,826	Note 2	
1	Kunshan Ton Yi Industrial Co., Ltd.	Wuxi Tonyi Daiwa Industrial Co., Ltd.	Other receivables	Y	174,531	-	-	4.35	2	-	Operational use	-	-	-	235,965	471,931	Note 2	
2	Chengdu Ton Yi Industrial Packing Co., Ltd.	Chengdu Ton Yi Industrial Co., Ltd.	Other receivables	Y	87,266	-	-	4.00	2	-	Operational use	-	-	-	367,210	367,210	Note 2	
2	Chengdu Ton Yi Industrial Packing Co., Ltd.	Wuxi Ton Yi Industrial Packing Co., Ltd.	Other receivables	Y	283,613	283,613	283,613	3.50~3.515	2	-	Operational use	-	-	-	367,210	367,210	Note 2	
2	Chengdu Ton Yi Industrial Packing Co., Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	Other receivables	Y	65,449	-	-	3.50	2	-	Operational use	-	-	-	73,442	146,884	Note 2	
3	Taizhou Ton Yi Industrial Co., Ltd.	Ton Yi (China) Investment Co., Ltd.	Other receivables	Y	130,898	130,898	-	2.515~3.00	2	-	Operational use	-	-	-	1,565,946	1,565,946	Note 2	
3	Taizhou Ton Yi Industrial Co., Ltd.	Zhangzhou Ton Yi Industrial Co., Ltd.	Other receivables	Y	349,062	-	-	4.00	2	-	Operational use	-	-	-	1,565,946	1,565,946	Note 2	
3	Taizhou Ton Yi Industrial Co., Ltd.	Huizhou Ton Yi Industrial Co., Ltd.	Other receivables	Y	261,797	174,531	174,531	3.515~4.00	2	-	Operational use	-	-	-	1,565,946	1,565,946	Note 2	
3	Taizhou Ton Yi Industrial Co., Ltd.	Chengdu Ton Yi Industrial Co., Ltd.	Other receivables	Y	87,266	-	-	4.00	2	-	Operational use	-	-	-	1,565,946	1,565,946	Note 2	

NO.	Name of lender	Name of borrower	Account	Related party	Maximum balance	Ending balance	Actual amount	Interest rate	Nature of financial activity	Total transaction	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Loan limit	Maximum amount	Note
							drawn down		(Note 1)	amount	Item	Value	per entity	available for loan			
3	Taizhou Ton Yi Industrial Co., Ltd.	Wuxi Tonyi Daiwa Industrial Co., Ltd.	Other receivables	Y	\$ 130,898	\$ -	\$ -	4.35	2	\$ -	Operational use	\$ -	-	\$ -	\$ 313,189	\$ 626,378	Note 2
3	Taizhou Ton Yi Industrial Co., Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	Other receivables	Y	109,082	109,082	-	-	2	-	Operational use	-	-	-	313,189	626,378	Note 2
4	Sichuan Ton Yi Industrial Co., Ltd.	Wuxi Ton Yi Industrial Packing Co., Ltd.	Other receivables	Y	152,715	152,715	65,449	3.515	2	-	Operational use	-	-	-	1,064,152	1,064,152	Note 2
4	Sichuan Ton Yi Industrial Co., Ltd.	Ton Yi (China) Investment Co., Ltd.	Other receivables	Y	130,898	130,898	-	3.00	2	-	Operational use	-	-	-	1,064,152	1,064,152	Note 2
4	Sichuan Ton Yi Industrial Co., Ltd.	Chengdu Ton Yi Industrial Co., Ltd.	Other receivables	Y	261,797	130,898	130,898	3.515~4.00	2	-	Operational use	-	-	-	1,064,152	1,064,152	Note 2
4	Sichuan Ton Yi Industrial Co., Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	Other receivables	Y	109,082	109,082	109,082	3.515	2	-	Operational use	-	-	-	212,830	425,661	Note 2
5	Zhanjiang Ton Yi Industrial Co., Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	Other receivables	Y	65,449	65,449	65,449	3.515	2	-	Operational use	-	-	-	174,709	349,418	Note 2
5	Zhanjiang Ton Yi Industrial Co., Ltd.	Zhangzhou Ton Yi Industrial Co., Ltd.	Other receivables	Y	152,715	87,266	87,266	3.515~4.00	2	-	Operational use	-	-	-	873,545	873,545	Note 2
5	Zhanjiang Ton Yi Industrial Co., Ltd.	Huizhou Ton Yi Industrial Co., Ltd.	Other receivables	Y	109,082	65,449	65,449	3.515~4.00	2	-	Operational use	-	-	-	873,545	873,545	Note 2
5	Zhanjiang Ton Yi Industrial Co., Ltd.	Ton Yi (China) Investment Co., Ltd.	Other receivables	Y	130,898	130,898	-	3.00	2	-	Operational use	-	-	-	873,545	873,545	Note 2
6	Ton Yi (China) Investment Co., Ltd.	Zhangzhou Ton Yi Industrial Co., Ltd.	Other receivables	Y	196,348	196,348	65,449	3.515~4.00	2	-	Operational use	-	-	-	10,433,946	10,433,946	Note 2
6	Ton Yi (China) Investment Co., Ltd.	Taizhou Ton Yi Industrial Co., Ltd.	Other receivables	Y	130,898	130,898	-	4.00	2	-	Operational use	-	-	-	10,433,946	10,433,946	Note 2
6	Ton Yi (China) Investment Co., Ltd.	Chengdu Ton Yi Industrial Co., Ltd.	Other receivables	Y	130,898	130,898	-	4.00	2	-	Operational use	-	-	-	10,433,946	10,433,946	Note 2

NO.	Name of lender	Name of borrower	Account	Related party	Maximum balance	Ending balance	Actual amount		Nature of financial activity (Note 1)	Total transaction amount	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Loan limit per entity	Maximum amount available for loan	Note
							drawn down	Interest rate					Item	Value			
6	Ton Yi (China) Investment Co., Ltd.	Kunshan Ton Yi Industrial Co., Ltd.	Other receivables	Y	\$ 130,898	\$ 130,898	\$ -	4.00	2	\$ -	Operational use	\$ -	-	\$ -	\$ 10,433,946	\$ 10,433,946	Note 2
6	Ton Yi (China) Investment Co., Ltd.	Beijing Ton Yi Industrial Co., Ltd.	Other receivables	Y	130,898	130,898	-	4.00	2	-	Operational use	-	-	-	10,433,946	10,433,946	Note 2
6	Ton Yi (China) Investment Co., Ltd.	Huizhou Ton Yi Industrial Co., Ltd.	Other receivables	Y	283,613	283,613	152,715	3.515~4.00	2	-	Operational use	-	-	-	10,433,946	10,433,946	Note 2
6	Ton Yi (China) Investment Co., Ltd.	Zhanjiang Ton Yi Industrial Co., Ltd.	Other receivables	Y	130,898	130,898	-	4.00	2	-	Operational use	-	-	-	10,433,946	10,433,946	Note 2
6	Ton Yi (China) Investment Co., Ltd.	Sichuan Ton Yi Industrial Co., Ltd.	Other receivables	Y	130,898	130,898	-	4.00	2	-	Operational use	-	-	-	10,433,946	10,433,946	Note 2
6	Ton Yi (China) Investment Co., Ltd.	Tianjin Ton Yi Industrial Co., Ltd.	Other receivables	Y	305,430	305,430	43,633	3.515	2	-	Operational use	-	-	-	10,433,946	10,433,946	Note 2
6	Ton Yi (China) Investment Co., Ltd.	Wuxi Ton Yi Industrial Packing Co., Ltd.	Other receivables	Y	567,226	567,226	-	-	2	-	Operational use	-	-	-	10,433,946	10,433,946	Note 2
6	Ton Yi (China) Investment Co., Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	Other receivables	Y	239,980	239,980	109,082	3.515	2	-	Operational use	-	-	-	2,086,789	4,173,578	Note 2
6	Ton Yi (China) Investment Co., Ltd.	Wuxi Tonyi Daiwa Industrial Co., Ltd.	Other receivables	Y	283,613	283,613	239,980	3.515	2	-	Operational use	-	-	-	2,086,789	4,173,578	Note 2
7	Zhangzhou Ton Yi Industrial Co., Ltd.	Ton Yi (China) Investment Co., Ltd.	Other receivables	Y	130,898	130,898	-	-	2	-	Operational use	-	-	-	1,674,858	1,674,858	Note 2
8	Chengdu Ton Yi Industrial Co., Ltd.	Ton Yi (China) Investment Co., Ltd.	Other receivables	Y	130,898	130,898	-	-	2	-	Operational use	-	-	-	938,766	938,766	Note 2
9	Beijing Ton Yi Industrial Co., Ltd.	Ton Yi (China) Investment Co., Ltd.	Other receivables	Y	130,898	130,898	-	3.00	2	-	Operational use	-	-	-	903,422	903,422	Note 2
9	Beijing Ton Yi Industrial Co., Ltd.	Huizhou Ton Yi Industrial Co., Ltd.	Other receivables	Y	174,531	87,266	87,266	3.515~4.00	2	-	Operational use	-	-	-	903,422	903,422	Note 2

NO.	Name of lender	Name of borrower	Account	Related party	Maximum balance	Ending balance	Actual amount		Interest rate	Nature of financial activity (Note 1)	Total transaction amount	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Loan limit per entity	Maximum amount available for loan	Note
							drawn down							Item	Value			
9	Beijing Ton Yi Industrial Co., Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	Other receivables	Y	\$ 87,266	\$ 87,266	\$ 87,266		3.515	2	\$ -	Operational use	\$ -	-	\$ -	\$ 180,684	\$ 361,369	Note 2
10	Huizhou Ton Yi Industrial Co., Ltd.	Ton Yi (China) Investment Co., Ltd.	Other receivables	Y	130,898	130,898	-	-	-	2	-	Operational use	-	-	-	954,209	954,209	Note 2
11	Changsha Ton Yi Industrial Co., Ltd.	Huizhou Ton Yi Industrial Co., Ltd.	Other receivables	Y	104,719	52,359	52,359		3.515~4.00	2	-	Operational use	-	-	-	290,174	290,174	Note 2
11	Changsha Ton Yi Industrial Co., Ltd.	Wuxi Tonyi Daiwa Industrial Co., Ltd.	Other receivables	Y	26,180	26,180	26,180		3.515	2	-	Operational use	-	-	-	58,035	116,069	Note 2
12	Jiangsu Ton Yi Tinplate Co., Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	Other receivables	Y	392,695	174,531	174,531		3.50~3.515	2	-	Operational use	-	-	-	459,058	918,117	Note 2
12	Jiangsu Ton Yi Tinplate Co., Ltd.	Wuxi Tonyi Daiwa Industrial Co., Ltd.	Other receivables	Y	436,328	239,980	239,980		3.515~4.35	2	-	Operational use	-	-	-	459,058	918,117	Note 2
13	Tianjin Ton Yi Industrial Co., Ltd.	Ton Yi (China) Investment Co., Ltd.	Other receivables	Y	130,898	130,898	-	-	-	2	-	Operational use	-	-	-	529,674	529,674	Note 2

(Note 1) Nature of loans to others is filled as follows:

(1) For trading partner.

(2) For short-term financing.

(Note 2) The maximum loan amount is 40% of its net assets.

(1) Trading partner: The maximum amount for individual trading partner shall not exceed the higher of total purchase or sale transactions during the reporting period or the most recent year.

(2) Short-term financing: The maximum amount for short-term financing is 20% of the Company's net assets; If the Company loans to foreign subsidiaries, which the Company holds 100% ownership directly or indirectly, the maximum amount for the subsidiary is 100% of the Company's net assets.

(Note 3) Foreign currency was translated into New Taiwan Dollars with exchange rate as of December 31, 2020 as follows: CNY:NTD 1 : 4.36328.

Ton Yi Industrial Corp. and Subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2020

Table 2

Expressed in thousands of NTD

<u>Held company name</u>	<u>Marketable securities type and name</u>	<u>Relationship with the company</u>	<u>Financial statements item (Note)</u>	<u>December 31, 2020</u>					
				<u>Shares/units (in thousands)</u>	<u>Carrying value</u>	<u>Percentage of ownership (%)</u>	<u>Fair value</u>	<u>Note</u>	
Ton-Yi Industrial Corp.	Stocks:								
	JFE Holdings Inc.	—	1	250	\$ 68,246	0.04%	\$ 68,246	—	

(Note) The code number explanation is as follows:

1.Non-current financial assets at fair value through other comprehensive income

Ton Yi Industrial Corp. and Subsidiaries

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

For the year ended December 31, 2020

Table 3

Expressed in thousands of NTD

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction		Percentage of total purchases (sales)	Payment terms	Description and reasons for difference in transaction terms compared to third party transactions		Notes or accounts receivable/(payable)		Note
			Purchases (sales)	Amount			Unit price	Payment terms	Ending balance	Percentage of total notes or accounts receivable/(payable)	
Ton Yi Industrial Corp.	Fujian Ton Yi Tinplate Co., Ltd.	An investee company of Cayman Fujian Ton Yi Holdings Ltd. accounted for using equity method	(Sales)	\$ 3,584,146	(25)	50 days after shipping, T/T	\$ -	—	\$ 307,086	39	—
Ton Yi Industrial Corp.	TTET Union Corp.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	(Sales)	(320,839)	(2)	Within 30 days of statements settled a month,T/T	-	—	34,410	4	—
Wuxi Ton Yi Industrial Packing Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	An investee company of Cayman Jiangsu Ton Yi Holdings Ltd. accounted for using equity method	Purchases	101,496	9	67 days after invoice date, T/T	-	—	(6,468)	(6)	—
Wuxi Ton Yi Industrial Packing Co., Ltd.	Chengdu Ton Yi Industrial Packing Co., Ltd.	An investee company of Cayman Ton Yi Industrial Holdings Ltd. accounted for using equity method	(Sales)	(302,242)	(22)	Within 30 days of statements settled a month,T/T	-	—	42,990	23	—
Wuxi Ton Yi Industrial Packing Co., Ltd.	Changsha Ton Yi Industrial Co., Ltd.	An investee company of Cayman Ton Yi Industrial Holdings Ltd. accounted for using equity method	(Sales)	(309,200)	(22)	Within 30 days of statements settled a month,T/T	-	—	23,040	12	—
Chengdu Ton Yi Industrial Packing Co., Ltd.	Wuxi Ton Yi Industrial Packing Co., Ltd.	An investee company of Cayman Ton Yi Industrial Holdings Ltd. accounted for using equity method	Purchases	302,242	100	Within 30 days of statements settled a month,T/T	-	—	(42,990)	(100)	—
Changsha Ton Yi Industrial Co., Ltd.	Wuxi Ton Yi Industrial Packing Co., Ltd.	An investee company of Cayman Ton Yi Industrial Holdings Ltd. accounted for using equity method	Purchases	309,200	56	Within 30 days of statements settled a month,T/T	-	—	(23,040)	(19)	—
Changsha Ton Yi Industrial Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	An investee company of Cayman Jiangsu Ton Yi Holdings Ltd. accounted for using equity method	Purchases	173,569	32	67 days after invoice date, T/T	-	—	(72,697)	(59)	—
Fujian Ton Yi Tinplate Co., Ltd.	Ton Yi Industrial Corp.	The Company	Purchases	3,584,146	89	50 days after shipping, T/T	-	—	(307,086)	(85)	—
Fujian Ton Yi Tinplate Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	An investee company of Cayman Jiangsu Ton Yi Holdings Ltd. accounted for using equity method	(Sales)	(2,652,376)	(51)	67 days after invoice date, T/T	-	—	345,081	30	—

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Description and reasons for difference in transaction terms compared to third party transactions		Notes or accounts receivable/(payable)		Note	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Payment terms	Unit price	Payment terms	Ending balance		Percentage of total notes or accounts receivable/(payable)
Jiangsu Ton Yi Tinline Co., Ltd.	Fujian Ton Yi Tinline Co., Ltd.	An investee company of Cayman Fujian Ton Yi Holdings Ltd. accounted for using equity method	Purchases	\$ 2,652,376	100	67 days after invoice date, T/T	\$ -	—	(\$ 345,081)	(100)	—
Jiangsu Ton Yi Tinline Co., Ltd.	Wuxi Ton Yi Industrial Packing Co., Ltd.	An investee company of Cayman Ton Yi Industrial Holdings Ltd. accounted for using equity method	(Sales)	(101,496)	(4)	67 days after invoice date, T/T	-	—	6,468	1	—
Jiangsu Ton Yi Tinline Co., Ltd.	Changsha Ton Yi Industrial Co., Ltd.	An investee company of Cayman Ton Yi Industrial Holdings Ltd. accounted for using equity method	(Sales)	(173,569)	(6)	67 days after invoice date, T/T	-	—	72,697	10	—
Zhangzhou Ton Yi Industrial Co., Ltd.	Shanghai E & P Trading Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	Purchases	102,897	12	15 days after invoice date, T/T	-	—	(3,955)	(5)	—
Zhangzhou Ton Yi Industrial Co., Ltd.	Guangzhou President Enterprises Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	(Sales)	(1,262,440)	(79)	25 days after invoice date, T/T	-	—	73,620	59	—
Taizhou Ton Yi Industrial Co., Ltd.	Shanghai E & P Trading Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	Purchases	163,434	13	15 days after invoice date, T/T	-	—	(15,975)	(18)	—
Taizhou Ton Yi Industrial Co., Ltd.	Taizhou President Enterprises Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	(Sales)	(1,387,133)	(63)	25 days after invoice date, T/T	-	—	103,308	69	—
Taizhou Ton Yi Industrial Co., Ltd.	Guangzhou President Enterprises Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	(Sales)	(133,885)	(6)	50% prepaid/ 50% 45 days after invoice date, T/T	-	—	6,055	4	—
Chengdu Ton Yi Industrial Co., Ltd.	Chengdu President Enterprises Food Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	(Sales)	(383,271)	(41)	25 days after invoice date, T/T	-	—	79,710	56	—
Chengdu Ton Yi Industrial Co., Ltd.	Guangzhou President Enterprises Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	(Sales)	(173,102)	(19)	50% prepaid/ 50% 45 days after invoice date, T/T	-	—	8,379	6	—
Huizhou Ton Yi Industrial Co., Ltd.	Guangzhou President Enterprises Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	(Sales)	(889,346)	(97)	25 days after invoice date, T/T	-	—	59,997	100	—

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Description and reasons for difference in transaction terms compared to third party transactions		Notes or accounts receivable/(payable)		Note	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Payment terms	Unit price	Payment terms	Ending balance		Percentage of total notes or accounts receivable/(payable)
Kunshan Ton Yi Industrial Co., Ltd.	Shanghai E & P Trading Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	Purchases	\$ 250,671	19	15 days after invoice date, T/T	\$ -	—	(\$ 10,078)	(7)	—
Kunshan Ton Yi Industrial Co., Ltd.	Uni-President Trading (Kunshan) Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	(Sales)	(1,996,865)	(97)	25 days after invoice date, T/T	-	—	192,281	99	—
Beijing Ton Yi Industrial Co., Ltd.	Shanghai E & P Trading Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	Purchases	156,409	15	7 days after invoice date, T/T	-	—	(19,542)	(16)	—
Beijing Ton Yi Industrial Co., Ltd.	Beijing President Enterprises Drinks Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	(Sales)	(1,587,167)	(92)	25 days after invoice date, T/T	-	—	154,843	100	—
Sichuan Ton Yi Industrial Co., Ltd.	Shanghai E & P Trading Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	Purchases	189,652	16	33 days after invoice date, T/T	-	—	(12,076)	(9)	—
Sichuan Ton Yi Industrial Co., Ltd.	Chengdu President Enterprises Food Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	(Sales)	(1,672,328)	(95)	25 days after invoice date, T/T	-	—	173,713	96	—
Zhanjiang Ton Yi Industrial Co., Ltd.	Shanghai E & P Trading Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	Purchases	139,881	17	5~45 days after invoice date, T/T	-	—	(21,573)	(25)	—
Zhanjiang Ton Yi Industrial Co., Ltd.	Zhanjiang President Enterprises Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	(Sales)	(1,012,074)	(79)	25 days after invoice date, T/T	-	—	81,358	89	—
Zhanjiang Ton Yi Industrial Co., Ltd.	Guangzhou President Enterprises Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	(Sales)	(235,555)	(18)	30~45 days after invoice date, T/T	-	—	1,713	2	—
Tianjin Ton Yi Industrial Co., Ltd.	Tianjin President Enterprises Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	(Sales)	(168,423)	(39)	25 days after invoice date, T/T	-	—	44,859	97	—

(Note 1) The above terms are in accordance with the Group's policy on credit management, please refer to Note 7 Related Party Transactions for details.

(Note 2) Foreign currency was translated into New Taiwan Dollars using the following exchange rates: Ending balances of receivables and payables were translated using the exchange rate as at December 31, 2020

(USD:NTD 1:28.48 ; CNY:NTD 1:4.36328); Purchases and sales were translated using the weighted-average exchange rate for the year ended December 31, 2020

(USD:NTD 1:29.53318 ; CNY:NTD 1:4.281483).

Ton Yi Industrial Corp. and Subsidiaries

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

For the year ended December 31, 2020

Table 4

Expressed in thousands of NTD

Company name	Counterparty	Relationship with the counterparty	Ending balance		Turnover rate	Overdue receivables		Amount received in subsequent period	Allowance for bad debts
			Items	Amount		Amount	Action taken		
Ton Yi Industrial Corp.	Fujian Ton Yi Tinplate Co., Ltd.	An investee company of Cayman Fujian Ton Yi Holdings Ltd. accounted for using equity method	Accounts receivable	\$ 307,086	10.29	\$ -	—	\$ 307,086	\$ -
Chengdu Ton Yi Industrial Packing Co., Ltd.	Wuxi Ton Yi Industrial Packing Co., Ltd.	An investee company of Cayman Ton Yi Industrial Holdings Ltd. accounted for using equity method	Other receivables	283,906	-	-	—	-	-
Fujian Ton Yi Tinplate Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	An investee company of Cayman Jiangsu Ton Yi Holdings Ltd. accounted for using equity method	Accounts receivable	345,081	11.00	-	—	345,081	-
Jiangsu Ton Yi Tinplate Co., Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	An investee company of Cayman Fujian Ton Yi Holdings Ltd. accounted for using equity method	Other receivables	175,310	-	-	—	592	-
Jiangsu Ton Yi Tinplate Co., Ltd.	Wuxi Tonyi Daiwa Industrial Co., Ltd.	An investee company of Wuxi Ton Yi Industrial Packing Co., Ltd. accounted for using equity method	Other receivables	240,221	-	-	—	-	-
Ton Yi (China) Investment Co., Ltd.	Huizhou Ton Yi Industrial Co.,Ltd.	An investee company of Ton Yi (China) Investment Co., Ltd. accounted for using equity method	Other receivables	154,280	-	-	—	-	-
Ton Yi (China) Investment Co., Ltd.	Wuxi Tonyi Daiwa Industrial Co., Ltd.	An investee company of Wuxi Ton Yi Industrial Packing Co., Ltd. accounted for using equity method	Other receivables	241,641	-	-	—	378	-
Ton Yi (China) Investment Co., Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	An investee company of Cayman Fujian Ton Yi Holdings Ltd. accounted for using equity method	Other receivables	109,969	-	-	—	174	-
Taizhou Ton Yi Industrial Co., Ltd.	Taizhou President Enterprises Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	Accounts receivable	103,308	9.53	-	—	103,308	-
Taizhou Ton Yi Industrial Co., Ltd.	Huizhou Ton Yi Industrial Co.,Ltd.	An investee company of Ton Yi (China) Investment Co., Ltd. accounted for using equity method	Other receivables	174,693	-	-	—	-	-
Kunshan Ton Yi Industrial Co., Ltd.	Uni-President Trading (Kunshan) Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	Accounts receivable	192,281	10.17	-	—	192,201	-
Kunshan Ton Yi Industrial Co., Ltd.	Chengdu Ton Yi Industrial Co., Ltd.	An investee company of Ton Yi (China) Investment Co., Ltd. accounted for using equity method	Other receivables	221,190	-	-	—	-	-
Kunshan Ton Yi Industrial Co., Ltd.	Huizhou Ton Yi Industrial Co.,Ltd.	An investee company of Ton Yi (China) Investment Co., Ltd. accounted for using equity method	Other receivables	134,708	-	-	—	-	-

Company name	Counterparty	Relationship with the counterparty	Ending balance		Turnover rate	Overdue receivables		Amount received in subsequent period	Allowance for bad debts
			Items	Amount		Amount	Action taken		
Beijing Ton Yi Industrial Co., Ltd.	Beijing President Enterprises Drinks Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	Accounts receivable	\$ 154,843	11.03	\$ -	—	\$ 154,843	-
Sichuan Ton Yi Industrial Co., Ltd.	Chengdu President Enterprises Food Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) to entity with joint control or significant influence	Accounts receivable	173,713	8.22	-	—	173,713	-
Sichuan Ton Yi Industrial Co., Ltd.	Chengdu Ton Yi Industrial Co., Ltd.	An investee company of Ton Yi (China) Investment Co., Ltd. accounted for using equity method	Other receivables	132,336	-	-	—	83	-
Sichuan Ton Yi Industrial Co., Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	An investee company of Cayman Fujian Ton Yi Holdings Ltd. accounted for using equity method	Other receivables	110,520	-	-	—	-	-

(Note) Foreign currencies were translated into New Taiwan Dollars using the following exchanges: Ending balances of receivable and subsequent collections were translated using the exchange rate as at December 31, 2020 (CYN:NTD 1:4.36328 ; USD:NTD 1:28.48).

Ton Yi Industrial Corp. and Subsidiaries
Significant inter-company transactions during the reporting period
For the year ended December 31, 2020

Table 5

Expressed in thousands of NTD

No (Note 2)	Company name	Counterparty	Relationship (Note 3)	Intercompany transaction			Percentage of consolidated net revenues or total assets (Note 4)
				Financial statements item	Amount	Transaction terms	
0	Ton Yi Industrial Corp.	Fujian Ton Yi Tinplate Co., Ltd.	1	Sales	\$ 3,584,146	50 days after shipping, T/T	12%
				Accounts receivable	307,086	—	1%
1	Wuxi Ton Yi Industrial Packing Co., Ltd.	Chengdu Ton Yi Industrial Packing Co., Ltd.	3	Sales	302,242	Within 30 days of statements settled a month,T/T	1%
		Changsha Ton Yi Industrial Co., Ltd.	3	Sales	309,200	Within 30 days of statements settled a month,T/T	1%
2	Chengdu Ton Yi Industrial Packing Co., Ltd.	Wuxi Ton Yi Industrial Packing Co., Ltd.	3	Other receivables	283,906	—	1%
3	Fujian Ton Yi Tinplate Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	3	Sales	2,652,376	67 days after invoice date, T/T	9%
				Accounts receivable	345,081	—	1%
4	Jiangsu Ton Yi Tinplate Co., Ltd.	Wuxi Ton Yi Industrial Packing Co., Ltd.	3	Sales	101,496	67 days after invoice date, T/T	-
		Changsha Ton Yi Industrial Co., Ltd.	3	Sales	173,569	67 days after invoice date, T/T	1%
		Fujian Ton Yi Tinplate Co., Ltd.	3	Other receivables	175,310	—	1%
		Wuxi Tonyi Daiwa Industrial Co., Ltd.	3	Other receivables	240,221	—	1%
5	Ton Yi (China) Investment Co., Ltd.	Huizhou Ton Yi Industrial Co.,Ltd.	3	Other receivables	154,280	—	-
		Wuxi Tonyi Daiwa Industrial Co., Ltd.	3	Other receivables	241,641	—	1%
		Fujian Ton Yi Tinplate Co., Ltd.	3	Other receivables	109,969	—	-
6	Taizhou Ton Yi Industrial Co., Ltd.	Huizhou Ton Yi Industrial Co.,Ltd.	3	Other receivables	174,693	—	1%
7	Kunshan Ton Yi Industrial Co., Ltd.	Chengdu Ton Yi Industrial Co., Ltd.	3	Other receivables	221,190	—	1%
		Huizhou Ton Yi Industrial Co.,Ltd.	3	Other receivables	134,708	—	-
8	Sichuan Ton Yi Industrial Co., Ltd.	Chengdu Ton Yi Industrial Co., Ltd.	3	Other receivables	132,336	—	-
		Fujian Ton Yi Tinplate Co., Ltd.	3	Other receivables	110,520	—	-

(Note 1) Transactions among the company and subsidiaries with amount over NTD\$100,000 and one side of them are disclosed.

(Note 2) The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

(Note 3) Relationship between transaction company and counterparty is classified into the following three categories:

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

(Note 4) Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

(Note 5) Foreign currency was translated into New Taiwan Dollars using the following exchanges: Ending balances of receivables were translated using the exchange rate as at December 31, 2020 (CNY:NTD 1:4.36328); Sales were translated using the weighted-average exchange rate for the year ended December 31, 2020 (CNY:NTD 1:4.281483).

Ton Yi Industrial Corp. and Subsidiaries

Information on investees

For the year ended December 31, 2020

Table 6

Expressed in thousands of NTD

Investor company	Investee company	Location	Main business activities	Original investment amount		Balance at December 31, 2020			Net income (loss) of the investee	Income (loss) recognized by the Company	Note
				Balance at December 31, 2020	Balance at December 31, 2019	Number of shares	Ownership (%)	Carrying value			
Ton Yi Industrial Corp.	Cayman Ton Yi Industrial Holdings Ltd.	Cayman	General investment	\$ 13,399,488	\$ 13,399,488	43,470,820	100.00	\$ 17,285,674	\$ 1,075,361	\$ 1,075,361	Subsidiary
Ton Yi Industrial Corp.	Tovecan Corp.	Vietnam	Manufacturing and sale of cans	43,740	43,740	-	51.00	56,103	(6,617)	(3,375)	Subsidiary
Cayman Ton Yi Industrial Holdings Ltd.	Cayman Ton Yi Holdings Ltd.	Cayman	General investment	6,550,400	6,550,400	230,000,000	100.00	10,433,942	1,029,181	-	Subsidiary (Note 1)
Cayman Ton Yi Industrial Holdings Ltd.	Cayman Fujian Ton Yi Holdings Ltd.	Cayman	General investment	1,824,488	1,824,488	8,727	100.00	2,911,268	10,619	-	Subsidiary (Note 1)
Cayman Ton Yi Industrial Holdings Ltd.	Cayman Jiangsu Ton Yi Holdings Ltd.	Cayman	General investment	1,022,511	1,022,511	5,000	100.00	2,124,274	(26,331)	-	Subsidiary (Note 1)
Cayman Ton Yi Holdings Ltd.	Cayman Ton Yi (China) Holdings Ltd.	Cayman	General investment	6,550,400	6,550,400	230,000,000	100.00	10,433,942	1,029,181	-	Subsidiary (Note 1)

(Note 1) Not required to disclose income (loss) recognized by the Company.

(Note 2) Foreign currency was translated into New Taiwan Dollars using the following exchanges: Ending balance and carrying value were translated using the exchange rate as at December 31, 2020 (USD:NTD 1:28.48);

Profit and loss were translated using the weighted-average exchange rate for the year ended December 31, 2020 (USD:NTD 1:29.53318).

Ton Yi Industrial Corp. and Subsidiaries
Information on investments in Mainland China
For the year ended December 31, 2020

Table 7

Expressed in thousands of NTD

Investee company	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2020		Accumulated amount of remittance from Taiwan as of December 31, 2020	Net income (losses) of the investee	Ownership held by the Company (direct or indirect)	Income (loss) recognized by the Company	Carrying amount as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020	Note
					Remitted to Mainland China	Remitted back to Taiwan							
Wuxi Ton Yi Industrial Packing Co., Ltd.	Sale of cans	\$ 768,960	Note 1	\$ 199,360	\$ -	\$ -	\$ 199,360	\$ 25,528	100.00	\$ 26,949	\$ 1,168,921	\$ -	Note 7
Chengdu Ton Yi Industrial Packing Co., Ltd.	Sale of cans	213,600	Note 1	213,600	-	-	213,600	10,792	100.00	10,792	367,210	-	Note 7
Changsha Ton Yi Industrial Co., Ltd.	Sale of cans	199,360	Note 1	-	-	-	-	24,199	100.00	24,199	290,173	-	Note 7
Fujian Ton Yi Tinplate Co., Ltd.	Manufacturing and sale of tinplate	2,463,520	Note 2	1,519,323	-	-	1,519,323	12,233	86.80	10,468	2,847,789	-	Note 7
Jiangsu Ton Yi Tinplate Co., Ltd.	Manufacturing and sale of tinplate	1,139,200	Note 3	790,320	-	-	790,320	(31,779)	82.86	(26,228)	2,002,571	-	Note 7
Ton Yi (China) Investment Co., Ltd.	General investment	6,550,400	Note 4	854,400	-	-	854,400	1,029,180	100.00	1,029,180	10,433,942	-	Note 7
Zhangzhou Ton Yi Industrial Co., Ltd.	Manufacturing and sale of PET packages	854,400	Note 5	854,400	-	-	854,400	162,125	100.00	162,125	1,674,858	-	Note 7
Taizhou Ton Yi Industrial Co., Ltd.	Manufacturing and sale of PET packages	854,400	Note 5	854,400	-	-	854,400	314,608	100.00	314,608	1,565,946	-	Note 7
Chengdu Ton Yi Industrial Co., Ltd.	Manufacturing and sale of PET packages	854,400	Note 5	327,520	-	-	327,520	105,562	100.00	105,562	938,766	-	Note 7
Huixhou Ton Yi Industrial Co., Ltd.	Manufacturing and sale of PET packages	854,400	Note 5	170,880	-	-	170,880	47,715	100.00	47,715	954,209	-	Note 7
Kunshan Ton Yi Industrial Co., Ltd.	Manufacturing and sale of PET packages	854,400	Note 5	-	-	-	-	90,386	100.00	90,386	1,179,826	-	Note 7
Beijing Ton Yi Industrial Co., Ltd.	Manufacturing and sale of PET packages	854,400	Note 5	-	-	-	-	84,015	100.00	84,015	903,422	-	Note 7
Sichuan Ton Yi Industrial Co., Ltd.	Manufacturing and sale of PET packages	854,400	Note 5	-	-	-	-	146,495	100.00	146,495	1,064,152	-	Note 7
Zhanjiang Ton Yi Industrial Co., Ltd.	Manufacturing and sale of PET packages	569,600	Note 5	-	-	-	-	111,120	100.00	111,120	873,545	-	Note 7
Tianjin Ton Yi Industrial Co., Ltd.	Manufacturing and sale of PET packages	569,600	Note 5	-	-	-	(42,483)	100.00	(42,483)	529,674	-	Note 7	
Wuxi Tonyi Daiwa Industrial Co., Ltd.	Manufacturing and sale of cans	1,139,200	Note 6	-	-	-	(74,683)	66.50	(49,664)	701,394	-	Note 7	

<u>Company name</u>	<u>Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020</u>	<u>Investment amount authorized by the Investment Commission of the Ministry of Economic Affairs (MOEA)</u>	<u>Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 8)</u>
Ton Yi Industrial Corp.	\$ 5,784,203	\$ 11,576,755	\$ 12,014,600

(Note 1) Through investing in an existing company in the third area (Cayman Ton Yi Industrial Holdings Ltd.), which then invested in the investee in Mainland China.

(Note 2) Through investing in an existing company in the third area (Cayman Fujian Ton Yi Holdings Ltd.), which then invested in the investee in Mainland China.

(Note 3) Through investing in an existing company in the third area (Cayman Jiangsu Ton Yi Holdings Ltd.), which then invested in the investee in Mainland China.

(Note 4) Through investing in an existing company in the third area (Cayman Ton Yi (China) Holdings Limited), which then invested in the investee in Mainland China.

(Note 5) Through investing in an existing company in the Mainland China (Ton Yi (China) Investment Co., Ltd.) , which then invested in the investee in Mainland China.

(Note 6) Through investing in an existing company in the Mainland China (Wuxi Ton Yi Industrial Packing Co., Ltd.) , which then invested in the investee in Mainland China.

(Note 7) The Company recognized income (loss) based on audited financial statements.

(Note 8) The ceiling amount is 60% of consolidated net assets.

(Note 9) Foreign currencies were translated into New Taiwan Dollars using the following exchanges: Ending investment balances were translated using the exchange rate as at December 31, 2020 (CNY:NTD 1:4.36328, USD:NTD 1:28.48);

Investment gains or losses were translated using the weighted-average exchange rate for the year ended December 31, 2020 (CNY:NTD 1:4.281483, USD:NTD 1:29.53318).

Ton Yi Industrial Corp. and Subsidiaries

Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area

For the year ended December 31, 2020

Table 8

Expressed in thousands of NTD

Investee in Mainland China	Sales/(purchases)		Property transaction		Accounts receivable/ (payable)		Provision of endorsements/guarantees or collaterals		Financing				
	Amount	%	Amount	%	Balance at December 31, 2020	%	Balance at December 31, 2020	Purpose	Maximum balance during the year ended December 31, 2020	Balance at December 31, 2020	Interest rate	Interest during the year ended December 31, 2020	Others
Fujian Ton Yi Tinplate Co., Ltd.	\$ 3,584,146	25	\$ -	-	\$ 307,086	39	\$ -	-	\$ -	\$ -	-	\$ -	-

Ton Yi Industrial Corp. and Subsidiaries

Major shareholders information

December 31, 2020

Table 9

Express in shares

<u>Name of major shareholders</u>	<u>Number of shares held</u>	<u>Ownership Percentage</u>
Uni-President Enterprises Corp.	719,357,425	45.55%
Toyota Tsusho Corporation	88,549,987	5.60%

(Note) The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a different calculation basis.