Stock code: 1308

Notice to Readers:

The consolidated financial statement (Chinese version) of our company is audited by the CPA Cheng-Chun Chiu and CPA Hsiu-Chun Huang of Deloitte Taiwan. For the convenience of reading, the statement has been translated from Chinese to English. If there is any difference regarding the context or interpretation in the English version, the Chinese version shall prevail.

Asia Polymer Corporation and Subsidiaries

Consolidated Financial Statement for the Years Ended December 31, 2020 and 2019 and Independent Auditors' Report

Address: No. 3, Gongye 1st Road,
Linyuan District, Kaohsiung City,
Taiwan (R.O.C.)
Tel: (02)87516888

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the combined financial statements of Asia Polymer Corporation as of and for the year ended December 31, 2020, under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standard 10, "Consolidated Financial Statements". In addition, the information required to be disclosed in the combined financial statements of affiliates is included in the consolidated financial statements of Asia Polymer Corporation and Subsidiaries. Consequently, we do not prepare a separate set of combined financial statements of affiliates.

Very truly yours,

ASIA POLYMER CORPORATION

By:

____

YI-GUI WU
Chairman

March 5, 2021

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Asia Polymer Corporation

Opinion

We have audited the accompanying consolidated financial statements of Asia Polymer Corporation and its subsidiaries (the Group), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

We conducted our audit of the consolidated financial statements for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. We conducted our audit of the consolidated financial statements for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission of the Republic of China on February 25, 2020, and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of 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 consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Group's consolidated financial statements for the year ended December 31, 2020 are stated as follows:

Revenue Recognition - Sales Revenue from Specific Customers

The amount of sales revenue for the year ended December 31, 2020 was NT$5,703,546 thousand, which was approximately 16.01% lower than the sales revenue of NT$6,791,157 thousand for the year ended December 31, 2019. Nevertheless, the sales revenue from specific customers has grown significantly compared to the average change trend of total sales revenue. Sales revenue from these specific customers was NT$2,316,082 thousand, which accounted for approximately 40.61% of net operating revenue. Therefore, we identified recognition of revenue from these specific customers as a key audit matter.
The audit procedures that we performed in response to the risk were as follows:

1. We obtained an understanding of the design and implementation of internal controls about these specific customers and tested if these controls were performed effectively. Such controls include credit assessments of customers, revenue recognition and receivables collection.
2. We sampled and inspected purchase orders from these specific customers, shipping confirmations and receivables collection receipts in order to verify the accuracy of sales revenue.
3. We reviewed sales returns and discounts recognized and the amounts received in subsequent periods to assess for any abnormalities.

Other Matter

We have also audited the parent company only financial statements of Asia Polymer Corporation as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the FSC of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
Those charged with governance (including the audit committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 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.

Deloitte & Touche
Taipei, Taiwan Republic of China

CPA, Cheng-Chun Chiu	CPA, Hsiu-Chun Huang
Financial Supervisory Commission Approved Document No. Chin Guan Cheng Liu Zi No.0930160267	Financial Supervisory Commission Approved Document No. Tai Tsai Cheng Liu Zi No.0920123784

March 16, 2021

Notice to Readers:
The consolidated financial statement (Chinese version) of our company is audited by the CPA Cheng-Chun Chiu and CPA Hsiu-Chun Huang of Deloitte Taiwan. For the convenience of reading, the statement has been translated from Chinese to English. If there is any difference regarding the context or interpretation in the English version, the Chinese version shall prevail.

Asia Polymer Corporation and Subsidiaries

Consolidated balance sheet

December 31st, 2020 and 2019

Unit: NT$ Thousand

Code	Asset	December 31st, 2020 Amount	%	December 31st, 2019 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 4 and 6)	$ 605,644	4	$ 938,616	6
1110	Financial assets at fair value through profit or loss- current (Note 4 and 7)	1,085,851	6	2,646,378	16
1120	Financial assets at fair value through other comprehensive income- current (Note 4 and 8)	86,368	1	73,352	-
1170	Accounts receivable (Note 4, 5, and 10)	545,372	3	591,523	3
1180	Accounts receivable form related parties (Note 4, 5, 10, and 29)	197,413	1	156,784	1
1200	Other receivables (Note 4)	3,806	-	1,196	-
1210	Other receivables from related parties (Note 4 and 29)	2,025	-	4,015	-
1310	Inventories (Note 4, 5, and 11)	312,124	2	386,670	2
1410	Prepayments	124,759	1	141,794	1
1470	Other current assets	907	-	110	-
11XX	Total current assets	2,964,269	18	4,940,438	29
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income- non-current (Note 4 and 8)	3,327,544	20	2,357,879	14
1535	Financial assets at amortized cost- non-current (Note 4 and 9)	42,648	-	-	-
1550	Investments accounted for using equity method (Note 4, 5, 13, and 30)	6,663,686	39	5,683,009	34
1600	Property, plant and equipment (Note 4 and 14)	3,257,676	19	3,277,233	19
1755	Right-of-use assets (Note 4 and 15)	424	-	-	-
1760	Investment properties (Note 4 and 16)	522,939	3	536,565	3
1840	Deferred tax assets (Note 4 and 25)	82,118	1	92,420	1
1990	Other non-current assets (Note 4)	22,199	-	35,547	-
15XX	Total non-current assets	13,919,234	82	11,982,653	71
1XXX	TOTAL	$ 16,883,503	100	$ 16,923,091	100
Code	**Liabilities and equity**				
	Current liabilities				
2100	Short-term borrowings (Note 17)	$ 700,000	4	$ 1,100,000	7
2110	Short-term bills payable (Note 17)	-	-	649,944	4
2120	Financial liabilities at fair value through profit or loss- current (Note 4 and 7)	3,912	-	-	-
2170	Accounts payable to unrelated parties (Note 18)	238,923	2	134,772	1
2180	Accounts payable to related parties (Note 18 and 29)	48,833	-	52,003	-
2200	Other payables (Note 19)	194,948	1	183,427	1
2220	Other payables to related parties (Note 29)	49,886	1	166,588	1
2230	Current tax liabilities (Note 4 and 25)	189,737	1	146,341	1
2280	Lease liabilities- current (Note 4 and 15)	5,981	-	5,496	-
2365	Refund liabilities- current (Note 20)	5,899	-	5,899	-
2399	Other current liabilities (Note 23)	41,077	-	25,358	-
21XX	Total current liabilities	1,479,196	9	2,469,828	15
	Non- current liabilities				
2540	Long-term borrowings (Note 17)	3,050,000	18	3,950,000	24
2570	Deferred tax liabilities (Note 4 and 25)	42,108	-	52,720	-
2580	Lease liabilities- non-current (Note 4 and 15)	18,946	-	24,501	-
2640	Net defined benefit liabilities- non-current (Note 4 and 21)	155,057	1	165,868	1
2650	Credit balance of investments accounted for using equity method (Note 4 and 13)	16,165	-	14,049	-
2670	Other non-current liabilities	12,486	-	16,305	-
25XX	Total non-current liabilities	3,294,762	19	4,223,443	25
2XXX	Total liabilities	4,773,958	28	6,693,271	40
	Equity attributable to owners of the company (Note 4, 8, 22, and 25)				
	Share capital				
3110	Ordinary share	5,821,018	35	5,543,827	33
3200	Capital surplus	33,272	-	24,400	-
	Retained earnings				
3310	Legal reserve	1,798,210	11	1,713,152	10
3320	Special reserve	565,379	3	565,379	3
3350	Unappropriated retained earnings	2,890,180	17	2,507,082	15
3300	Total retained earnings	5,253,769	31	4,785,613	28
	Other equity interest				
3490	Other equity interest- others	1,001,486	6	(124,020)	(1)
3XXX	Total equity	12,109,545	72	10,229,820	60
	Total liabilities and equity	$ 16,883,503	100	$ 16,923,091	100

The accompanying notes are an integral part of the consolidated financial statement.

Notice to Readers:

The consolidated financial statement (Chinese version) of our company is audited by the CPA Cheng-Chun Chiu and CPA Hsiu-Chun Huang of Deloitte Taiwan. For the convenience of reading, the statement has been translated from Chinese to English. If there is any difference regarding the context or interpretation in the English version, the Chinese version shall prevail.

Asia Polymer Corporation and Subsidiaries

Consolidated Statement Of Comprehensive Income

For The Years Ended December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		Year 2020 Amount	Year 2020 %	Year 2019 Amount	Year 2019 %
4100	Net revenue (Note 4, 23 and 29)	$ 5,703,546	100	$ 6,791,157	100
5110	Operating costs (Note 4, 11, 21, 24, and 29)	4,574,394	80	5,755,709	85
5900	Gross profit	1,129,152	20	1,035,448	15
	Operating expenses (Note 21, 24, and 29)				
6100	Selling expenses	89,753	2	111,574	1
6200	Administrative expenses	111,673	2	120,341	2
6300	Research and development expenses	5,423	-	5,126	-
6000	Total operating expenses	206,849	4	237,041	3
6900	Profits From Operations	922,303	16	798,407	12
	Non-operating income and expenses (Note 4, 13, 24, and 29)				
7100	Interest income	7,682	-	14,876	-
7010	Other income	167,155	3	150,745	2
7020	Other gains and losses	105,370	2	23,859	-
7510	Interest expense	(42,537)	-	(56,163)	(1)
7060	Share of profit of associates	125,438	2	53,117	1
7000	Total non-operating income and expenses	363,108	7	186,434	2
7900	Profit before income tax	1,285,411	23	984,841	14
7950	Income tax expense (Note 4 and 25)	181,824	3	163,820	2
8200	Net profit for the year	1,103,587	20	821,021	12

(continued)

Code		Year 2020		Year 2019	
		Amount	%	Amount	%
	Other comprehensive income (Loss) (Note 4, 13, 21, 22, and 25)				
	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurements of defined benefit plan	($ 608)	-	$ 5,646	-
8316	Unrealized gains (loss) on investments in equity instruments at fair value through other comprehensive income	1,032,335	18	122,885	2
8330	Share of the other comprehensive income (loss) of associates accounted for using equity method	43,970	1	3,906	-
8349	Income tax related to item that will not be reclassified subsequently to profit or loss	(3,332)	-	(60)	-
8310		1,072,365	19	132,377	2
	Items that may be Reclassified subsequently to profit or loss:				
8361	Exchange differences on Translating the financial statements of foreign operations	41,058	-	(192,308)	(3)

(continued)

Code		Year 2020 Amount	%	Year 2019 Amount	%
8370	Share of the other comprehensive loss of associates accounted for using the equity method	(5,315)	-	(8,821)	-
8399	Income tax relating to be items that may be reclassified subsequently to profit or loss	(8,212)	-	38,462	1
8360		27,531	-	(162,667)	(2)
8300	Other comprehensive income (loss) for the year, net of income tax	1,099,896	19	(30,290)	-
8500	Total comprehensive income of the year	$ 2,203,483	39	$ 790,731	12
	Earnings per share (Note 26)				
9710	Basic	$ 1.90		$ 1.41	
9810	Diluted	$ 1.89		$ 1.41	

The accompanying notes are an integral part of the consolidated financial statement.

Notice to Readers:

The consolidated financial statement (Chinese version) of our company is audited by the CPA Cheng-Chun Chiu and CPA Hsiu-Chun Huang of Deloitte Taiwan. For the convenience of reading, the statement has been translated from Chinese to English. If there is any difference regarding the context or interpretation in the English version, the Chinese version shall prevail.

Asia Polymer Corporation and subsidiaries
Consolidated statement of changes in equity
For The Years Ended December 31, 2020 and 2019

(In Thousands New Taiwan Dollars)

		Equity Attributable to Owners of the company (Note 4, 8, 22, and 23)								
		Share Capital			Retained earnings			Other equity		
Code		Shares (In thousands)	Ordinary Shares	Capital surplus	Legal reserve	Special reserve	Unappropriated Earnings	Exchange differences on Translating the Financial Statements of Foreign Operations	Unrealized gains (loss) on Financial Assets at Fair Value Through Other comprehensive income	Total equity
A1	Balance on January 1, 2019	554,382	$ 5,543,827	$ 19,619	$ 1,684,469	$ 565,379	$ 1,851,499	($ 59,292)	($ 1,065)	$ 9,604,436
A3	Effects of retrospective application	-	-	-	-	-	(855)	-	-	(855)
A5	Balance at January 1, 2019 as Restated	554,382	5,543,827	19,619	1,684,469	565,379	1,850,644	(59,292)	(1,065)	9,603,581
	Appropriation of the 2018 of earnings									
B1	Legal reserve	-	-	-	28,683	-	(28,683)	-	-	-
B5	Cash dividends distributed	-	-	-	-	-	(166,315)	-	-	(166,315)
C3	Reclassification of past dividends to capital surplus	-	-	3,087	-	-	-	-	-	3,087
C7	Changes in capital surplus form investments in associates accounted for using equity method	-	-	1,694	-	-	(3,328)	-	370	(1,264)
D1	Net profit for the year ended December 31, 2019	-	-	-	-	-	821,021	-	-	821,021
D3	Other comprehensive income (loss) for the year ended December 31,2019 net of income tax	-	-	-	-	-	4,063	(162,667)	128,314	(30,290)
D5	Total comprehensive income (loss) for the year ended December 31,2019	-	-	-	-	-	825,084	(162,667)	128,314	790,731
Q1	Disposition of instrument in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	29,680	-	(29,680)	-
Z1	Balance at December 31, 2019	554,382	5,543,827	24,400	1,713,152	565,379	2,507,082	(221,959)	97,939	10,229,820
	Appropriation of the 2019 earnings									
B1	Legal reserve	-	-	-	85,058	-	(85,058)	-	-	-
B5	Cash dividend distributed	-	-	-	-	-	(332,630)	-	-	(332,630)
B9	Share dividend to distributed	27,719	277,191	-	-	-	(277,191)	-	-	-
C3	Reclassification of past dividends to capital surplus	-	-	901	-	-	-	-	-	901
C7	Changes in capital surplus form investments in associates accounted for using equity method	-	-	7,971	-	-	(7,522)	-	7,522	7,971
D1	Net profit for the year ended December 31, 2020	-	-	-	-	-	1,103,587	-	-	1,103,587
D3	Other comprehensive income (loss) for the year ended December 31,2020 net of income tax	-	-	-	-	-	1,263	27,531	1,071,102	1,099,896
D5	Total comprehensive income (loss) for the year ended December 31,2020	-	-	-	-	-	1,104,850	27,531	1,071,102	2,203,483
Q1	Disposition of instrument in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(19,351)	-	19,351	-
Z1	Balance at December 31, 2020	582,101	$ 5,821,018	$ 33,272	$ 1,798,210	$ 565,379	$ 2,890,180	($ 194,428)	$ 1,195,914	$ 12,109,545

The accompanying notes are an integral part of the consolidated financial statement.

.

Notice to Readers:

The consolidated financial statement (Chinese version) of our company is audited by the CPA Cheng-Chun Chiu and CPA Hsiu-Chun Huang of Deloitte Taiwan. For the convenience of reading, the statement has been translated from Chinese to English. If there is any difference regarding the context or interpretation in the English version, the Chinese version shall prevail.

Asia Polymer Corporation and Subsidiaries

Consolidated statement of cash flows

For The Years Ended December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars)

Code		Year 2020	Year 2019
	Cash flows from operating activities		
A10000	Income before income tax	$ 1,285,411	$ 984,841
A20010	Adjustments for:		
A20100	Depreciation expense	314,601	304,100
A20200	Amortization expense	35	35
A20400	Net (gain) loss on fair value change of financial assets at fair value through profit or loss	(25,388)	(44,078)
A20900	Interest expense	42,537	56,163
A21200	Interest income	(7,682)	(14,876)
A21300	Dividend income	(104,544)	(83,146)
A22300	Share of profit of associates	(125,438)	(53,117)
A22500	Loss on disposal of property, plant and equipment	-	20
A23200	Loss on disposal of investment using equity method	527	-
A23700	Reversal of write-down of inventories	(408)	(4,039)
A24100	Net loss (gain) on foreign currency exchange	(2,813)	4,534
A30000	Change in operating assets and liabilities		
A31115	Financial assets mandatorily classified as at fair value through profit or loss	1,589,827	(989,589)
A31130	Notes receivable	-	472
A31150	Accounts receivable	48,844	115,232
A31160	Accounts receivable from related parties	(40,524)	9,347
A31180	Other receivables	(2,387)	(28)
A31190	Other receivable from related parties	1,990	(1,545)
A31200	Inventory	74,954	396,647
A31230	Prepayments	17,035	(12,812)
A31240	Other current assets	(797)	-
A32110	Financial liability held for trading	-	(2,074)
A32150	Accounts payable	104,151	(123,334)
A32160	Accounts payable from related parties	(3,109)	(31,000)
A32180	Other payables	13,092	47,298
A32190	Other payables from related parties	(116,748)	38,723
A32230	Other current liabilities	12,519	(310)
A32240	Net defined benefit liabilities	(11,420)	(37,156)

(continued)

Code		Year 2020	Year 2019
A33000	Cash generated from (used in) operations	3,064,265	560,308
A33100	Interest received	7,459	15,143
A33300	Interest paid	(43,096)	(55,801)
A33500	Income tax paid	(150,282)	(21,029)
AAAA	Net cash generated from (used in) operating activities	2,878,346	498,621
	Cash flows from investing activities		
B00020	Proceeds from sale of financial assets at fair value through other comprehensive income-current	12,277	45,727
B00030	Capital reduction of financial assets at fair value through other comprehensive income	34,135	24,690
B00040	Acquisition of financial assets at amortized cost	(42,648)	-
B01800	Acquisition of associates	(783,964)	(1,280,719)
B02400	Proceeds from capital reduction of investments accounted for using equity method	3,876	-
B02700	Payments of property, plant and equipment	(284,827)	(68,524)
B02800	Proceeds from disposal of property, plant and equipment	-	182
B03700	Decrease (increase) in refundable deposits	(1)	2
B07600	Dividends received	131,573	147,795
B09900	Increase in other non-current assets	13,314	(31,618)
BBBB	Net cash used in investing activities	(916,265)	(1,162,465)
	Cash flows from financing activities		
C00100	Repayments of short-term borrowings	(400,000)	(250,000)
C00600	Proceeds from (repayments of) short-term bills payable	(650,000)	50,000
C01600	Proceeds from long-term borrowings	5,400,000	12,500,000
C01700	Repayment of long-term borrowings	(6,300,000)	(11,650,000)
C03100	Decrease in guarantee deposit received	3,200	-
C04020	Repayment of the principal portion of lease liabilities	(5,917)	(5,864)
C04300	Increase (decrease) in other non-current liabilities	(3,819)	1,249
C04500	Dividends paid to owners of the company	(332,685)	(166,340)
CCCC	Net cash generated from financing activities	(2,289,221)	479,045

(continued)

Code		Year 2020	Year 2019
DDDD	Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(5,832)	(10,788)
EEEE	Net decrease in cash and cash equivalents	(332,972)	(195,587)
E00100	Cash and cash equivalents at the beginning of the year	938,616	1,134,203
E00200	Cash and cash equivalents at the end of the year	$ 605,644	$ 938,616

The accompanying notes are an integral part of the consolidated financial statement.

Notice to Readers:

The consolidated financial statement (Chinese version) of our company is audited by the CPA Cheng-Chun Chiu and CPA Hsiu-Chun Huang of Deloitte Taiwan. For the convenience of reading, the statement has been translated from Chinese to English. If there is any difference regarding the context or interpretation in the English version, the Chinese version shall prevail.

Notice to Readers:
The Interim consolidated financial statement (Chinese version) of our company is reviewed by the CPA Cheng-Chun Chiu and CPA Hsiu-Chun Huang of Deloitte Taiwan. For the convenience of reading, the statement has been translated from Chinese to English. If there is any difference regarding the context or interpretation in the English version, the Chinese version shall prevail.

Asia Polymer Corporation and Subsidiaries

Notes for consolidated financial statement

January 1st to December 31st, 2020 and 2019

(unless otherwise noted, the unit of the amount is NT$ Thousand)

1. Company history

Asia Polymer Corporation (hereinafter referred to as "the company" was founded in January 1977 to engage with the manufacturing and marketing of low-density polyethylene, medium density polyethylene, and ethylene vinyl acetate.

Our stock is listed in Taiwan Stock Exchange for trading. Up to December 31st, 2020, the total shareholding ratio of ordinary shares held by the ultimate parent entity, USI Corporation (USI), is 36.08%.

The consolidated financial statement is presented by the functional currency, New Taiwan Dollar, used in our company.

2. Date and procedure of approving financial statement

The consolidated financial statement was approved by the Board of Directors on March 5th, 2021.

3. Appliable new published and revised standards and interpretations

1) First-time preparation shall apply the effective International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations (IFRIC), and Interpretation Announcement (SIC) (hereinafter referred to all above as "IFRSs") recognized and published by Financial Supervisory Commission (hereinafter referred to as FSC). The application of revised IFRSs recognized by FSC will not cause significant changes in the accounting policies used by our company and the entity controlled by our company (hereinafter referred to as "the consolidated company".

2) Applicable IFRSs recognized by FSC in 2021

New/ revised/ modified standards and interpretations	Effective date published by IASB
The revised IFRS 4 is "applicable to the extension of temporary exemption specified in IFRS 9".	Effective from the publication date
The revised "Interest Rate Benchmark Reform – phrase 2" in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.	Effective for the reporting period after January 1st, 2021
Revised "COVID-19 Pandemic-related Rental Concessions" in IFRS 16.	Effective for the reporting period after June 1st, 2020.

3) IFRSs that have been published by IASB but not been approved and published for effectiveness by FSC.

New/ revised/ modified standards and interpretations	Effective date published by IASB(Note 1)
"Annual improvements in the cycle of 2018-2020"	January 1st, 2022 (Note 2)
Revised "Update of Index to Conceptual. Framework" in IFRS 3	January 1st, 2022 (Note 3)
Revised "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture " in IFRS 10 and IAS 28	Pending
"Insurance contract" in IFRS 17	January 1st, 2023
Revision of IFRS 17	January 1st, 2023
Revise "Liabilities Classification to Current or Non-current" in IAS 1	January 1st, 2023
Revised "Disclosure of Accounting Policy" in IAS 1	January 1st, 2023 (Note 6)
Revised "Definition of Accounting Estimate" in IAS 8	January 1st, 2023 (Note 7)
Revised "Property, Plant and Equipment: Achieving the Price before the predetermined state" in IAS 16	January 1st, 2022 (Note 4)
Revised "Onerous Contract – Cost of Performing the Contract" in IAS 37	January 1st, 2022 (Note 5)

Remark 1: Unless otherwise noted, the new/ revised/ modified standards or interpretations above shall be effective in the annual reporting period starting after the publication date.

Remark 2: The revision of IFRS 9 is applicable to the exchange of provision modification on financial liabilities occurred in the annual reporting period starting after January 1st, 2022. The revision of "agriculture" in IAS 41 is applicable to fair value measurement in the annual reporting period starting after January 1st, 2022. The revision of "first-time application of

IFRSs" in IFRS 1 is the retrospective application to the annual reporting period starting after January 1st, 2022.

Remark 3: Enterprises that carry out merger or acquisition with the acquisition date in the annual reporting period starting after January 1st, 2022 shall be applicable to the revision.

Remark 4: Plant, property and equipment that achieve the location and status required in the operating method expected by the management level after January 1st, 2021 shall be applicable to the revision.

Remark 5: Contacts with all the obligations not being performed on January 1st, 2022 will be applicable to the revision.

Remark 6: The deferral in the annual reporting period starting after January 1st, 2023 shall be applicable to the revision.

Remark 7: Changes in accounting estimates and accounting policies happened in the annual reporting period starting after January 1st, 2023 shall be applicable to the revision.

a. The revision of "disclosure of accounting policy" in IAS 1

The revision specifies that the consolidated company shall determine the disclosure of important accounting policy based on the definition of materiality. The accounting policy information will be regarded as significance if it can be reasonably expected to affect the decision-making based on the related financial statement by the main users of the general financial statement. The revision also clarifies:

- Accounting policy information related to non-major transaction, other matters or situations will be regarded non-significant, and the consolidated company does not need to disclose the information related.
- The consolidated company might determine the relevant information of accounting policy as significant due to the nature of transaction, other matters or situations even though the amount is not significant.

- Not all the information of accounting policy related to major transactions, other matters or situations shall be significant.

In addition, the revision also demonstrates the information might be material if it is related to major transactions, other matters or situations as well as involves with the following situations.

(1) The consolidated company changes the accounting policy during the reporting period, and the change causes significant changes of the information provided in the financial statement.

(2) The consolidated company selects the applicable accounting policy from the options permitted in the standards.

(3) Due to the lack of regulations on the specific standard, the consolidated company establishes the accounting policy according to “Accounting Policy, Accounting Estimate Chang and Mistakes” in IAS 8.

(4) The consolidate company discloses the accounting policy determined by exercising significance judgement or assumptions. Or

(5) It involves with complicated regulations to handle the accounting, and the users of the financial statement rely on the information to understand the major transactions, other matters or situations.

b. The revision of “definition of accounting estimate” in IAS 8

The revision specifies that accounting estimate refers to the currency amount in the financial statement affected by uncertainty of measurement. When using the applicable accounting policy, the consolidated company might need to evaluate the items in the financial statement with the currency amount that is not able to be observed directly but could only be estimated. Therefore, evaluating technology and input value shall be used to establish accounting estimate in order to achieve the purpose. If the impact on the accounting estimate caused by the change of evaluating technology or input value is not from the correction of prior period error, the change shall be regarded as the change of accounting estimate.

Moreover, the revision also demonstrates the information might be material if it is related to major transactions, other matters or situations as well as involves with the following situations.

The consolidated company changes the accounting policy during the reporting period, and the change causes significant changes of the information provided in the financial statement.

The consolidated company selects the applicable accounting policy from the options permitted in the standards.

Due to the lack of regulations on the specific standard, the consolidated company establishes the accounting policy according to “Accounting Policy, Accounting Estimate Change and Mistakes” in IAS 8.

The consolidate company discloses the accounting policy determined by exercising significance judgement or assumptions, or it involves with complicated regulations to handle the accounting, and the users of the financial statement rely on the information to understand the major transactions, other matters or situations.

By the date that the consolidated financial statement is approved and published, the consolidated company still continues evaluating the impact of revision of other standards and interpretations on financial status and financial performance. Relevant results will be disclosed when the evaluations are completed.

4. <u>Summarized explanation of material accounting policy</u>

1) Statement of compliance

The consolidated financial statement was prepared according to Regulations Governing the Preparation of Financial Reports by Securities Issuers and the effective IFRSs recognized and published by FSC.

2) Basis of preparation

Other than using financial instrument evaluated at fair value and net defined benefit liability recognized at fair value based on present value of a defined benefit obligation deducting plan assets, the consolidated financial statement was prepared according to the basis of historical costs.

The fair value measurement can be classified into level 1 to level 3 based on the observability and importance of the input values.

a. Level 1 input value: It refers to the quotation of the same asset or liability in the active market that can be obtained on the measurement day (without adjustment).
b. Level 2 input value: It refers to the input value of the asset or the liability that can be directly (that is the price) or indirectly (that is the estimate from the price) observed other than the quotation on the level 1.
c. Level 3 input value: It refers to the input value of the asset or the liability that cannot be observed.

3) Standards used to distinguish current and non-current assets and liabilities

Current assets include:

a. Assets held mainly for the purpose of trading;
b. Assets that are expected to be realized within 12 months after the date of balance sheet; and
c. Cash and cash equivalents (but not limited to the limitation by exchange or settlement of liability more than 12 months after the date of balance sheet).

Current liabilities include:

a. Liabilities held mainly for the purpose of trading;
b. Liabilities that are due and settled within 12 months after the date of balance sheet (even though the long-term refinancing has been completed or payment agreement has been re-arranged between the date of balance sheet and the date of approving and publishing the financial statement, it will be regarded as current liability), and
c. Liabilities that are not able to be deferred to at least 12 months after the date of balance sheet without conditions. However, the classification will not be affected if the provision of the liability might be settled by issuing equity instrument based on the selection of the counterparty of the trading.

Current assets or current liabilities that do not belong to any of above shall be classified as non-current assets or non-current liabilities.

4) Basis of consolidation

The consolidated financial statement includes the financial statements from our company and the entities controlled by our company (subsidiaries). The consolidated income statement has included the operating gains or losses in the merged or disposed subsidiary from the acquisition date or until the disposal date of the year. The financial statements from the subsidiaries have been adjusted to make sure the accounting policy used is the same as that in the consolidated company. When preparing the consolidated financial statement, the trading, account balance, revenue, and expense among each entity have been all eliminated. The total comprehensive income from the subsidiaries is attributed to the shareholders of the company and its non-controlling interest even it makes the non-controlling interest as loss balance.

When the change of ownership interest on the subsidiary made by the consolidated company does not cause the loss of control, it shall be handed as equity transaction. The book value of the consolidated company and non-controlling interest have been adjusted to reflect the change of relative equity in the subsidiary. The difference between the adjusted amount on the noon-controlling interest and the fair value of consideration paid or received will be directly recognized as equity as well as attributed to the shareholders in the company. Please refer to Note 12 and attached Table 6-7 for the list of subsidiaries, shareholding ratio, and business items.

5) Foreign currency

When each entity prepares the financial statement, a record of functional currency shall be converted with the exchange rate on the trading date if the transaction is done by the currency (foreign currency) that is not the functional currency used in the entity.

Foreign currency monetary item shall be exchanged with the closing rate on each balance sheet date. The foreign exchange difference caused by the settlement of monetary items or the exchange of monetary items shall be recognized as profit or loss for the period.

Nonmonetary items of foreign currency measured at fair value shall be exchanged by the exchange rate on the fair value measurement date. The exchange difference generated shall be listed as the profit or loss for the period. However, the exchange difference generated from the change of fair value that is recognized in other comprehensive income shall be listed in other comprehensive income.

The nonmonetary items of foreign currency measured by historical costs shall be exchanged with the exchange rate of the transaction date, and it will not be evaluated again.

When preparing the consolidated financial statement, the assets and the liabilities of the foreign operations (including subsidiaries, associates, or branch companies that are in the different from our company or use different currency from our company) shall be exchanged to NTD with the exchange rate on each balance sheet date. The items of revenue and expense shall be converted with the average exchange rate for the period, and the exchange difference generated shall be listed in other comprehensive income.

If the consolidate company disposes all the equity in the foreign operation or disposes part of equity in the subsidiary of the foreign operation but loses control, or disposes joint agreement in the foreign operation, or the retained surplus of the associate is a financial asset and is handled according to accounting policy of financial instrument, all the accumulated exchange difference related to the foreign operation will be re-classified to profit or loss.

If the partial disposal in the subsidiary of foreign operation does not cause the loss of control, the accumulated exchange difference shall be re-allocated to the non-controlling interest of the subsidiary according to the ratio instead of recognizing it as profit or loss. Under other situations of partial disposal in the foreign operation, the accumulated exchange difference shall be re-classified to profit or loss according to the ratio of disposal.

6) Inventory

Inventory includes raw materials, commodities, semi-products, and finished products. Inventory shall be measured by cost or net realizable value, depending on which one is lower. When comparing the cost and the net realizable value, it shall be based on individual item except inventory in the same category. Net realizable value refers to the balance of estimated selling price under normal situation deducting the estimated cost that might be invested all the way to completion as well as the estimated cost required for concluding the sales. The calculation of inventory cost uses weighted average method.

7) Investment using equity method

Associates refers to the enterprises that the consolidated company exercises important impact but not its subsidiaries or joint ventures.

The consolidated company applies equity method when handing the invested associates. Under the equity method, the investment to the associate is recognized as the cost initially. The book value after acquisition date will be increased or decreased along with the profit or loss in the associate entitled by the consolidated company as well as other comprehensive income share and profit allocation. In addition, the change of entity in the associate shall be recognized according to shareholding ratio.

The amount of acquisition cost that is over the identifiable asset in the associate entitled by the consolidated company on the acquisition date and the share of net fair value on the liability shall be listed as goodwill. The goodwill is included in the book value of the investment and must not be amortized. The amount of the identifiable asset in the associate entitled by the consolidated company on the acquisition date and the share of net fair value on the liability that is over the acquisition cost shall be listed as profit or loss for the period.

When the associate issues new shares and the invested equity increased or decreased due to the consolidated company fails to purchase new shares based on the shareholding ratio and causes the change on shareholding ratio, the change of its number adjusts the capital reserve, using equity method to recognize the change of net value in the associate and using equity method for investment. If the failure of purchasing or acquiring based on the shareholding ratio causes the decrease of the ownership interest in the associate, the amount recognized in other comprehensive income related to the associate shall be re-classified according to the ratio of decrease. The basis of its accounting treatment shall be the same as the basis followed if the associate is to directly dispose the relevant asset or liability. If the above adjustment is to be credited to the capital surplus but the balance of the capital surplus generated from the investment using equity method is insufficient, the difference shall be credited to retained earnings.

When the shares in the associate lost by the consolidated company is equal to or more than its equity in the associate (including the book value of investment to the associate using equity method and other substantial long-term equity of net investment to the associate from the consolidated company), further losses shall stop being recognized. The consolidated company will only recognize additional loss and liability for legal obligation or constructive obligation involved or the scope of payment paid on behalf of the associate.

When evaluating impairment, the consolidated company shall treat the whole book value (including goodwill) invested as a single asset to compare the recoverable amount and the book value for impairment test. The recognized impairment loss will not be amortized to any asset that consists of the book value of the investment. Any reversal of impairment loss can be recognized within the scope of subsequent increase of recoverable amount for the investment.

The consolidated company shall stop using equity method when the date that the investment is no longer its associate. The retained equity towards the original associate shall be measured at fair value. The difference between the fair value & the disposal proceeds and the book value of the investment on the day stop using equity method shall be listed to profit or loss for the period. Moreover, All the amount recognized in other comprehensive income related to the associate shall use the same basis of accounting treatment as the basis that must be followed if the associate directly disposes relevant assets or liabilities.

The profits or losses generated from the upstream, downstream, and side-stream transactions between the consolidated company and its associate shall only be recognized in the consolidate financial statement within the scope that is not relevant to the equity in the associate possessed by the consolidated.

8) Property, plant, and equipment

Property, plant, and equipment are recognized ass costs, and shall be measured subsequently with the amount of cost deducting accumulated depreciation and accumulated impairment loss.

The property, plant, and equipment under construction shall be recognized with the amount of cost deducting accumulated impairment loss. Costs include expenses of professional service and the borrowing cost that meets the conditions of capitalization. This kind of assets shall be classified to the proper category for property, plant, and equipment when the construction is completed and the expected using status is achieved as well as started to make provision for depreciation.

Except that no provision of depreciation for private-owned lands, the rest property, plant, and equipment shall be made provision for depreciation independently to each major part based on linear basis within the service life. The consolidated company shall review the methods used to estimate service life, residual value, and depreciation at least on each fiscal closing date as well as the impact of prospective application on the change of accounting estimates.

When property, plant, and equipment are derecognized, the difference between the net disposal proceeds and the book value of the asset shall be recognized in the profit or loss.

9) Investment property

Investment property is the property held for the purpose of earning the rent or capital appreciation, or both (including right-of-use asset that meets the definition of investment property). Investment property also includes the lands that are currently possessed but have not been decided for the purpose of use in the future.

Private-owned investment property shall be measured as cost (including transaction cost) initially, and it shall be subsequently measured with the amount of cost deducting accumulated depreciation and accumulated impairment loss.

Investment property obtained through lease shall be measured as cost initially. It shall be subsequently measured with the amount of cost deducting accumulated depreciation and accumulated impairment loss as well as adjusted the remeasurement of lease liability.

All investment properties shall be made provision for depreciation based on linear basis.

When the investment property is derecognized, the difference between net disposal proceeds and the book value of the asset shall be recognized in the profit or loss.

10) Intangible asset

a. Independent acquisition

Intangible assets with defined service life that are acquired independently shall be measured as cost initially. They shall be measured with the amount of cost deducting accumulated amortization and accumulated impairment loss afterwards. Intangible assets shall be amortized based on linear basis within the service life. The consolidated company shall review the method used to estimate service life, residual value, and amortization at least on each fiscal closing day as well as the impact of prospective application on the change of accounting estimates. Intangible assets with non-defined service life shall be recognized by cost deducting accumulated impairment loss.

b. Derecognition

When derecognizing intangible assets, the difference between the net disposal proceeds and the book value of the asset shall be recognized as the profit or loss for the period.

11) Impairment loss of property, plant and equipment, right-of-use asset, intangible asset, and assets related to contract cost

The consolidated shall evaluate whether there is any sign showing the property, plant and equipment, right-of-use asset, and intangible asset involved with impairment loss on each date of balance sheet. If there is any indication of impairment loss, the recoverable amount of the asset shall be evaluated. In case of failure in estimating the recoverable amount for individual asset, the consolidated company shall evaluate the recoverable amount at the cash generating unit that the asset belongs to. Corporate assets shall be allocated to each individual cash generating unit based on a reasonable and consistent basis.

For intangible assets with non-defined service life and unavailable to be used yet shall be carried out impairment test at least every year or when there is a sign of impairment.

Recoverable amount is fair value deducting selling cost and higher use value. If the recoverable amount for individual asset or cash generating unit is lower than its book value, the book value of the asset or cash generating unit shall be reduced back to its recoverable amount. The impairment loss shall be recognized in profit or loss.

Inventory recognized due to the contract with customers shall be listed as impairment first according to inventory impairment regulation. Then, it shall be recognized as impairment loss according to the amount of balance between the excessive book value of the contract cost related to the asset and expected consideration receivable from the relevant product or service. After that, the book value of the asset relevant to the contract cost shall be included into the relevant cash generating unit to carry out the impairment evaluation in the cash generating unit.

When the impairment loss is reversed in the future, the book value of the asset, the cash generating unit or the asset relevant to the contract cost shall be adjusted to the recoverable amount revised. However, the increased book value must not exceed the book value (deducting amortization or depreciation) determined on the asset, the cash generating unit, or the asset relevant to contract cost before the impairment loss recognized in the previous fiscal year. The reversal of impairment loss shall be recognized in the profit or loss.

12) Financial instrument

Financial assets and financial liabilities shall be recognized in the consolidated balance sheet when the consolidated company becomes a party for the provision of the instrument contract.

For the Initial recognition of financial assets and financially liabilities, if they are not measured at fair value through profit or loss, they shall be measured at the directly attributable transaction cost of the acquired or issued financial asset or financial liability accrued at fair value. Transaction cost that can be directly attributable to the acquired or issued financial asset or financial liability measured at fair value through profit or loss shall be immediately recognized as profit or loss.

a. Financial asset

The regular way purchase or sale of financial asset uses recognition and derecognition on trade date accounting.

(1) Type of measurement

The financial assets possessed by the consolidate company include financial assets measured at fair value through profit or loss, financial assets measured at amortized cost, and investments in equity instruments measured at fair value through other comprehensive income.

A. Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss include financial assets with mandatory measurement at fair value through profit or loss. Financial assets with mandatory measurement at fair value through profit or loss include investments in equity instruments that are not specified by the consolidated company to measure at fair value through other comprehensive income as well as derivative instruments and fund beneficiary certificate that cannot be classified as measured at amortized cost or measure at fair value through other comprehensive income.

Financial assets measured at fair value through profit or loss recognize the dividend and interest generated from the measurement at fair value as other revenue and interest revenue before evaluating the profit or loss generated to recognize it in other profit and loss. The method used to determine fair value can be referred to Note 28.

B. Financial assets measured at amortized cost

If the financial asset invested by the consolidated company meets both of the following conditions, it shall be classified as financial assets measured at amortized cost:

(a) it is possessed under a certain operating mode, and the purpose of the mode is to collect contractual cash flows through the financial asset possessed; and

(b) cash flows generated on specific date due to the contract, and the cash flows are specifically to pay for the interests of principal and outstanding principal.

After the initial recognition of the financial asset measured at amortized cost (including cash and cash equivalents as well as accounts receivable and other receivables measured at amortized cost), it shall be measured by the total book value determined via effective interest method deducting amortized cost of any impairment loss. Any profit or loss caused by foreign currency exchange shall be recognized as profit or loss.

Except the following two situation, interest revenue shall be calculated by effective interest rate multiplying total book value of the financial asset:

(a) The interest revenue of the purchased or originated credit-impaired financial asset is calculated by the effective interest rate after credit adjustment multiplying the amortized cost of the financial asset.

(b) Financial asset without purchased or originated credit impairment but becomes credit impairment in the future shall calculate the interest revenue by the effective interest rate for the next reporting period from the credit impairment multiplying the amortized cost of the financial asset.

Credit-impaired financial asset refers to the issuer or debtor suffering critical financial difficulty or violating contract, and debtors are likely to claim bankruptcy or other financial reorganization, or the active market for the financial asset disappears due to financial difficulty.

Cash equivalents include time deposits that are with high liquidity, can be converted momentarily at any time, and with very small risk of value change and reverse repurchase bond. They are used to satisfy short-time cash commitment.

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

Consolidated company can make an irrevocable choice for initial recognition to appoint the investment recognized as non-holding for trading and non-business acquisition or merger or the investment in equity instrument containing consideration to be measured at fair value through other comprehensive income.

After investments in equity instruments measured at fair value through other comprehensive income are measured at fair value, the change of fair value afterwards shall be recognized in other comprehensive as well as accumulated in other equity. When the investment is disposed, the accumulated income will be directly transferred to retained earnings instead of being re-classified to profit or loss.

The divided of the investment in equity instrument measured at fair value through other comprehensive income shall be recognized as profit or loss when the consolidated company’s right of collection is confirmed unless the dividend obviously represents the recovery of part of investment cost.

(2) Impairment of financial asset

The consolidated company shall evaluate the impairment loss of the financial asset (including accounts receivable) at amortized cost according to expected credit loss evaluation on each date of balance sheet.

Accounts receivable shall be recognized as allowance for loss according to the expected credit loss during the duration. Other financial assets shall be evaluated whether the credit risk is significantly increased after initial recognition first. If there is no significant increase, it shall be recognized in allowance for loss based on 12-month expected credit loss. If the risk has been significantly increased, it shall be recognized in allowance for loss based on the expected credit loss during the duration.

Expected credit loss is the weighted average credit loss that uses the risk of contract violation as the weight for evaluation. The 12-month expected credit loss is the expected credit loss on the financial instrument generated from potential matters of contract violation within 12 months after report date. The expected credit loss during duration refers to the expected credit loss on the financial instrument generated from potential matters of contract violation during the duration.

For the purpose of internal credit risk management, the consolidated company will determine contract violation on financial assets under the following situations without considering the collateral held.

A. An internal or external information reveals the debtor will never settle the debt.

B. If overdue, reasonable and provable information shall be presented to support the contract violation basis of deferral will be more appropriate.

The impairment loss for all financial assets shall be adjusted to the book value through the allowance account.

(3) Derecognition of financial asset

Consolidated company shall only derecognize the financial asset when the contractual rights on the cash flows from the financial asset is invalid, or the financial asset has been transferred and almost all risks and rewards of the asset ownership have been transferred to another enterprise.

When derecognizing whole financial asset measured at amortized cost, the difference between its book value and consideration received shall be recognized as profit or loss. When derecognizing whole investment in equity instrument measured at fair value through other comprehensive income, the accumulated income will be directly transferred to retained earnings instead of being reclassified as profit or loss.

b. Financial liability

(1) Subsequent measurement

Except the following situations, all financial liabilities shall be measured at amortized cost with effective interest method.

<u>Financial liabilities measured at fair value through profit or loss</u>

Financial liabilities measured at fair value through profit or loss is held for trading.

Financial liabilities held for trading are measured at fair value, and relevant gains or losses shall be recognized in other gains and losses.

Method of determining fair value can be referred to Note 28.

(2) Derecognition of financial liability

When derecognizing financial liability, the difference between its book value and the consideration paid (including any non-cash asset transferred or liability undertaken) shall be recognized as profit or loss.

c. Derivative instrument

Derivative instruments signed by the consolidated company are forward exchange contracts to manage interest rate and exchange rate risks for the consolidated company.

When signing contract for financial instruction, the financial instrument is initially recognized with fair value before being re-measured at fair value on the date of balance sheet. The profit or loss generated at the subsequent measurement will be directly listed to profit or loss. However, the point of time for derivative instruments that are appointed as effective hedging instruments to be recognized in profit or loss will be based on the nature of hedging relationship. When the fair value of the derivative instrument is a positive value, it shall be listed as a financial asset. When the fair value is a negative value, it shall be listed as a financial liability.

If the derivative instrument is embedded to the asset master contract within the scope of "financial instrument" in IFRS 9, the classification of the financial asset will be determined based on the whole contract. If the derivative instrument is embedded to the asset mater contract within non-IFRS 9 scope (such as embedded to financial liability mater contract), the embedded derivative instrument meets the definition of derivative instrument, its risk and feature are not closed related to the risk and feature of the master contract, and the hybrid contract is not measured at fair value through profit and loss, the derivative instrument shall be regarded as independent derivative instrument.

13) Revenue recognition

After identifying contract performance obligation from the contract with customer, the consolidated company shall amortize the transaction price to each obligation of contract performance and recognize it as revenue when the obligation is satisfied.

Merchandise sales revenue

The merchandise sales revenue is from manufacturing and selling low density polyethylene, medium density polyethylene, and ethylene vinyl acetate. Due to customers hold the rights of price setup and right-of-use on the above products as well as are responsible for re-selling and undertake the risk of product obsolescence when the products are shipped out or delivered to the appointed location by customers, the consolidated company shall recognize them as revenue and accounts receivable at the point of time.

14) Lease

The consolidated company shall evaluate whether the contract is (or includes) lease on the date when the contract is established.

(1) The consolidated company is the lessor

When the provision of lease contract specifies almost all the risks and rewards under the ownership of the asset are transferred to the lessee, it shall be classified as financial lease. All the other leases shall be classified as operating lease.

When the consolidated company subleases the right-of-use asset, the right-of-use asset (not underlying asset) shall be used to determine the classification of sublease. However, if the main lease is the short-term lease that is applicable by the consolidated company to recognize as exemption, the classification of the sublease will be operating lease.

Under the operating lease, the lease payment after deduction of lease incentives shall be recognized as revenue in the relevant lease duration based on linear basis. The initial direct cost for acquiring the operating lease shall be added to the book value of the underlying asset and be recognized as expense during the lease duration based on linear basis.

(2) The consolidated company is the lessee

The lease payments from the lease of low-value underlying asset and short-term lease that are applicable for recognition as exemptions shall be recognized as expense during the lease duration on linear basis. Other leases shall be recognized as right-of-use assets and lease liabilities from the starting date of the lease.

Right-of-use assets shall be initially measured by cost (including original measurement amount of lease liability, lease payment after deducting lease incentives received paid before the starting day of the lease, original direct cost, and estimated cost for recovering the underlying asset). The subsequent measurement shall be measured at the amount of cost deducting accumulated depreciation and accumulated impairment loss. Besides, the remeasurement of the lease liability shall be adjusted. Except conforming with the definition of investment property, the right-of-use asset shall be presented in the consolidated balance sheet separately. The recognition and measurement of the right-of-use property that complies with the definition of investment property can be referred to (9) Accounting policy for investment property.

Right-of-use assets shall be recognized as the depreciation on linear basis from the lease starting date to the expiration of service life or to the date of lease expiration, whichever is earlier.

Lease liabilities are measured initially at the present value of the lease payment. If the interest rate implicit in a lease is easy to confirm, use the interest rate to discount the lease payment. If it is not easy to confirm, use lessee's incremental borrowing rate of interest.

Subsequently, the lease liability shall be measured at amortized cost using effective interest method. The interest expense shall be amortized during the lease duration. The lease liability shall be presented in the consolidated balance sheet separately.

15) Employee benefit

a. Short-term employee benefit

Liabilities related to short-term employee benefit are measured at expected non-discounted amount payment in exchanging service from employees.

b. Benefit after retirement

Pension of the defined contribution retirement plan shall be recognized as expense by the contributed pension amount during the period that the employee provides service.

Defined benefit cost (including service cost, net interest, and remeasurement) for the defined benefit pension plan shall be calculated according to the projected unit credit method. The service cost and net defined benefit liability (asset) shall be recognized as employee benefit expense when it happens. Remeasurement (including actuarial gains and losses and return on plan assets after deducting interest) shall be recognized as other comprehensive loss when happens as well as be listed as retained earnings. It will not be re-classified to profit or loss in the subsequent period.

Net defined benefit liability (asset) is appropriation deficiency (surplus) of the defined benefit pension plan. Net defined benefit asset must not be over the present value of refunded contribution from the plan or reduction in the future contribution.

16) Income tax

Income tax expense is the sum of current income tax and deferred income tax.

a. Current income tax

The consolidated company determines the current income based on the regulations established by the competent authority of income tax declaration and then calculates income tax payable accordingly.

Income tax on undistributed earnings calculated according to the provision of Income Tax Act, R.O.C. will be recognized annually based on the resolution of Shareholder’s Meeting.

The adjustment from the income tax payable in the previous year shall be listed to current income tax.

b. Deferred income tax

Deferred income tax is calculated by the temporary difference between amounts of asset showing in the account book & liability book value and tax base used to calculate income tax.

Deferred income tax liability is generally recognized by all taxable temporary difference while deferred income tax asset is recognized when there might be income tax to deduct temporary difference.

Taxable temporary difference related to the invested subsidiaries and associates shall be recognized as deferred income tax liability. However, the temporary difference under the consolidated company's control for the time spot of temporary difference reversal and it is likely not able to be reversed in the feasible future can be excluded. The deductible temporary difference related to this kind of investment can only be recognized as deferred income tax asset when it is likely to have sufficient taxable income to realize temporary difference and is within the scope of feasible future expected reversal.

The book value of deferred income tax asset shall be reviewed on each date of balance sheet. The book value for all of or part of the assets that are likely no longer to have sufficient taxable income for recovery shall be adjusted and reduced the amount. Assets that are initially recognized as deferred income tax assets shall be reviewed on each date of balance sheet. For those assets that are likely to generate taxable income to recover all or part of assets, the book value shall be adjusted and increased.

Deferred income tax asset and liability are measured at the current tax rate when the liability is expected to be settled or the asset is expected to be realized. The tax rate is based on enacted or substantively enacted tax rate and tax law on the date of balance sheet. The measurement of deferred income tax liability and asset reflects the tax result generated from the methods used for the expected recovery or settlement of asset and liability book value by the consolidated company on the date of balance sheet.

c. Current and deferred income tax

Current and deferred income tax will be recognized as profit or loss. However, current and deferred income recognized as other comprehensive income or related to the items directly added to equity shall be recognized as other comprehensive income or directly added to equity separately.

5. Main sources of critical accounting judgement, estimates, and assumption uncertainty

When using accounting policy, the management level at the consolidated company must make relevant adjustment, estimate and assumptions on the information that is not easy to be obtained further information from other sources based on the experience in the past and other relevant factors. The actual results might be different from the estimates.

The consolidated company includes the economic impact caused by the COVID-19 pandemic into the consideration of critical accounting estimates, and the management level will continue reviewing the estimates and basic assumptions. If the revised estimate only affects the current period, it shall be recognized in the period of revision. If the revised accounting estimate will affect current and future periods, it shall be recognized in the current and future periods.

Main source of estimate and assumptions uncertainty

1) Estimate impairment of financial asset

The estimate impairment of accounts receivable is based on the assumptions done by the consolidated company on default rate and expected loss rate. The consolidated company takes historical experience, current market situation, and proactive information into consideration to propose assumptions and select input value for impairment evaluation. The important assumptions and input value used can be referred to Note 10. If the actual cash flow in the future is less than the expectation, significant impairment loss might be generated.

2) Impairment of inventory

Net realizable value of inventory is estimated by the balance of expected selling price in the normal operating process deducting the estimated cost required until the completion and the estimated cost needed for the completion of sales. The estimate is evaluated according to the current market situation and historical selling experience of similar products. The change of market situation might significantly affect the result of estimate.

3) Estimate of damage and compensation expenses for the accident of gas explosion at the associate

The associate, China General Terminal & Distribution Corporation, recognizes liability preparation due to the civil damage compensation for the accident of gas explosion. The management authority considers the progress of relevant civil and criminal lawsuit and settlement as well as take reference of legal advice to estimate the reserve for the liability. However, the actual result might have difference with the current estimate.

6. Cash and cash equivalents

	December 31st, 2020	December 31st, 2019
Cash on hand and petty cash	$ 357	$ 342
Checking accounts and demand deposits	169,091	115,043
Cash equivalents		
Time deposits	436,196	812,231
Reverse repurchase agreements collateralized by bonds	-	11,000
	$ 605,644	$ 938,616

At the end of reporting period, the market rate intervals for bank deposits and reverse repurchase agreements collateralized by bonds were as below:

	December 31st, 2020	December 31st, 2019
Time deposits	0.07%~1.90%	0.56%~2.58%
Reverse repurchase agreements collateralized by bonds	-	0.60%

7. Financial instrument measured at fair value through profit or loss- current

	December 31st, 2020	December 31st, 2019
Financial asset- current		
Financial assets mandatorily classified as at FVTPL derivative financial assets (not under hedge accounting)		
－Foreign exchange forward contracts	$ -	$ 94

(continued)

	December 31st, 2020	December 31st, 2019
Non-derivative financial assets		
－Domestic listed shares	248,175	167,154
－Mutual funds	837,676	2,479,130
Subtotal	1,085,851	2,646,284
	$ 1,085,851	$ 2,646,378

Financial liabilities- current		
Financial liabilities held for trading derivative financial liabilities (not under hedge accounting)		
－Foreign exchange forward contracts	$ 3,912	$ -

The net profit generated from financial assets and liabilities measured at fair value through profit or loss at the consolidated company in 2020 and in 2019 were $140,504 thousand and $60,500 thousand respectively.

At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as below:

December 31st, 2020

	Currency	Validity	Contract amount (thousand dollars)
Forward exchange sold	Exchange RMB into NTD	From January 5th, 2021 to April 1st, 2021	RMB 77,660/NTD 333,460

December 31st, 2019

	Currency	Validity	Contract amount (thousand dollars)
Forward exchange sold	Exchange UDS into NTD	From January 13th, 2020 to February 5th, 2020	USD 1,730/NTD 52,503
Forward exchange sold	Exchange RMB into NTD	From January 6th, 2020 to March 30th, 2020	RMB 72,000/NTD 309,065

The consolidated company engages with forward exchange transaction is for the purpose of avoiding risks on foreign currency asset and liability caused by exchange rate fluctuation. The forward exchange contract held by the consolidated company is not applicable to hedge accounting due to the failure of meeting the conditions of effective hedging.

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

Investments in equity instrument measured at fair value through other comprehensive income

	December 31st, 2020	December 31st, 2019
Current		
Domestic investment		
Listed (over the counter) stock	$ 86,368	$ 73,352
Non-current		
Domestic investment		
Listed (over the counter) stock	$ 2,977,139	$ 2,059,522
Pre-listed (over the counter) stock	275,798	237,776
Subtotal	3,252,937	2,297,298
Overseas investments		
Listed (over the counter) stock	17,480	4,946
Pre-listed (over the counter) common stock	10	15
Pre-listed (over the counter) preferred stock	57,117	55,620
Subtotal	74,607	60,581
	$ 3,327,544	$ 2,357,879

The consolidated company invests domestic and overseas common stock and preferred stock based on the purpose of medium- and long-term strategies and expects to gain profits through long-term investment. The management level at the consolidated company believes listing the short-term fair value fluctuation of the investment into profit or loss will be inconsistent with the long-time investment plan mentioned above. Therefore, they chose to designate the investment as measurement at fair value through other comprehensive income.

In August 2020, the consolidated company adjusted the investment position for risk diversification. They sold the common stock at United Renewable Energy Co., Ltd. possessed at fair value, and the relevant equity- unrealized loss of $19,351 thousand from the financial assets measured at fair value through other comprehensive income- was transferred to retained earnings.

The investee companies, KHL 1A Venture Capital Corp. and Riselink Venture Capital Corp., handled capital reduction and refund of shares in August & December 2020 and September 2020 respectively. The consolidated company was refunded $34,135 thousand in total according to shareholding ratio.

The consolidated company adjusted investment positions for risk diversification in March, May, and November 2019. Based on fair value, the consolidated company sold part of common stock in CTCI Corporation, preferred stock in Silicon Technology Investment (Cayman) Corp., and common stock in United Renewable Energy Co., Ltd. The relevant other equity- unrealized profit of $1,573 thousand and $29,295 thousand & unrealized loss of $1,088 thousand from the financial assets measured at fair value through other comprehensive income- was transferred into retained earnings.

The investee companies, Harbinger Venture Capital Corp., Budworth Investment Ltd., KHL 1A Venture Capital Corp. and Riselink Venture Capital Corp., handled capital reduction and refund of shares in January, May, and September 2019, respectively. The consolidated company was refunded $24,690 thousand in total according to the shareholding ratio.

9. Financial asset measured at amortized cost

	December 31st, 2020	December 31st 2019
Non-current		
Restricted bank deposit	$ 42,648	$ -

The restricted bank deposit is the surplus repatriation from Asia Polymer Corporation. It has been approved by Ministry of Economic Affairs for the applicability of our company applying offshore fund to be sent back to the investment industry.

10. Accounts receivable

	December 31st, 2020	December 31st, 2019
Accounts receivable		
Measurement at amortized cost		
Total book value	$ 547,372	$ 593,523
Reduction: allowance for loss	(2,000)	(2,000)
	$ 545,372	$ 591,523
Accounts receivable- related parties (Note 29)	$ 197,413	$ 156,784

Accounts receivable

Accounts receivable measured at amortized cost

The average credit period of product sales in the consolidated company is around 15 to 90 days. Due to the short credit period, the accounts receivable bear no interest.

In order to reduce credit risk, the management level at the consolidated company assigns a dedicated team in charge of the decision of credit period, credit approval, and other monitoring procedures to ensure proper action has been taken towards the collection of overdue receivables. In addition, the consolidated company will verify the recoverable amount of each account receivable on the date of balance sheet to make sure the unrecoverable receivables have been recognized properly as impairment loss. In view of the above, the management level at the consolidated company believes the credit risk has been significantly reduced.

The consolidated company recognizes the allowance for loss on accounts receivable based on the expected credit loss. The expected credit loss for the duration is calculated with provision matrix, which considers customers' contract violation records in the past, current financial status, and economic situation in the industry.

The allowance for loss prepared by the consolidated company on the accounts receivable according to provision matrix is as below:

December 31st, 2020

	Not overdue	1～60 days	61～90 days	Total
Total book value	$ 744,785	$ -	$ -	$ 744,785
Allowance for loss (expected credit loss for the duration)	(2,000)	-	-	(2,000)
Cost after amortization	$ 742,785	$ -	$ -	$ 742,785

December 31st, 2019

	Not overdue	1～60 days	61～90 days	Total
Total book value	$ 750,307	$ -	$ -	$ 750,307
Allowance for loss (expected credit loss for the duration)	(2,000)	-	-	(2,000)
Cost after amortization	$ 748,307	$ -	$ -	$ 748,307

Number of overdue days are used as basis for analysis above.

Information of changes in the allowance for loss on accounts receivable:

	2020	2019
Opening balance	$ 2,000	$ 2,000
Adding: Re-classification in the year	-	-
Closing balance	$ 2,000	$ 2,000

11. Inventory

	December 31st, 2020	December 31st, 2019
Finished products	$ 175,532	$ 300,476
Semi-products	19,347	22,665
Raw materials	82,790	18,826
Commodities	34,455	44,703
	$ 312,124	$ 386,670

Costs of goods sold related to inventory in 2020 and 2019 were $4,574,394 thousand and $5,755,709 thousand respectively. The costs of goods sold in 2020 and 2019 include gains on inventory recovery, and they were $408 thousand and $4,039 thousand respectively. The recovery of inventory net realizable value was caused by the rise of selling price of inventory in the market.

12. Subsidiaries

Subsidiaries included in the consolidated financial statement

Main entities included in the preparation of the consolidated financial statement are as below:

Name of investment company	Name of subsidiary	Business nature	Shareholding percentage December 31st, 2020	Shareholding percentage December 31st, 2019	Note
Our company	APC Investment Corp. Ltd. (hereinafter referred to as APC Investment)	Investment business	100.00%	100.00%	1
Our company	APC (BVI) Holding Co., Ltd. (hereinafter referred to as APC (BVI)	Re-investment business	100.00%	100.00%	1
Our company	USI International Corp. (hereinafter referred to as USIIC)	Re-investment business	70.00%	70.00%	1
APC（BVI）	USI International Corp. (hereinafter referred to as USIIC)	Re-investment business	30.00%	30.00%	1
APC（BVI）	USI Trading (Shanghai) Co., Ltd. (hereinafter referred to as USITA)	Selling chemical products and equipment	100.00%	100.00%	1

Remark:

1. APC Investment Corporation, APC (BVI), USIIC and USITA are not significant subsidiaries; their financial statements have been audited by certified accountants.

Subsidiary, USI International Corp., dealt with capital reduction and refund of shares in November 2020. The consolidated company was refunded $20,020 thousand according to the shareholding ratio.

In response to the demand of business operation, the Board of Directors in the company made a resolution on August 12nd, 2020 to establish a sales company in Mainland China through the joint venture of the subsidiary, APC(BVI), and the subsidiary of USI Corporation, Swanlake Traders Ltd. The capital is estimated to be RMB 300,000 thousand, and our company expects to hold 30% of shares.

13. Investment using equity method

	December 31st, 2020	December 31st, 2019
Associate with significance		
Ever Conquest Global Ltd.	$ 5,066,945	$ 4,265,335
Individual non-significant associate		
Listed (over the counter) company		
China General Plastics Corporation (CGPC)	782,997	665,776
ACME Electronics Corporation (ACME)	56,300	54,352

(continued)

	December 31st, 2020	December 31st, 2019
Non-listed (over the counter) company		
China General Terminal & Distribution Corporation (CGTD)	315,711	257,584
ACME Electronics (Cayman) Corp. （ACME (Cayman)）	200,825	199,043
Swanson Plastics Corporation (SPC)	206,857	198,065
Taiwan United Venture Capital Corp. (TUVC)	21,472	20,142
Thintec Materials Corporation (TMC)	-	4,399
USI Optronics Corporation (USIO)	12,579	18,313
Swanson Technologies Corporation (Swanson Technologies)	(16,165)	(14,049)
	6,647,521	5,668,960
Adding: Long-term investment credit balance transferred to be recognized as liability	16,165	14,049
	$ 6,663,686	$ 5,683,009

1) Material associates

Name of the company	Nature of business	Main business venue	Ratios of shareholding and voting right December 31st, 2020	December 31st, 2019
Ever Conquest Global Ltd.	Re-investment	British Virgin Islands	40.87%	36.89%

The consolidated company uses equity method to measure above associate.

The following summarized financial information was prepared based on IFRSs consolidated financial statement from each associate and has reflected the adjustment under equity method.

Ever Conquest Global Ltd.

	December 31st, 2020	December 31st, 2019
Non-current assets	$ 12,398,597	$ 11,563,685
Equity	$ 12,398,597	$ 11,563,685
Shareholding ratio by our company	40.87%	36.89%
Equity entitled by our company	$ 5,066,945	$ 4,265,335
Book value of investment	$ 5,066,945	$ 4,265,335

There was no significant business revenue generated by Ever Conquest Global Ltd.in 2020 and 2019.

	2020	2019
Proportion entitled by the consolidated company		
Net profit of the year	(\$ 44,058)	(\$ 10,228)
Other comprehensive income	53,761	(174,072)
Total comprehensive (loss)	\$ 9,703	(\$184,300)

2) Summarized information of individual non-significant associate

	2020	2019
Proportion entitled by the consolidated company		
Net profit of the year from continuing operations	\$169,496	\$ 63,345
Other comprehensive income	38,537	(4,464)
Total comprehensive income	\$208,033	\$ 58,881

The percentage of ownership interest and voting right possessed by the consolidated company in each associate on the date of balance sheet is as below:

Name of the company	December 31st, 2020	December 31st, 2019
CGPC	8.07%	8.07%
ACME Corporation	4.34%	4.34%
CGTD	33.33%	33.33%
ACME (Cayman)	16.64%	16.64%
SPC	7.95%	7.95%
TUVC	8.33%	8.33%
TMC	-	30.42%
Swanson Technologies Corp.	15.00%	15.00%
USIO	9.20%	9.20%

Please refer to the attached Table 6 “Information of Investee Company Information and Location” and Table 7 “China Investment” for the business nature, main business venue, and country of company registration related to the above associates.

Due to Sinter Enterprise engaged with no real production and sales business in the past few years, the Board of Directors in the company carried out the resolution on April 12nd, 2019 to start dealing with dissolution and liquidation on May 25th, 2019 (date of dissolution). The procedures of dissolution and liquidation have been completed on July 22nd, 2020. Loss on disposal of the investment of $527 thousand was recognized.

Although the shareholding ratio by the consolidated company in the investee companies- CGPC, ACME Corporation, ACME（Cayman）, SPC, TUVC, Swanson Technologies Corporation and USIO is less than 20%, the measurement was carried out with equity method due to the company’s significant influence.

Our company originally signed a joint venture contract with USI Corporation on April 17th, 2014 for Gulei Investment. However, the joint venture contract was entered and signed again on September 30th, 2016 due to the increase of fund demand for the investment. Our company and USI Corporation established Ever Conquest Global Ltd. under joint venture to invest the company through a third area. Until December 31st, 2020, our company and USI Corporation have invested Ever Conquest Global Ltd. in USD 170,475 thousand (around NTD 5,255,588 thousand) and USD 246,670 thousand (around NTD 7,645,980 thousand) respectively. Please refer to Note 30 for relevant explanation.

Market price for the equity investment on listed (over the counter) company using equity method calculated with the stock closing price on the date of balance sheet is as below:

Name of the company	December 31st, 2020	December 31st, 2019
CGPC	$ 1,136,432	$ 884,565
ACME	$ 150,087	$ 97,279

For the share of profit or loss and other comprehensive income at associates under equity method, it was recognized according to the financial statement verified by certified accounts from the same period at each associate except the share at ACME in 2020 was calculated based on the financial statement that was audited by the account. However, the management level at the consolidated company believes that ACME financial statement in 2020 that was not audited by the account will not cause material impact.

14. Property, plant and equipment

	Self-owned land	Buildings and improvements	Machinery and equipment	Other equipment	Unfinished construction	Total
Cost						
Balance on January 1st, 2019	$ 228,229	$ 774,313	$ 6,295,372	$ 98,825	$ 126,879	$ 7,523,618
Additions	-	-	27,797	1,102	39,625	68,524
Disposal	-	-	(57,756)	(983)	-	(58,739)
Internal transfer	-	3,922	88,484	893	(93,299)	-
Net exchange difference	-	-	41	(140)	-	(99)
Balance on December 31st, 2019	$ 228,229	$ 778,235	$ 6,353,938	$ 99,697	$ 73,205	$ 7,533,304
Accumulated depreciation and impairment						
Balance on January 1st, 2019	$ -	$ 259,702	$ 3,679,874	$ 81,350	$ -	$ 4,020,926
Depreciation expenses	-	22,296	266,346	5,082	-	293,724
Disposal	-	-	(57,554)	(983)	-	(58,537)
Net exchange difference	-	-	37	(79)	-	(42)
Balance on December 31st, 2019	$ -	$ 281,998	$ 3,888,703	$ 85,370	$ -	$ 4,256,071
Net amount on December 31st, 2019	$ 228,229	$ 496,237	$ 2,465,235	$ 14,327	$ 73,205	$ 3,277,233
Cost						
Balance on January 1st, 2020	$ 228,229	$ 778,235	$ 6,353,938	$ 99,697	$ 73,205	$ 7,533,304
Additions	-	-	26,163	-	258,664	284,827
Disposal	-	-	(42,008)	(53)	-	(42,061)
Internal transfer	-	580	87,134	823	(88,537)	-
Net exchange difference	-	-	-	(74)	-	(74)
Balance on December 31st, 2020	$ 228,229	$ 778,815	$ 6,425,227	$ 100,393	$ 243,332	$ 7,775,996
Accumulated depreciation and impairment						
Balance on January 1st, 2020	$ -	$ 281,998	$ 3,888,703	$ 85,370	$ -	$ 4,256,071
Depreciation expenses	-	21,537	278,282	4,574	-	304,393
Disposal	-	-	(42,008)	(53)	-	(42,061)
Net exchange difference	-	-	-	(83)	-	(83)
Balance on December 31st, 2020	$ -	$ 303,535	$ 4,124,977	$ 89,808	$ -	$ 4,518,320
Net amount on December 31st, 2020	$ 228,229	$ 475,280	$ 2,300,250	$ 10,585	$ 243,332	$ 3,257,676

After evaluation, there is no sign of impairment in 2020 and 2019.

The depreciation expense on property, plant, and equipment was calculated in the following service life based on linear basis:

Buildings and improvements	
Plant, machine room, and its improvements	15-40 years
Office building, testing lab, and its improvements	10-40 years
Warehouse building	11-45 years
Engineering system	35-40 years
Others	2-20 years
Machinery and equipment	3-22 years
Other equipment	3-10 years

In order to cooperate with the relocation of petrochemical oil storage facilities from the manufacturers in old harbor area implemented by Taiwan International Ports Corporation, Ltd. (Ports Corporation), China General Terminal & Distribution Corporation rented the terminal facility and hinterland at Phase 2 Petrochemical Oil Storage and Distribution Center in Kaohsiung International Container Terminal from Ports Corporation. The duration is from August 1st, 2017 to July 31st, 2042 with quarterly rent payment. The consolidated company approved the construction of international phase 2 petrochemical oil center through the board resolution in 2019. A package contract on turnkey basis was signed with CTCI Corporation on October 7th, 2019 with total investment price of $765,893 thousand. Until December 31st, 2020, the consolidated company has paid the payment of $211,724 thousand for the project. The payment was recognized under the item of construction.

15. Lease agreement

1) Right-of-use asset

	December 31st, 2020	December 31st, 2019
Book value of right-of-use asset		
Transportation equipment	$ 424	$ -

	2020	2019
Addition of right-of-use asset	$ 847	$ -
Depreciation expense of right-of-use asset		
Transportation equipment	$ 423	$ 421

Besides, the office located in Taipei rented by the consolidated company is sublet to other company under operating lease. The relevant right-of-use asset is recognized as investment property. Please refer to Note 16 “Investment Property”. The amount of above right-of-use asset does not include the right-of-use asset under the definition of investment property.

2) Lease liability

	December 31st, 2020	December 31st, 2019
Book value of lease liability		
Current	$ 5,981	$ 5,496
Non-current	$ 18,946	$ 24,501

The range of discount rate for lease liability is as below:

	December 31st, 2020	December 31st, 2019
Transportation equipment	1.06%	-
Building	1.06%	1.06%

3) Other lease information

	2020	2019
Short-term lease expense	$ 3,774	$ 3,375
Changed lease payment that is not included into the measurement of lease liability	$ 844	$ 1,402
Total cash (outflow) for lease	($ 10,833)	($ 10,992)

The consolidated company chose exemption applicable to the recognition of building lease for short-term lease but will not recognize it as right-of-use asset and lease liability for the lease.

16. Investment property

	Land	Buildings and improvements	Right-of-use assets	Total
Cost				
Balance on January 1st, 2019	$ 370,202	$ 260,486	$ -	$ 630,688
Effects from retrospective application of IFRS 16	-	-	34,585	34,585
Balance on January 1st, 2019 (after revision)	370,202	260,486	34,585	665,273
Net exchange difference	-	(3,082)	-	(3,082)
Balance on December 31st, 2019	$ 370,202	$ 257,404	$ 34,585	$ 662,191
Accumulated depreciation				
Balance on January 1st, 2019	$ -	$ 116,848	$ -	$ 116,848
Depreciation expenses	-	4,494	5,461	9,955
Net exchange difference		(1,177)	-	(1,177)
Balance on December 31st, 2019	$ -	$ 120,165	$ 5,461	$ 125,626
Net amount on December 31st, 2019	$ 370,202	$ 137,239	$ 29,124	$ 536,565
Cost				
Balance on January 1st, 2020	$ 370,202	$ 257,404	$ 34,585	$ 662,191
Net exchange difference	-	(6,291)	-	(6,291)
Balance on December 31st, 2020	$ 370,202	$ 251,113	$ 34,585	$ 655,900
Accumulated depreciation				
Balance on January 1st, 2020	$ -	$ 120,165	$ 5,461	$ 125,626
Depreciation expenses	-	4,325	5,460	9,785
Net exchange difference	-	(2,450)	-	(2,450)
Balance on December 31st, 2020	$ -	$ 122,040	$ 10,921	$ 132,961
Net amount on December 31st, 2020	$ 370,202	$ 129,073	$ 23,664	$ 522,939

The right-of-use asset in investment property is the office rented by the consolidated company to be sublet as operating lease.

The lease duration of investment property is five years. The lessee does not have the right of first refusal towards investment property when the lease expires.

The total lease payment to be collected in the future on the investment property under operating lease is as below:

	December 31st, 2020	December 31st, 2019
The 1st year	$ 16,343	$ 11,952
The 2nd year	15,547	4,599
The 3rd year	15,547	4,599
The 4th year	11,188	4,599
The 5th year	932	240
	$ 59,557	$ 25,989

The depreciation of the investment property is calculated with the following service life on a linear basis:

Building and improvement	
Office building and its improvement	5-50 years
Right-of-use asset	6 years

The investment property- land is located in Linyuan Industrial Park. It belongs to industrial land, and it does not have frequent market trading information for comparison. It is difficult to obtain reliable alternative fair value estimate. Therefore, the fair value cannot be determined reliably.

In addition, the fair value of investment property-land (excluding the land located in Linyuan Industrial Park), buildings, and improvements on December 31st, 2020 was $1,753,235 thousand. The fair value was not assessed by independent evaluating personnel but only measured by the management level at the consolidated company with level 3 input value on the evaluation model commonly used by market participants. The evaluation took reference of the trading price from similar properties at nearby location. When the trading price for per 3.3057 square meters at the nearby location increases or decreases 10%, the consolidated company also increased or decreased the fair value of the investment property on December 31st, 2020 for $175,324 thousand.

The fair value for right-of-use asset is evaluated with the net amount of expected rent income deducting all the expected payment before adding the amount of relevant recognized lease liability. The fair value on December 31st, 2020 was $61,968 thousand.

17. Borrowings

1) Short-term borrowings

	December 31st, 2020	December 31st, 2019
Unsecured loan		
Bank loan	$ 700,000	$ 1,100,000

The interest rate of the bank revolving loan on December 31st, 2020 and 2019 was 0.80%-0.82% and 0.90%-0.97% respectively.

2) Short-term bills payable (December 31st, 2020: None)

	December 31st, 2019
Commercial paper payable	$ 650,000
Deducting: Discount on notes and bills payable	(56)
	$ 649,944
Range of interest rate	0.50%-0.77%

3) Long-term loan

	December 31st, 2020	December 31st, 2019
Unsecured loan	$ 3,050,000	$ 3,950,000
Range of interest rate	0.89%-0.95%	1.00%-1.06%

To provide medium- and long-term working capital, the consolidated company signed medium- and long-term credit contracts with banks. The total credit amount is $5,950,000 thousand, and the duration of the credit contracts will be expired before October 2023 one after another. Up to December 31st, 2020, $3,050,000 thousand have been used from the total revolving credit amount within the valid contract duration.

Part of the loan borrowed by the consolidated company agree the current ratio and debt ratio on the financial statement must not be lower than specific ratio. If there is any inconsistence, an improvement measure shall be submitted to the bank.

Until December 31st, 2020, the consolidated company has not involved with any matter that violate the ratio mentioned above.

18. Accounts payable

	December 31st, 2020	December 31st, 2019
Accounts payable (including related parties)		
Arising from operations	$ 287,756	$ 186,775

The average credit period for accounts payable is one month. The consolidated company has financial risk management policy in place to ensure all the payables are settled within the original agreed credit period.

19. Other payables

	December 31st, 2020	December 31st, 2019
Payables for salaries and bonuses	$ 91,696	$ 77,464
Payables for utilities	37,093	35,655
Payables on paid leave	13,517	13,983
Payables on freight	12,099	9,079
Payables for dividends	5,699	5,527
Payables for equipment	5,694	5,025
Payables on insurance premium	1,953	4,108
Others	27,197	32,586
	$ 194,948	$ 183,427

20. Refund liability-current

	December 31st, 2020	December 31st, 2019
Returns and allowances	$ 5,899	$ 5,899

The potential product returns and allowances estimated by the consolidated company are recognized as refund liability according to IFRS 15.

21. Post-employment benefit plans

1) Defined contribution plan

The pension system specified in " Labor Pension Act" applicable to the consolidated company is the defined contribution pension plan managed by the government. 6% of employee's salary should be contributed to the individual labor pension accounts at the Bureau of Labor Insurance on monthly basis.

2) Defined benefit plan

Among the consolidated company, the pension system implemented by our company according to "Labor Standards Act" in our country is the defined benefit plan managed by the government. The payment of employee pension is calculated according to the job tenure and approved average salary from the six months before retirement. In 2020 and 2019, our company contributed 10% of total monthly employee salary every month as pension and forwarded it to Supervisory Committee of Workers' Retirement Fund to deposit to the dedicated account in Bank of Taiwan under the name of the committee. The dedicated account is entrusted to Bureau of Labor Funds, MOL for management, and our company has no right to affect its investment management strategy.

The amount for defined benefit plan listed to the consolidated balance sheet is as below:

	December 31st, 2020	December 31st, 2019
Present value of defined benefit obligations	$ 373,108	$ 406,749
Fair value of plan assets	(218,051)	(240,881)
Net defined benefit liabilities	$ 155,057	$ 165,868

The change of net defined benefit liability (asset) is as below:

	Present value of defined obligations	Fair value of plan assets	Net defined benefit liabilities (assets)
Balance on January 1st, 2019	$ 418,170	($ 209,500)	$ 208,670
Service cost			
Current service cost	3,950	-	3,950
Net interest expense (income)	3,576	(1,794)	1,782
Recognition in profit or loss	7,526	(1,794)	5,732
Remeasurements			
Return on plat assets (except the amount included in net interest)	-	(8,173)	(8,173)
Actuarial loss- changes in financial assumptions	6,820	-	6,820
Actuarial loss- experience adjustments	(4,293)	-	(4,293)
Recognition in other comprehensive income	2,527	(8,173)	(5,646)

(continued)

	Present value of defined obligations	Fair value of plan assets	Net defined benefit liabilities (assets)
Contribution by the employer	(2,128)	(40,760)	(42,888)
Benefit payment	(19,346)	19,346	-
Balance on December 31st, 2019	$ 406,749	($ 240,881)	$ 165,868
Balance on January 1st, 2020	$ 406,749	($ 240,881)	$ 165,868
Service cost			
Current service cost	3,276	-	3,276
Interest expense (income)	2,436	(1,524)	912
Recognition in profit or loss	5,712	(1,524)	4,188
Remeasurements			
Return on plat assets (except the amount included in net interest)	-	(7,953)	(7,953)
Actuarial loss- changes in financial assumptions	6,091	-	6,091
Actuarial loss- experience adjustments	2,470	-	2,470
Recognition in other comprehensive income	8,561	(7,953)	(608)
Contribution by the employer	-	(15,607)	(15,607)
Benefit payment	(47,914)	47,914	-
Balance on December 31st, 2020	$ 373,108	($ 218,051)	$ 155,057

The consolidated company is exposed under the following risks due to the pension system of “Labor Standards Act”:

a. Investment risk: Bureau of Labor Funds, MOL invests the pension fund to the targets like domestic (overseas) equity securities, debt securities, and bank deposit through self-operation and entrusted management. However, the allocable amount of plan assets in the consolidated company shall be the profit calculated by the interest rate that is now lower than the interest rate of two-year time deposit in the local bank.

b. Interest rate risk: The decline of interest rate of corporate bond will increase the present value of the defined benefit obligation. However, the return on debt investment of the plan asset will increase as well. These two carry out the effect of partly offsetting the impact of net defined benefit liability.

c. Salary risk: The calculation of present value of the defined benefit obligation is based on the future salary of the members in the plan as the reference.

Therefore, the increase of the salary for the members in the plan will also increase the present value of the defined benefit obligation.

The present value of the defined benefit obligation in the consolidated company was assessed carefully by a qualified actuary. Important assumptions on the measurement day are as below:

	December 31st, 2020	December 31st, 2019
Discount rate	0.38%	0.63%
Expected salary increase rate	2.25%	2.25%

If major actuarial assumptions involve with reasonable possible changes separately, the increase (decrease) amount of the defined benefit obligation present value under the condition of other assumptions remaining the same is as below:

	December 31st, 2020	December 31st, 2019
Discount rate		
Increasing 0.25%	($ 6,091)	($ 6,820)
Decreasing 0.25%	$ 6,257	$ 7,012
Expected salary increase rate		
Increasing 0.25%	$ 6,032	$ 6,775
Decreasing 0.25%	($ 5,904)	($ 6,625)

Due to actuarial assumptions are likely related to each other and it is rarely that the change only on a single assumption, the above sensitivity analysis might not be able to reflect the actual changes in the present value of the defined benefit obligation.

	December 31st, 2020	December 31st, 2019
Expected contributions to the plan for the next year	$ 50,000	$ 40,000
Average expired time for the defined benefit obligation	6.7 years	6.9 years

22. Equity

1. Common stock

	December 31st, 2020	December 31st, 2019
Authorized shares (thousand shares)	620,000	620,000
Authorized capital stock	$ 6,200,000	$ 6,200,000
Issued and fully paid shares (thousand shares)	582,101	554,382
Issued capital	$ 5,821,018	$ 5,543,827

Par value of common stock issued is $10, and each share is entitled to one voting right and the right of receiving dividend.

On June 12th, 2020, the resolution at Shareholder's Meeting approved the capital increase in additional 27,719 thousand shares from the shareholder dividend distributed by surplus. Par value of each share is $10, and the actual paid-in capital after additional shares is $5,821,018 thousand. The issuance of bonus shares above has been approved by Securities and Futures Bureau, FSC and been effective on July 2nd, 2020. The Board of Directors decided the record date for capital increase was July 29th, 2020.

2) Capital surplus

	December 31st, 2020	December 31st, 2019
Unclaimed dividends	$ 22,313	$ 21,412
Changes in additional paid-in capital at associates recognized using equity method	10,959	2,988
	$ 33,272	$ 24,400

Capital surplus, generated from share issuance in excess of par value, in the additional paid-in capital (including common stock issued in the amount excess of par value) and donation can be used to cover the deficit. If there is no deficit in the company, it can be used to issue cash dividends or be appropriated as capital. However, the appropriation of capital shall be limited on a certain ratio of the paid-in capital every year.

Additional paid-in capital generated from the unclaimed dividend among shareholders due to overdue can only be used to cover deficit. Additional paid-in capital generated from investments using equity method must not be used for any other purpose.

1) Retaining earnings and dividend policy

According to the regulation on surplus distribution specified in our Articles of Incorporation, any surplus after tax from the annual accounts in the company shall be used to cover the deficit in the previous year as priority. If there is any remaining amount, allocate 10% as legal reserve, the rest will be distributable surplus of the year. Along with the accumulated undistributed surplus from the previous year and the balance listed as or return to special reserve according to law or the regulations from the competent authority, it is accumulated distributable surplus. Board of Directors shall set up the surplus distribution plan and submit to Shareholder's Meeting for resolution according to legal procedures, and the Shareholder's meeting can retain all of or part of surplus based on the actual business situation. The distribution policy of employee and directors & supervisors remuneration specified in our Articles of Incorporation can be referred to Note 24- (7) Employee Reward and Director Remuneration.

When deciding surplus distribution, the dividends must not be lower than 10% of distributable surplus of the year in order to consider R&D development and multiple operations due to our company is in the mature industry. Among it, the cash dividend must not be lower than 10% of the total dividends. However, the company can decide not to distribute the dividend if the distributable surplus per share is lower than $0.1.

Legal reserve shall be allocated to the balance amount meeting the total paid-in capital in the company. Legal reserve shall be used to cover the deficit in the company. When the company has no deficit, the excessive portion of legal reserve over 25% of the total paid-in capital can be distributed in cash other than being appropriated to capital.

Our company recognized and reversed special reserve according to official letter No. Chin Guan Cheng Fa Zi 1010012865 and "applicable Q&A for recognition of special reserve after adopting International Financial Reporting Standards (IFRSs)".

Our company held Shareholder's Meeting on June 12th, 2020 and June 24th, 2019 and decided the following surplus distribution for 2019 and 2018:

	Surplus distribution	
	2019	2018
Legal reserve	$ 85,058	$ 28,683
Cash dividends	$ 332,630	$ 166,315
Stock dividend	$ 277,191	$ -
Cash dividends per share ($)	$ 0.6	$ 0.3
Stock dividend per share ($)	$ 0.5	$ -

Board of Directors in our company determined on March 5th, 2021 for the following surplus distribution for 2020:

	2020
Legal reserve	$107,798
Cash dividend	$698,522
Share dividend	$116,420
Cash dividends per share ($)	$ 1.2
Share dividends per share ($)	$ 0.2

The surplus distribution for 2020 is pending to be approved at the Shareholder's Meeting that will be held on June 11th, 2021.

2) Other equity item

a. Exchange differences on translation in financial statement for overseas operations

	2020	2019
Balance on January 1st	($221,959)	($ 59,292)
Generated in the year		
Exchange differences on translation in financial statement for overseas operations	41,058	(192,308)
Exchange different in the associates using equity method	(5,315)	(8,821)
Relevant income tax	(8,212)	38,462
Other comprehensive income in the year	(27,531)	(162,667)
Closing balance	($194,428)	($221,959)

b. Unrealized profit and loss on financial assets measured at fair value through other comprehensive income

	2020	2019
Opening balance	$ 97,939	($ 1,065)
Generated in the year		
Unrealized profit and loss		
Equity instrument	1,032,335	122,885
Proportion in associates using equity method	42,221	4,360
Relevant income tax	(3,454)	1,069
Other comprehensive income in the year	1,071,102	128,314
Accumulated profit or loss on the disposal of equity instrument transferred to retained earnings	19,351	(29,680)
Proportion in associate using equity method	7,522	370
Closing balance	$ 1,195,914	$ 97,939

23. Revenue

1) Revenue from contracts with customers

	2020	2019
Sales revenue	$ 5,703,546	$ 6,791,157

2) Contract balance

	December 31st, 2020	December 31st, 2019	January 1st, 2019
Contract liabilities	$ 40,128	$ 24,049	$ 25,011

24. Net profit from continuing operations

Net profit from continuing operations includes the following:

1) Interest income

	2020	2019
Interest revenue		
Bank deposits	$ 6,339	$ 8,605
Financial assets measured at fair value through profit or loss	1,325	5,763
Reverse repurchases notes	18	508
	$ 7,682	$ 14,876

2) Other income

	2020	2019
Rent income	$ 54,582	$ 56,343
Dividend income		
Financial assets measured at fair value through profit or loss	2,780	2,143
Investments in equity instrument measured at fair value through other comprehensive income	101,764	81,003
	104,544	83,146
Others	8,029	11,256
	$ 167,155	$ 150,745

3) Other profits and losses

	2020	2019
Profit (loss) on financial assets and financial liabilities		
Financial assets measured at fair value through profit or loss	$ 134,381	$ 49,514
Financial liabilities measured at fair value through profit or loss	2,018	3,080
Net foreign exchange loss	(12,905)	(12,449)
Loss on disposal of investment	(527)	-
Loss on disposal of property, plant, and equipment	-	(20)
Others	(17,597)	(16,266)
	$ 105,370	$ 23,859

4) Financial cost

	2020	2019
Bank loan interest	$ 42,239	$ 55,812
Lease load interest	298	351
	$ 42,537	$ 56,163

The consolidated company does not involve with capitalization of interest in both 2020 and 2019.

5) Depreciation and amortization

	2020	2019
Property, plant and equipment	$ 304,393	$ 293,724
Investment properties	9,785	9,955
Right-of-use assets	423	421
Intangible assets	35	35
Total	$ 314,636	$ 304,135
An analysis of depreciation by function		
Operating costs	$ 304,115	$ 293,476
Operating expenses	701	669
Other gains and losses	9,785	9,955
	$ 314,601	$ 304,100
An analysis of amortization by function		
Operating expenses	$ 35	$ 35

6) Expense of employee benefit

	2020	2019
Benefit after retirement (Note 21)		
Defined contribution plans	$ 7,777	$ 7,570
Defined benefit plans	4,188	5,732
	11,965	13,302
Other employee benefits	349,734	366,228
Total employee benefit expense	$ 361,699	$ 379,530
Summary by functions		
Operating cost	$ 298,386	$ 312,032
Operating expense	63,313	67,498
	$ 361,699	$ 379,530

7) Employee reward and director remuneration

Our company allocated the benefit before tax without deducting reward distributed to employees and directors in the year in the ratio of no less than 1% and no more than 1% for the distribution of employee reward and director remuneration respectively. The resolution from Board of Directors on March 5th, 2021 and March 5th, 2020 for employee reward and director remuneration in 2020 and 2019 respectively is as below:

Estimated ratio

	2020	2019
	Cash	Cash
Employee reward	1%	1%
Director remuneration	-	-

Amount

	2020	2019
	Cash	Cash
Employee reward	$ 12,937	$ 9,929
Director remuneration	-	-

If the amount changes after the date of annual consolidated financial statement being approved and published, it shall be handled according to change in accounting estimate. The recognition shall be adjusted in the next fiscal year.

The actual distribution amount for employee reward and director remuneration in 2019 and 2018 has no difference from the recognition in the consolidated financial statement in 2019 and 2018.

Please check the information of our Board resolution related to employee reward and director remuneration on "Market Observation Post System" from the website of Taiwan Stock Exchange.

8) Gains or losses on foreign exchange

	2020	2019
Total foreign exchange profit	$ 24,334	$ 32,440
Total foreign exchange loss	(37,239)	(44,889)
Net profit or loss	($ 12,905)	($ 12,449)

25. Income tax from continuing operations

1) Income tax recognized as profit of loss

Main items included in the income tax expense are as below:

	2020	2019
Current income tax		
Generated in the year	$ 185,088	$ 151,042
Tax on undistributed profit	5,771	5,941
Tax on profit repatriation from subsidiaries	3,823	-
Adjustment from the previous year	(1,004)	78
	193,678	157,061
Deferred income tax		
Generated in the year	(2,231)	6,674
Effects on deferred income tax from the profit repatriation by subsidiaries	(9,558)	-
Adjustment from the previous year	(65)	85
	(11,854)	6,759
Income tax recognized in profit or loss	$ 181,824	$ 163,820

Adjustments for accounting income and income tax expense are as below:

	2020	2019
Net profit before tax from continuing operations	$ 1,285,411	$ 984,841
Income tax from net profit before tax calculated on legal tax rate	$ 267,580	$ 198,320
Expense from tax adjustments	(52,378)	(22,870)
Tax-free income	(41,903)	(17,734)
Tax on undistributed profit	5,771	5,941
Tax on profit repatriation from subsidiaries	3,823	-
Adjustment of current income tax in the previous year	(1,069)	163
Income tax recognized in profit or loss	$ 181,824	$ 163,820

Our country revised Statute for Industrial Innovation in July 2019 and enacted by the President to clearly specify specific assets or technology constructed or purchased with the undistributed surplus since 2018 can be recognized as the deduction items for the calculation of undistributed surplus. When the consolidated company calculated the tax on undistributed surplus, only the capital expenditure that is actually used for re-investment was deducted.

2) Income tax recognized as other comprehensive income

	2020	2019
Deferred income tax		
Generated in the year		
—Exchange in overseas operations	($ 8,212)	$ 38,462
—Unrealized profit or loss on financial assets measured at fair value through other comprehensive income	(3,454)	1,069
— Remeasurements on defined benefit plan	122	(1,129)
Tax benefit recognized as other comprehensive income	($ 11,544)	$ 38,402

3) Current income tax liability

	December 31st, 2020	December 31st, 2019
Current income tax liabilities	$189,737	$146,341

4) Deferred income tax assets and liabilities

Changes on deferred income tax assets and liabilities are as below:

2020

	Opening balance	Recognized as profit or loss	Recognized as other comprehensive income	Closing balance
Deferred income tax assets				
Temporary difference				
Unrealized inventory valuation loss	$ 107	($ 82)	$ -	$ 25
Unrealized impairment loss on office supplies	7,188	791	-	7,979
Unrealized sales allowance	1,180	-	-	1,180
Unrealized material loss	1,215	(124)	-	1,091
Unrealized financial liability valuation profit or loss	-	782	-	782
Paid leave payable	2,535	(92)	-	2,443
Defined benefit pension plan	33,277	(2,249)	122	31,150
Book-tax difference on inventory	284	(216)	-	68
Exchange differences on foreign operations	45,612	-	(8,212)	37,400
Unrealized exchange loss	1,022	(1,022)		-
	$ 92,420	($ 2,212)	($ 8,090)	$ 82,118

	Opening balance	Recognized as profit or loss	Recognized as other comprehensive income	Closing balance
Deferred income tax liabilities				
Temporary difference				
Reserve for land value increment tax	($ 21,469)	$ -	$ -	($ 21,469)
Reserve for bad debts	(267)	-	-	(267)
Unrealized foreign exchange gains	-	(626)	-	(626)
Recognition in book-tax difference on depreciation	(422)	29	-	(393)
Investment gains recognized using equity method	(28,647)	14,579	-	(14,068)
Profit or loss in value of unrealized financial assets	(1,850)	19	(3,454)	(5,285)
Others	(65)	65	-	-
	($ 52,720)	$ 14,066	($ 3,454)	($ 42,108)

2019

	Opening balance	Recognized as profit or loss	Recognized as other comprehensive income	Closing balance
Deferred income tax assets				
Temporary difference				
Unrealized inventory valuation loss	$ 915	($ 808)	$ -	$ 107
Unrealized impairment loss on office supplies	6,938	250	-	7,188
Unrealized sales allowance	1,180	-	-	1,180
Unrealized material loss	1,316	(101)	-	1,215
Unrealized financial liability valuation profit or loss	415	(415)	-	-
Paid leave payable	2,628	(93)	-	2,535
Defined benefit pension plan	41,515	(7,109)	(1,129)	33,277
Book-tax difference on inventory	57	227	-	284
Exchange difference in overseas operation	7,150	-	38,462	45,612
Unrealized exchange loss	-	1,022	-	1,022
	$ 62,114	($ 7,027)	$ 37,333	$ 92,420
Deferred income tax liabilities				
Temporary difference				
Reserve for land value increment tax	($ 21,469)	$ -	$ -	($ 21,469)
Reserve for bad debts	(267)	-	-	(267)
Unrealized foreign exchange gains	(548)	548	-	-
Recognition in book-tax difference on depreciation	(435)	13	-	(422)
Investment gains recognized using the equity method	(28,372)	(275)	-	(28,647)
Profit or loss in value of unrealized financial assets	(2,901)	(18)	1,069	(1,850)
Others	(65)	-	-	(65)
	($ 54,057)	$ 268	$ 1,069	($ 52,720)

5) Income tax assessment

The profit-seeking enterprise annual income tax return in our company and in the company that Asia Polymer invested has been assessed by Revenue Service Office to 2018.

26. Earnings per share

Unit: $/ per share

	2020	2019
Basic earnings per share	$ 1.90	$ 1.41
Diluted earnings per share	$ 1.89	$ 1.41

When calculating earnings per share, the impact of bonus shares has been adjusted. The record date of the bonus shares was on July 29th, 2020. Due to the retroactive adjustment, the changes of basic and earnings per share in 2019 are as below:

Unit: $/ per share

	Before adjustment	After adjustment
Basic earnings per share	$ 1.48	$ 1.41
Diluted earnings per share	$ 1.48	$ 1.41

The surplus and the weighted average ordinary shares used to calculate earnings per share is as below:

Net profit for the year

	2020	2019
Net profit used to calculate basic and diluted earnings per share	$ 1,103,587	$ 821,021

Unit: thousand shares

	2020	2019
Shares		
Weighted average shares used to calculate earnings per share	582,102	582,102
Effect of potentially dilutive ordinary shares:		
Employee reward	786	714
Weight average common shares used to calculate diluted earnings per share	582,888	582,816

If the consolidated company can choose to issue employee reward in stock or in cash, it should be assumed the employee reward will be issued in stock when calculating diluted earnings per share. When the potential common stock is with diluting effect, add the weighted average ordinary shares outstanding to calculate the diluting earnings per share. When calculating diluted earnings per share before the resolution in the following year for employee reward issued in stock, the diluting effect of the potential common stock shall be considered as well.

27. Capital risk management

The consolidated company carried out capital management to ensure each enterprise in the group will be able to optimize the balance of debts and equity to achieve the maximum shareholder’s equity under the condition of continuing operations. The overall strategy implemented by the consolidated has not been changed since 2013.

The capital structure in the consolidated company includes net debts (that is loan deducting cash and cash equivalents) and equity attributed to the shareholders in our company (that is capital stock, additional paid-in capital, retained earnings, and other equity items).

28. Financial instrument

1) Information of fair value- financial instruments that is not measured at fair value

The management level in the consolidated company believes the book values for financial assets and financial liabilities that are not measured at fair value are all closed to the fair value.

2) Information of fair value- financial instruments measured at fair value on a basis of duplication

a. Levels of fair value

December 31st, 2020

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Domestic listed (over the counter) stock	$ 248,175	$ -	$ -	$ 248,175
Fund beneficiary certificate	837,676	-	-	837,676
	$ 1,085,851	$ -	$ -	$ 1,085,851
Financial assets measured at fair value through other comprehensive income				
Investments in equity instruments				
Domestic listed (over the counter) stock	$ 3,063,507	$ -	$ -	$ 3,063,507
Overseas listed stock	17,480	-	-	17,480
Not listed (over the counter) domestic stock	-	-	275,798	275,798
Not-listed overseas stock	-	-	57,127	57,127
	$ 3,080,987	$ -	$ 332,925	$ 3,413,912
Financial liabilities measured at fair value through profit or loss				
Derivative instruments	$ -	$ 3,912	$ -	$ 3,912

December 31st, 2019

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Derivative instruments	$ -	$ 94	$ -	$ 94
Domestic listed shares	167,154	-	-	167,154
Mutual funds beneficiary certificate	2,479,130	-	-	2,479,130
	$ 2,646,284	$ 94	$ -	$ 2,646,378
Financial assets measured at fair value through other comprehensive income				
Investments in equity instruments				
Domestic listed (over the counter) stock	$ 2,132,874	$ -	$ -	$ 2,132,874
Overseas listed stock	4,946	-	-	4,946
Not listed (over the counter) domestic stock	-	-	237,776	237,776
Not-listed overseas stock	-	-	55,635	55,635
	$ 2,137,820	$ -	$ 293,411	$ 2,431,231

No transfer between level 1 and level 2 fair value in 2020 and 2019.

b. Adjustment on financial instruments measured at level 3 fair value

2020

Financial asset	Financial assets measured at fair value through other comprehensive income Equity instrument
Opening balance	$ 293,411
Recognized in other comprehensive income (included unrealized gain or loss on financial assets measured at fair value through other comprehensive income)	73,649
Returned capital stock from investee company (Note 8)	(34,135)
Closing balance	$ 332,925

2019

Financial asset	Financial assets measured at fair value through other comprehensive income Equity instrument
Opening balance	$ 327,781
Recognized in other comprehensive income (included unrealized profit or loss on financial assets measured at fair value through other comprehensive income)	32,212
Disposal	(41,892)
Returned capital stock from investee company (Note 8)	(24,690)
Closing balance	$ 293,411

c. Evaluation technology and inputs for measurement at level 2 fair value

Category of financial instrument	Evaluation technology and inputs
Derivative instruments-foreign exchange forward contract	Discounted cash flow method: Future cash flow is estimated by observable forward foreign exchange rate at the closing period and the exchange rate specified in the contract. It is discounted by the discount rate that is able to reflect the credit risk for the counterparty of the transaction.

d. Evaluation technology and inputs for measurement at level 3 fair value

In terms of evaluation process for level 3 fair value, the Finance Department in the consolidate company is responsible for carrying out the verification of independent fair value on financial instruments to make sure the evaluation result is close to the market status through independent source of information. Moreover, regular verification shall be carried out to ensure the result of evaluation is reasonable. The consolidated company evaluates domestic and overseas not listed (over the counter) equity investments according to asset-based approach. The determination of the fair value will be decided with the reference to the latest net value of the investee company and its observable financial and business situations. When the liquidity discount reduces, the fair value of the investment will increase. When the net asset value at the investee company increases/ decreases 1%, the fair value will increase/ decrease $3,329 thousand.

3) Type of financial instrument

	December 31st, 2020	December 31st, 2019
Financial assets		
Measurement at fair value through profit or loss		
Mandatorily classified as at fair value through profit or loss	$ 1,085,851	$ 2,646,378
Financial assets measure at amortized cost (Remark 1)	1,396,908	1,692,134
Financial assets measured at fair value through other comprehensive income		
Investments in equity instruments	3,413,912	2,431,231
Financial liabilities		
Measured at fair value through profit or loss		
Holding for trading	3,912	-
Measured at amortized cost (Remark 2)	4,282,590	6,236,734

Remark 1: Balance refers to the loans and receivables measured at amortized cost, including cash and cash equivalents, accounts receivable (including related parties), and other receivables (including related parties but excluding tax refund receivable).

Remark 2: Balance refers to the financial liabilities measured at amortized cost, including short-term loans, short-term notes and bills payable, accounts payable (including related parties), other payables (including related parties), and long-term loans.

4) Purpose and policy of financial risk management

The risk control and hedging strategy carried out the consolidated company are affected by the operating environment. However, the consolidated company has implemented proper risk management and control operation based on the nature of business and principle of risk diversification. The risk includes market risk (exchange rate risk, interest rate risk, and other price risks), credit risk, and liquidity risk.

a. Market risk

The main market risk that the consolidated company undertakes is the risk of exchange rate change and the risk of interest rate change due to the operating activities in the consolidated company.

The risk exposure of the market risk related to financial instruments in the consolidated company as well as the management and evaluation to the risk exposure are not changed.

(1) Exchange rate risk

The consolidated company engages with sales and purchases transaction valued at foreign currency, and it generates the risk exposure of foreign exchange rate change in the consolidated company. In order to avoid the decrease of foreign currency asset value and the fluctuation of future cash flow caused by the change of exchange rate, the consolidated company avoids the impact of exchange rate change through the neutral offset of foreign currency assets and liabilities. Furthermore, relevant risks are avoided by net foreign currency position supported with forward exchange contract. The consolidated company uses forward exchange contract to avoid risk exposure in order to minimize the impact of the risk. The application of forward exchange contract is regulated by the policy approved by the Board of Directors in the consolidated company. Internal auditing personnel continue carrying out verification on the compliance of the policy and the limit of risk exposure. The consolidated company did not carry out forward exchange contract trading under speculative purpose.

The book value for currency assets and currency liabilities that are not under functional currency valuation in the consolidated company on the date of balance sheet can be referred to Note 31. Please refer to Note 7 for book value of derivative instrument that is under exposure of exchange rate risk.

Sensitivity analysis

For sensitivity analysis of foreign exchange rate risk, it is mainly calculated by the monetary items of foreign currency (mainly USD) on closing date during financial reporting period. When the functional currency used in the consolidated company appropriates/ depreciates 3% against USD, the net profit before tax for the consolidated company in 2020 will decrease/ increase $6,214 thousand. The net profit before tax in 2019 will decrease/ increase $7,448 thousand.

The sensitivity analysis above was calculated with the foreign currency risk exposure amount on the date of balance sheet, and the management level believed the sensitivity analysis was not able to reflect the risk exposure during the year.

(2) Interest rate risk

Due to the consolidated company possesses financial assets and financial liabilities in fixed interest rate, it is under the risk exposure of fair value caused by the change of interest rate. The possession of financial assets and financial liabilities in floating interest rate causes the cash flow risk exposure of interest rate change. The management level at the consolidated company regularly monitors the change in the market interest rate and make sure the interest rate of the consolidated company is close to market interest rate through the adjustment on the position of financial assets and financial liabilities with floating interest rate in order to respond to the risk caused by the change of market interest rate.

The book value of financial assets in the consolidated company under interest rate risk exposure on the date of balance sheet is as below:

	December 31st, 2020	December 31st, 2019
With fair value interest rate risk		
－Financial assets	$ 457,844	$ 802,232
－Financial liabilities	724,927	1,779,941
With cash flow interest rate risk		
－Financial assets	183,923	129,163
－Financial liabilities	3,050,000	3,950,000

Sensitivity analysis

For the sensitivity analysis related to interest rate risk, the consolidated company carried out the calculation based on the financial assets and financial liabilities on the date of balance sheet. The consolidated company used the 0.5% of market interest rate increase/ decrease as the basis to report reasonable risk assessment under the change of interest rate to the management level. Under the situation of all the other variables remain the same, the 0.5% of market interest rate increase/ decrease will reduce the net profit before tax to the consolidated company in 2020 caused by financial assets and financial liabilities with cash flow interest rate risk in $14,330 thousand. The net profit before tax in 2019 decreased/ increased $19,104 thousand.

(3) Other price risks

The consolidated company is exposed under fair value risk due to the possession of securities investment, like domestic and overseas stock as well as fund beneficiary certificate. The management level at the consolidated company manages risks through the possession of investment portfolio under different risks. In addition, the consolidated company assigns a specific team to monitor the price risk.

Sensitivity analysis

The sensitivity analysis below was carried out based on the price for marketable securities on the date of balance sheet. However, the risk of price fluctuation for the money market fund among the financial assets measured at fair value through profit or loss invested by the consolidated company was very low. Therefore, it was not included in the analysis.

If the equity price increases/ decreases 5%, the net profit before tax in 2020 and in 2019 will increase/ decrease $15,478 thousand and $20,051 thousand respectively due to the increase/decrease of fair value on the financial assets (excluding the investment of money market fund) measured at fair value through profit or loss. The other comprehensive income before tax in 2020 and in 2019 increased/decreased $170,696 thousand and $121,562 thousand due to the increase/decrease of fair value of the financial assets measured at fair value through other comprehensive income.

b. Credit risk

Credit risk refers to the risk of financial loss in the consolidated company caused by the overdue contract obligation from the counterparty. Until the date of balance sheet, the maximum credit risk exposure of financial loss in the consolidated company caused by the non-performing obligation from the counterparty and the financial guarantee provided by the consolidated company was from:

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

(2) The consolidated company provides financial guarantee and is likely needed to pay the maximum amount without considering the possibility of occurrence.

The policy adopted by the consolidated company is to only trade with entities with good credit reputation in order to reduce the risk of financial loss. The consolidated company will continue monitor credit risk exposure and the crediting situation of the counterparty.

The objects of the accounts receivable in the consolidated company covered numerous customers and were spread in different areas without centering in one single customer or area. Besides, the consolidated company continues evaluating the financial status of the accounts receivable; therefore, the credit risk involved was limited.

c. Liquidity risk

The management level at the consolidated company maintains cash and cash equivalents as well as bank financing amount in sufficient positions to support operating capital required and reduce liquidity risk.

The consolidated company has sufficient capital in place, and there is no liquidity risk for non-performing contract obligation due to failure of financing.

(1) Liquidity and interest rate risk table

The following table clearly presents the analysis of remaining contract duration of the non-derivative financial liabilities that the consolidated company has agreed the period for repayment. It is prepared with the information of earliest repayment date as well as undiscounted cash flow on financial liabilities.

December 31st, 2020

	Weighted average effective interest rate (%)	Pay on demand or shorter than 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities				
Liabilities with no interest		$ 413,154	$ 27,740	$ -
Lease liabilities	1.06%	6,216	19,290	-
Fixed interest rate instrument	0.81%	700,000	-	-
Floating interest rate instrument	0.91%	-	3,050,000	-
		$ 1,119,370	$ 3,097,030	$ -

December 31st, 2019

	Weighted average effective interest rate (%)	Pay on demand or shorter than 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities				
Liabilities with no interest		$ 490,977	$ 41,350	$ -
Lease liabilities	1.06%	5,496	22,576	1,925
Fixed interest rate instrument	0.83%	1,750,000	-	-
Floating interest rate instrument	1.05%	-	3,950,000	-
		$ 2,246,473	$ 4,013,926	$ 1,925

(2) Loan commitment

Bank loan is an important source of liquidity for the consolidated company. The unused loan commitment by the consolidated company on the date of balance sheet is as below:

	December 31st, 2020	December 31st, 2019
Bank loan limit		
－Amount used	$ 3,750,000	$ 5,700,000
－Amount unused	5,714,800	3,029,800
	$ 9,464,800	$ 8,729,800

29. Related party transaction

The ultimate parent entity of our company's is USI Corporation, and the common stock held by it indirectly by December 31st, 2020 and 2019 were both 36.08%.

All the transactions, account balance, revenue, and expenses between our company and our subsidiaries (that is the related parties of our company) have been eliminated. Therefore, they are not disclosed in the note. Other than the disclosure in other notes, the transaction between the consolidated company and other related parties is as below:

1) Summary of the name of the related party that carries out significant transaction with our company, and its relationship with our company is as below:

Name of the related party	Relationship with our company
USI Corporation (USI)	Ultimate parent entity
Union Polymer International Investment Cor. (Union Polymer)	Parent company
China General Plastics Corporation (CGPC)	Associate
China General Terminal & Distribution Corporation (CGTD)	Associate
ACME Electronics Corporation (ACME)	Associate
USI Optronics Corporation (USIO)	Associate
Swanson Plastics Corporation (SPC)	Associate
Taiwan VCM Corporation (TVCM)	Associate
CGPC Polymer Corporation (CGPCP)	Associate
Forever Young Company Limited（Forever Young）	Associate
Swanson Technologies Corporation (STC)	Associate
Taita Chemical Company Limited (TTC)	Fellow subsidiary
Taiwan United Venture Management Corporation (TUVM)	Fellow subsidiary
USI Management Consulting Corporation (UM)	Fellow subsidiary
USIFE Investment Co., Ltd. (USII)	Fellow subsidiary
INOMA Corporation (INOMA)	Fellow subsidiary
Chong Loong Trading Co., Ltd.	Fellow subsidiary
USI（Hong Kong）（USI (HK)）	Fellow subsidiary
USI Education Foundation (USIF)	Substantive related party

2) Sales

Category/ name of the related party	2020	2019
Ultimate parent entity		
USI Corporation	$ 663,182	$ 843,103
Associate	37,375	55,291
Fellow subsidiary	14,822	20,973
	$ 715,379	$ 919,367

The sales price and terms of transaction to related parties are the same as that to non-related parties.

3) Purchases

Category/ name of the related party	2020	2019
Ultimate parent entity		
USI Corporation	$ 217,849	$ 283,354
Associate	28,322	33,572
Fellow subsidiary	10,998	51,269
	$ 257,169	$ 368,195

Relevant terms of transaction and price for purchases from related parties are the same as that from non-related parties. ◦

4) Management fee (recognized management fee)

Category/ name of the related party	2020	2019
Ultimate parent entity		
USI Corporation	$ 8,470	$ 8,403
Fellow subsidiary		
UM	39,286	42,566
Others	550	711
	39,836	43,277
	$ 48,306	$ 51,680

5) Lease agreement

Rent expense

Category/ name of the related party	2020	2019
Ultimate parent entity		
USI Corporation	$ 2,783	$ 2,424

6) Rental agreement

Rent income

Category/ name of the related party	2020	2019
Ultimate parent entity		
USI Corporation	$ 3,534	$ 2,825
Parent company		
Union Polymer	36	176
Associate		
TVCM	12,680	12,912
Others	6,500	6,069
	19,180	18,981
Fellow subsidiary		
TTC	6,686	7,157
Others	2,601	2,800
	9,287	9,957
	$ 32,037	$ 31,939

Associates rent pipelines from the consolidated company, and the duration is one year. When it is due but without further declaration, it will be regarded contract renewal automatically. The rent shall be calculated with the actual operating volume and paid monthly.

7) Charitable donation (recognized as management fee)

Category/ name of the related party	2020	2019
Substantive related party		
USI Education Foundation	$ 3,000	$ 2,000

8) Management service income (recognized as other revenue)

Category/ name of the related party	2020	2019
Associate	$ 1,905	$ 1,577

9) Investment consulting fee (recognized as other gains and losses)

Category/ name of the related party	2020	2019
Fellow subsidiary		
TUVM	$ 1,397	$ 1,734

10) Accounts receivable

Category/ name of the related party	December 31st, 2020	December 31st, 2019
Ultimate parent entity		
USI Corporation	$ 189,988	$ 147,057
Associate	3,549	6,211
Fellow subsidiary	3,876	3,516
	$ 197,413	$ 156,784

11) Other receivables

Category/ name of the related party	December 31st, 2020	December 31st, 2019
Ultimate parent entity		
USI Corporation	$ 117	$ 2,013
Associate		
CGTD	1,000	832
Others	287	396
	1,287	1,228
Fellow subsidiary		
TTC	617	667
Others	4	107
	621	774
	$ 2,025	$ 4,015

Other receivables- The receivables from the related parties are the payment of ultimate parent company and associates renting offices from our company.

12) Accounts payable

Category/ name of the related party	December 31st, 2020	December 31st, 2019
Ultimate parent entity		
USI Corporation	$ 45,590	$ 40,608
Associate	3,243	2,727
Fellow subsidiary		
TTC	-	8,668
	$ 48,833	$ 52,003

13) Other payables

Category/ name of the related party	December 31st, 2020	December 31st, 2019
Ultimate parent entity		
USI Corporation	$ 46,442	$ 160,383
Associate	2,947	5,591
Fellow subsidiary	497	614
	$ 49,886	$ 166,588

Other payables- The payables to related parties are the payment for the transfer and procurement of ethylene from our company to the ultimate parent entity.

14) Salary for the main management level

Total amount of salary for directors and other main management levels in 2020 and in 2019 is as below:

	2020	2019
Short-term employee benefit	$ 16,355	$ 14,922
Benefit after retirement	-	27
	$ 16,355	$ 14,949

Salary for directors and other main management levels is determined by Remuneration Committee based on personal performance and market trend.

30. Important commitment, subsequent, and contingent events

1) Important commitment

Up to December 31st, 2020, the balance of letter of credit that has been issued but not due in the consolidated company was $370,000 thousand.

2) Important contract

a. Our company and USI Corporation signed the joint venture agreement for the project of Gulei investment on April 17th, 2014. The counterparties for the contract or agreement are Ho Tung Chemical Corporation, LCY Chemical Corporation, Hsin Tay Petroleum Co., Ltd., Chenergy Global Corporation, and Lien Hwa Industrial Holdings Corporation. The main content includes (1) shareholders shall invest and establish Ever Victory Global Ltd. (hereinafter referred to as “the Joint Venture Company”) according to the provision of the contract and agree setting up a

100% shareholding company, Dynamic Ever Investments Limited (hereinafter referred to a “Hong Kong Company”) in Hong Kong for the investment of oil refining in Gulei Park located in Zhangzhou City, Fujian Province, China and the manufacturing of seven products including ethylene as well as other businesses that are approved by the competent authority of R.O.C. and agreed by the board resolution in the Joint Venture Company. (2)Hong Kong Company and Fujian Petrochemical Co., Ltd. established a company under co-investment in Gulei Park in Zhangzhou City, Fujian Province based on the law of People’s Republic of China to run the purpose of the business of the joint venture company (hereinafter referred to as Gulei Company). Hong Kong company obtained 50% of issued shares of Gulei Company as the accordance of co-investment. However, the total amount that the Joint Venture company has to invested to Gulei Company increased after signing the original joint venture agreement due to the increase of fund for the investment plan. It caused part of the original contract or agreement counterparties were not able to perform the contract in the investment ratio specified in the original joint venture contract. As a result, our company and USI Corporation re-entered the joint venture contract with original contract or agreement counterparties as well as CTCI Corporation on September 30th, 2016. The original joint venture contract terminated at the same time.

Until December 31st, 2018, our company and USI Corporation has invested to Ever Conquest Global Ltd. in accumulated US$103,240 thousand (around NT$3,190,905 thousand) and US$ 176,268 thousand (around NT$5,442,336 thousand) respectively (recognized as investment using equity method). The company serves as a medium to re-invest the joint venture company, and it re-invested Hong Kong Company in January and July 2017 and in August 2018 in total amount of US$343,977 thousand. In April and August 2017 and November 2018, it re-invested Gulei Company in total amount of RMB 2,304,800 thousand (around

US$335,901 thousand). The joint venture company was invested through a third area investment.

Our company and USI Corporation increased the investment to Ever Conquest Global Ltd. in May and August 2019 with the amount of US$40,920 thousand (NT$1,280,71 thousand) and US$70,402 thousand (around NT$2,203,644 thousand) respectively.

Our company increased the investment to Ever Conquest Global Ltd. separately in March and December 2020 in the amount of US$18,832 thousand (around NT$570,606 thousand) and US$7,483 thousand (NT$213,358 thousand) respectively.

Until December 31st, 2020, our company and USI Corporation has invested US$170,475 thousand (around NT$5,255,588 thousand) and US$246,670 thousand (around NT$7,645,980 thousand) respectively for the joint venture company, Ever Conquest Global Ltd. as well as transferred the capital to re-invest the joint venture company through Ever Conquest in US$417,145 thousand. The Joint Venture Company re-invested Hong Kong Company in June and August 2019 with the amount of US$63,855 thousand and US$63,855 thousand respectively. In June and August 2019 and in April and December 2020, the re-investment to Gulei Company has accumulated to RMB2,352,400 thousand (around US$338,418 thousand) in total.

In order to replenish the operating capital in Gulei Company, the Joint Venture Company signed a joint venture contract with DOR PO INVESTMENT COMPANY LIMITED in Hong Kong (hereinafter referred to as DOR PO Company) on June 5th, 2019 to invest Hong Kong Company together. According to the joint venture contract, DOR PO Company shall contribute US$109,215 thousand to participate in the capital increase in Hong Kong company. Up to December 31st, 2020, DOR PO Company has contributed US$99,108 thousand. It roughly accounts for 14.7% of equity in Hong Kong Company.

b. In order to enhance the effectiveness of asset management, the consolidated company provided 10 pieces of land located at the 3rd subsection, Yenji Section, Songshan District, Taipei City that were recognized as investment property to coordinate with the adjacent lands and participate in the urban renewal plan organized by Huaku Development Co., Ltd. (hereinafter referred to as Huaku Company) in the method of right transfer. An urban renewal development contract has been signed, and the performance bond of $6,400 thousand has been collected from the construction company. The proposal was assessed and approved by Taipei City Government on November 30th, 2017. In addition, to ensure the smooth development and completion of the urban renewal plan, the consolidated company and Huaku Company jointly signed a real estate trust contract with Trust Division at E.SUN Bank in 2017 to jointly entrusted Trust Division, E.SUN Bank to deal with property right management, splitting and merging, and transfer & disposal of the construction site and the buildings on the site during the duration of the fiduciary relationship. Up to December 31st, 2020, emptying out for handing over has been completed.

3) Significant contingency

Regarding the accident of gas explosion happened on the evening of July 31st, 2014 involving propylene pipeline operation carried out by the investee company, China General Terminal & Distribution Corporation (hereinafter referred to as China General Distribution) using equity method entrusted by LCY Chemical Corporation (hereinafter referred to as LCY), the judgement of second instance for the criminal responsibility of the gas explosion was announced on April 24th, 2020. The three employees in China General Distribution were all acquitted innocence.

China General Distribution entered an agreement with Kaohsiung City Government on February 12th, 2015 and provided a bank time deposit certificate of $227,458 thousand (including interest) for the creation of pledge to Kaohsiung City Government as the guarantee for the losses suffered from the gas explosion. Kaohsiung City Government also filed civil proceeding against China General Distribution, LCY Chemical Corporation, and CPC Corporation, Taiwan successively. In addition, Taiwan Power Company applied the execution of provisional attachment in the assets held by China General Distribution to the court on August 27th and November 26th, 2015 respectively. China General Distribution has lodged $99,207 thousand at the court in cash to be waived from the provisional attachment. Taiwan Water Corporation also claimed provisional attachment in the assets held by China General Distribution to the court on February 3rd and March 2nd, 2017 respectively. Until February 26th, 2021, the total asset value held by China General Distribution under provisional attachment was around $9,581 thousand.

China General Distribution, LCY Chemical Corporation, and Kaohsiung City Government entered a tripartite agreement on July 17th, 2015 about the deceased victims in the gas explosion and agreed negotiating the compensation settlement to the heirs and claimants of the 32 victims (hereinafter referred to as “family members of the victims”. Payment of $12,000 thousand shall be paid to the family members of each victim, and the total settlement amount was $384,000 thousand. The settlement payment was paid by LCY Chemical Corporation on behalf of the three parties in the contract first. Besides, LCY Chemical Corporation also represented the three parties in the contract to negotiate and enter the settlement agreement with the family members of the victims.

For those who were badly injured, China General Distribution, LCY Chemical Corporation, and Kaohsiung City Government also entered a tripartite agreement for the serious injury on October 25th, 2017 and agreed negotiating the compensation to the 65 persons who were badly injured. The settlement payment was paid by China General Distribution and Kaohsiung City Government first. In addition, China General Distribution represented the three parties in the contract to deal with the settlement with those who were badly injured in the gas explosion. Settlement agreement has been signed with 64 persons among them.

Up to February 26th, 2021, there were some people who suffered from loss, who were victim of the gas explosion or their family members filed civil (including civil suit collateral to criminal proceedings) lawsuit against China General Distribution, LCY Chemical Corporation, and CPC Corporation, Taiwan for compensation claims. Based on the consideration of legal costs, China General Distribution settled down the compensation claim of $46,677 thousand with the settled compensation amount of $4,519 thousand. The remaining amount of claim in the progress of lawsuit and the compensation to the victim and those who were badly injured mentioned in the previous paragraph was in total around $3,856,447 thousand. Part of above civil cases (the compensation amount claimed was around $1,341,128 thousand) has started to announce the result of first instance one after another from July 22nd, 2018. Most of the cases were referred to the criminal judgment of first instance announced then and recognized the ratio of liability for negligence among Kaohsiung City Government, LCY Chemical Corporation, and China General Distribution was 4：3：3. China General Distribution and LCY Chemical Corporation as well as other defendants shall compensate the amount of around $401,979 thousand (among them, a court decision of $6,194 thousand was made to China General Distribution for the waive of the compensation responsibility). Civil cases that have been announced but not settled were filed appeals by China General Distribution and have been carried out second instance proceeding one after another. Moreover, China General Distribution has entered claim agreement with the insurance company. The estimated compensation amount to the deceased victims and those who were badly injured and compensation for the civil proceeding (including settled cases) based on the ratio of liability under the judgment of first instance shall be recognized as the amount to be covered by China General Distribution after deducting the upper limit of insurance claim. It has been estimated $136,375 thousand of accounting estimate. However, the actual amount of the settlement and compensation above can only be confirmed after the ratio of responsibility that China General Distribution shall share is confirmed in the civil proceeding in the future.

31. Foreign currency asset and liability that are with significant impact

The following information is presented in the summary of foreign currency that is not the functional currency at each entity in the consolidated company. The foreign exchange rate disclosed refers to the exchange rate of the foreign currency exchanged to the functional currency. Foreign assets and liabilities that are with significant impact are as below:

Unit: Other than the unit for exchange rate is one dollar, the unit used for each currency/ book value is a thousand dollars.

December 31st, 2020

	Foreign currency	Exchange rate	Functional currency	Book value
Financial assets				
Monetary item				
USD	$ 10,807	28.480 (USD: NTD)	$ 307,795	$ 307,795
USD	271	6.5249 (USD: RMB)	1,769	7,721
RMB	2,092	0.1533 (RMB: USD)	321	9,142
RMB	87,272	4.3648 (RMB: NTD)	380,924	380,924
JPY	5	0.2763 (JPY: NTD)	1	1
				$ 705,583
Non-monetary item				
Associates using equity method				
USD	177,912	28.480 (USD: NTD)	5,066,945	$ 5,066,945
Financial liabilities				
Monetary item				
USD	3,805	28.480 (USD: NTD)	108,375	$ 108,375
RMB	204	0.1533 (RMB: USD)	31	883
JPY	7,072	0.2763 (JPY:NTD)	1,954	1,954
EUR	24	35.020 (EUR:NTD)	847	847
				$ 112,059
Non-monetary item				
Derivative instrument				
RMB	77,600	4.3648 (RMB: NTD)	3,912	$ 3,912

December 31st, 2019

	Foreign currency	Exchange rate	Functional currency	Book value
Financial assets				
Monetary item				
USD	$ 11,542	29.980 (USD: NTD)	$ 346,016	$ 346,016
USD	198	6.9761 (USD: RMB)	1,384	5,948
RMB	2,941	0.1433 (RMB: USD)	422	12,652
RMB	85,806	4.2975 (RMB: NTD)	368,753	368,753
JPY	5	0.2760 (JPY: NTD)	1	1
				$ 733,370
Non-monetary item				
Associates using equity method				
USD	142,273	29.980 (USD: NTD)	4,265,335	$ 4,265,335
Derivative instrument				
USD	1,730	29.980 (USD: NTD)	677	677
				$ 4,266,012
Financial liabilities				
Monetary item				
USD	3,459	29.980 (USD: NTD)	103,707	$ 103,707
RMB	52	0.1433 (RMB: USD)	7	223
JPY	188	0.2760 (JPY: NTD)	52	52
				$ 103,982
Non-monetary item				
Derivative instrument				
RMB	72,000	4.2975 (RMB: NTD)	583	$ 583

The gain or loss on foreign currency exchange (realized and unrealized) in the consolidated company on December 31st, 2020 and 2019 was net loss of $12,905 thousand and $12,449 thousand respectively. Due to the variety of foreign currency transaction, it was unable to disclose exchange gain or loss based on each individual currency that was with significant impact.

32. Disclosure in the notes

1) Significant transaction and re-investment related information:

a. Lending funds to other parties. (None)

b. Providing endorsement or guarantees to other parties. (None)

c. Holding of securities at the end of the period (excluding the portion held due to investment in a subsidiary or an associate, and the portion held due to an interest in a joint venture). (Attached Table 1)

d. Aggregate purchases or sales of the same securities reaching NT$300 million or 20 percent of paid-in capital or more. (Attached Table 2)

e. Acquisition of real estate reaching NT$300 million or 20 percent of paid-in capital or more. (None)

f. Disposal of real estate reaching NT$300 million or 20 percent of paid-in capital or more. (None)

g. Purchases or sales of goods from or to related parties reaching NT$100 million or 20 percent of paid-in capital or more. (Attached Table 3)

h. Accounts receivable from related parties reaching NT$100 million or 20 percent of paid-in capital or more. (Attached Table 4)

i. Trading in derivative instruments: Note 7.

j. Others: The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them. (Attached Table 5)

2) Information on re-investment (Attached Table 6).

3) Information on investments in the Mainland Area:

a. Information on the investee company, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, profit or loss for the period and recognized investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in the Mainland Area. (Attached Table 7)

b. Any of the following significant transactions with investee companies in the Mainland Area, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: (Attached Table 8)

(1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

(2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

(3) The amount of property transactions and the amount of the resultant gains or losses.

(4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

(5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

(6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

4) Information on major shareholders: an issuer whose stock is listed on the TWSE or listed on the TPEx shall disclose the names, numbers of shares held, and shareholding percentages of shareholders who hold 5 percent or more of the issuer's equity. (Attached Table 9)

Other than the disclosure on attached Table 1 to 9, there are no other significant transactions, re-investments, and information on the investment in Mainland China that shall be disclosed.

33. Information of departments

1) Information of operating departments: According to IFRS8 “operating departments”, the consolidated company is a single operating department for manufacturing and selling petrochemical products. Therefore, no information of departments shall be disclosed.

2) Financial information by regions

The revenue in our company from the continuous operations of the external customers is classified by the country that customers are located as well as the non-current assets are classified by the regions of where the assets are located. The detailed information is listed below:

	Revenue from external customers		Non-current assets	
	2020	2019	December 31st, 2020	December 31st, 2019
Taiwan	$ 1,636,875	$ 1,787,714	$ 3,708,090	$ 3,734,652
Asia	3,988,373	4,948,560	72,967	79,199
Others	78,298	54,883	-	-
	$ 5,703,546	$ 6,791,157	$ 3,781,057	$ 3,813,851

Non-current assets do not include financial instruments, deferred income tax assets, and refundable deposits.

3) Information of main customer:

Customers who account for net sale revenue in the consolidated company for 10% or more:

Name of the customer	2020	2019
Customer A	$ 663,182	$ 843,103

Asia Polymer Corporation and the Subsidiaries
Status of holding of securities at the end of the period
December 31st, 2020

Table 1

Unit: Unless it is otherwise specified, it shall be NT$ thousand

Company that holds the securities	Securities and its name	Relationship with the issuer of the securities	Recognition in accounting statement	End of the period				Remark
				Number of shares/ units	Book value	Shareholding ratio (%)	Fair value	
Asia Polymer Corporation	Stock							
	Common stock, Harbinger Venture Capital Corp.	None	Financial assets measured at fair value through other comprehensive income- non-current	2,377	$ 18	1.20%	$ 18	
	Common stock, Riselink Venture Capital Corp.	〃	〃	2,632	318	1.67%	318	
	Common stock, KHL 1A Venture Capital Corp.	〃	〃	12,044,707	275,462	11.90%	275,462	
	Common stock, USI Corporation	Ultimate parent entity	〃	101,355,673	2,290,638	8.53%	2,290,638	
	Common stock, CTCI Corporation	None	〃	14,446,107	551,842	1.89%	551,842	
	Common stock, AU Optronics Corporation	〃	〃	9,618,516	134,659	0.10%	134,659	
	Common stock, Wafer Works Corp.	〃	Financial assets measured at fair value through other comprehensive income- current	2,017,946	86,368	0.39%	86,368	
	Common stock, Unimicron Technology Corp.	〃	Financial assets measured at fair value through profit or loss- current	300,000	26,220	0.02%	26,220	
	Common stock, Evergreen Marine Corporation	〃	〃	1,693,251	68,915	0.04%	68,915	
	Common stock, Quanta Computer Inc.	〃	〃	200,000	16,180	0.01%	16,180	
	Common stock, United Microelectronics Corp.	〃	〃	450,000	21,218	0.00%	21,218	
	Common stock, G.M.I. Technology Inc.	〃	〃	1,515,800	21,752	1.21%	21,752	
	Common stock, Taiwan Cement Corp.	〃	〃	500,000	21,600	0.01%	21,600	
	Securitized notes							
	Cathay No.1 Real Estate Investment Trust Fund	〃	〃	3,281,000	61,388	-	61,388	
	Beneficiary certificate							
	Mega Diamond Money Market Fund	〃	〃	5,887,835	74,481	-	74,481	
	Capital Money Market Fund	〃	〃	2,152,072	35,004	-	35,004	
	Jih Sun Money Market Fund	〃	〃	16,818,904	251,443	-	251,443	
	Prudential Financial Money Market Fund	〃	〃	3,137,157	50,053	-	50,053	

(continued)

Company that holds the securities	Securities and its name	Relationship with the issuer of the securities	Recognition in accounting statement	End of the period				Remark
				Number of shares/ units	Book value	Shareholding ratio (%)	Fair value	
	Taishin 1699 Money Market Fund	None	Financial assets measured at fair value through profit or loss- current	12,021,036	$ 164,038	-	$ 164,038	
	CTBC Hua Win Money Market Fund	〃	〃	5,672,048	63,002	-	63,002	
	FSITC Taiwan Money Market Fund	〃	〃	3,564,088	55,006	-	55,006	
	Hua Nan Kirin Money Market Fund	〃	〃	6,381,916	77,000	-	77,000	
APC(BVI) Holding Co.,Ltd.	Stock							
	Common stock, Budworth Investment Ltd.	〃	Financial assets measured at fair value through other comprehensive income- non-current	40,467	10	4.45%	10	
	Special stock, Silicon Technology Investment (Cayman) Corp.	〃	〃	1,139,776	57,117	2.19%	57,117	
	Special stock D, NeuroSky, Inc.	〃	〃	2,397,364	-	0.37%	-	(Remark 1)
	Solargiga Energy Holdings Ltd.	〃	〃	15,863,333	17,480	0.49%	17,480	
	Common stock, Teratech Corp.	〃	〃	112,000	-	0.67%	-	(Remark 1)
	Preferred stock, TGF Linux Communication, Inc.	〃	Financial assets measured at fair value through profit or loss- non-current	300,000	-	-	-	(Remark 1)
	Preferred stock Sohoware, Inc.	〃	〃	450,000	-	-	-	(Remark 1)
	Preferred stock, Boldworks, Inc.	〃	〃	689,266	-	-	-	(Remark 1)
APC Investment Co.,Ltd.	Stock							
	Common stock, USI Corporation	Ultimate parent entity	Financial assets measured at fair value through profit or loss- current	44,808	1,013	-	1,013	
	Common stock, Taiwan Cement Corp.	None	〃	300,000	12,960	0.01%	12,960	
	Common stock, United Microelectronics Corp.	〃	〃	150,000	7,072	-	7,072	
	Common stock, Evergreen Marine Corporation	〃	〃	564,416	22,972	0.01%	22,972	
	Common stock, Quanta Computer Inc.	〃	〃	100,000	8,090	-	8,090	
	Common stock, Unimicron Technology Corp.	〃	〃	150,000	13,110	0.01%	13,110	
	Common stock, G.M.I. Technology Inc.	〃	〃	492,900	7,073	0.39%	7,073	
	Beneficiary certificate							
	Cathay Taiwan Money Market Fund	None	Financial assets measured at fair value through profit or loss- current	499,525	6,261	-	6,261	

Remark 1: Due to the recognition as investment loss in the past few years, the book value for the long-term equity investment to the investee company is zero.
Remark 2: Please refer to Table 6 and Table 7 for the equity information related to the investee subsidiaries, associates, and joint venture.

(continued)

Asia Polymer Corporation and the Subsidiaries

Accumulated purchasing or selling the same marketable securities in the amount of NT$300 million or 20% paid-in capital or more

January 1st to December 31st, 2020

Table 2

Unit: Unless it is otherwise specified, it shall be NT$ thousand

Name of the company conducting the trading	Type and name of the marketable securities	Recognition in accounting statement	Trading party	Relationship	Beginning of the period (opening)		Purchases		Sales				End of the period (closing) (remark)	
					Number of units	Amount	Number of units	Amount	Number of units	Selling price	Book cost	Disposal gains	Number of units	Amount
Asia Polymer Corporation	Stock													
	Ever Conquest Global Limited.,	Investment using equity method		Investee company using equity method	144,160,000	$ 4,265,335	26,315,000	$ 783,964	-	$ -	$ -	$ -	170,475,000	$ 5,066,945 (Remark1)
	Fund													
	Taishin 1699 Money Market Fund	Financial assets measured at fair value through profit or loss-current	—	—	18,356,835	248,000	35,947,285	490,000	42,283,084	576,189	574,000	2,189	12,021,036	164,038 (Remark 2)
	Taishin Ta-Chong Money Market Fund	〃			3,832,822	54,400	21,475,665	307,000	25,308,487	361,769	361,400	369	-	-
	CTBC Hua Win Money Market Fund	〃			14,112,664	155,000	32,094,158	356,000	40,534,774	449,485	448,000	1,485	5,672,048	63,002 (Remark 3)
	FSITC Money Market	〃	—	—	957,942	171,000	2,239,281	402,000	3,197,223	573,842	573,000	842	-	-
	FSITC Taiwan Money Market Fund	〃	—	—	12,624,735	193,000	12,026,785	185,300	21,087,432	324,749	323,300	1,449	3,564,088	55,006 (Remark 4)

Remark 1: Book cost includes initial acquisition cost, investment profit of loss recognized under equity method, foreign exchange, and adjustm ents of change in net value.

Remark 2: Closing amount shown in the account book of $164,038 thousand is the balance of investment cost $164,000 thousand plus valuation adjustment of $38 thousand.

Remark 3: Closing amount shown in the account book of $63,002 thousand is the balance of investment cost $63,000 thousand plus valuation adjustment of $2 thousand.

Remark 4: Closing amount shown in the account book of $55,006 thousand is the balance of investment cost $55,000 thousand plus valuation adjustment of $6 thousand.

Asia Polymer Corporation and the Subsidiaries

Amount of purchasing or selling transaction with related parties achieved NT$100 million or 20% paid-in capital or more

January 1st to December 31st, 2020

Table 3

Unit: Unless it is otherwise specified, it shall be NT$ thousand

Name of company executing purchases (sales)	Name of the trading party	Relationship	Status of transaction				Transaction condition differs from general condition and its reason		Accounts receivable (payable)		
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit period	Unit price	Credit period	Balance		Percentage of total accounts receivable (payable)
Asia Polymer Corporation	USI Corporation	Ultimate parent entity	Sales	($ 662,692)	(11.62%)	60 days	No significant difference	No significant difference	Accounts receivable-related party	$ 189,988	25.58%
USI Trading (Shanghai) Co., Ltd.	USI Corporation	Ultimate parent entity	Purchases	119,428	3.84%	30 days	No significant difference	No significant difference	Accounts payable-related party	(33,203)	(11.54%)

Asia Polymer Corporation and the Subsidiaries

Amount of accounts receivable from related parties achieving NT$100 million or 20% paid-in capital or more

December 31st, 2020

Table 4

Unit: Unless it is otherwise specified, it shall be NT$ thousand

Name of the company recognized as accounts receivable	Trading party	Relationship	Balance of accounts receivable from the related party		Turnover rate	Overdue accounts receivable from the related parties		Accounts receivable from the related parties- received amount after period (Remark 2)	Recognition of allowance for bad debts
						Amount	Handling method		
Asia Polymer Corporation	USI Corporation	Ultimate parent entity	Accounts receivable- related parties	$ 189,988	3.94	$ -	-	$ 189,988	Remark 1

Remark 1: No need to recognize allowance for bad debts after evaluation.

Remark 2: "After period" refers to the period between January 1st and March 5th, 2021.

Asia Polymer Corporation and the Subsidiaries

Business relationship, important transaction, and the amount between the parent company and subsidiaries as well as between subsidiaries

January 1st to December 31st, 2020

Table 5

Unit: Unless it is otherwise specified, it shall be NT$ thousand

Code (Remark 1)	Name of the trader	Transaction party	Relationship with the trader (Remark 2)	Status of transaction			
				Accounting subject	Amount (Remark 4)	Trading condition	Percentage of consolidated total revenue or total asset (Remark 3)
0	Asia Polymer Corporation	APC Investment Corporation	(1)	Non-operating income and expense- rent income	$ 142	No significant difference	-
0	Asia Polymer Corporation	USI Trading (Shanghai) Co., Ltd.	(1)	Accounts receivable- related parties	12,462	No significant difference	0.07%
				Sales	63,613	No significant difference	1.12%
				Commission expense	804	No significant difference	0.01%
				Other payables- related parties	98	No significant difference	-
1	USI International Corp.	USI Trading (Shanghai) Co., Ltd.	(3)	Other receivables- related parties	7,914	No significant difference	0.05%
				Other payables- related parties	892	No significant difference	-
				Non-operating income and expense- rent income	1,490	No significant difference	0.03%
				Management service fee	124	No significant difference	-

Remark 1: Information of business between the parent company and the subsidiary shall be marked clearly on the column of code. The code principle is as below:

(1) Fill 0 for the parent company.

(2) Each subsidiary shall be coded from number 1 and followed sequentially according to the name of subsidiary.

Remark 2: The relationship with the trader includes the following three types, and just mark the type:

(1) Parent company to the subsidiary.

(2) Subsidiary to the parent company.

(3) Subsidiary to subsidiary.

Remark 3: For the recognition of assets or liabilities, the calculation of the transaction amount in the percentage of total revenue or total asset shall be based on closing balance accounting for the consolidated total asset. If it is profit or loss, it shall be calculated by the accumulated amount during the period accounting for the consolidated total revenue.

Remark 4: It has been fully written off when preparing the consolidated financial statement.

Asia Polymer Corporation and the Subsidiaries

Information of the investee company and the location

January 1st to December 31st, 2020

Table 6

Unit: Unless it is otherwise specified, it shall be NT$ thousand

Name of the investment company	Name of the investee company	Location	Main business item	Original investment amount		Shareholding by the end of the period			Current profit (loss) in the investee company	Investment profit (loss) recognized in the current period	Note
				End of current period	End of previous year	Number of shares	Ratio	Amount of book value			
Asia Polymer Corporation	APC (BVI) Holding Co., Ltd	British Virgin Islands	Re-investment	$ 392,306 (US$13,774,806)	$ 392,306 (US$ 13,774,806)	11,342,594	100.00%	$ 517,012	$ 15,182	$ 15,182	Subsidiary (Remark 1)
	APC Investment Co., Ltd.	Taipei, Taiwan	Investment	200,000	200,000	20,000,000	100.00%	132,491	33,542	33,542	Subsidiary (Remark 1)
	USI International Corp.	British Virgin Islands	Re-investment	59,808 (US$2,100,000)	79,744 (US$2,800,000)	2,100,000	70.00%	63,415	5,387	3,771	Subsidiary (Remark 1)
	China General Plastics Corporation	Taipei, Taiwan	Producing and selling PVC sheet, plastic leather, plastic pipe, plastic pumping tablets, plastic powder, profile extrusion material, alkali-chlorine, and other relevant products	247,412	247,412	44,653,510	8.07%	782,997	1,634,185	131,866	Investee company using equity method
	China General Terminal & Distribution Corporation	Taipei, Taiwan	Storage and transportation of petrochemical Materials	41,082	41,082	19,918,184	33.33%	315,711	69,385	23,128	Investee company using equity method
	Swanson Plastics Corporation	Taipei, Taiwan	Producing and selling PVC shrink film and industrial multi-layer packaging film	75,242	75,242	12,266,779	7.95%	206,857	247,423	19,669	Investee company using equity method
	ACME Electronics Corporation	Taipei, Taiwan	Producing and selling manganese zinc ferrite, flexible ferrite, magnetic powder, and magnetic core	61,348	61,348	6,056,623	3.31%	42,939	33,393	1,105	Investee company using equity method
	Taiwan United Venture Capital Corp.	Taipei, Taiwan	Investing high-tech business	52,791	52,791	3,913,533	8.33%	21,472	(4,172)	(347)	Investee company using equity method
	Thintec Materials Corporation	Taipei, Taiwan	Manufacturing reinforced plastic products	-	36,250	-	-		15	4	Investee company using equity method
	USI Optronics Corporation	Taipei, Taiwan	Manufacturing and selling sapphire single crystal	59,725	59,725	5,972,464	9.20%	12,579	(62,320)	(5,735)	Investee company using equity method
	Ever Conquest Global Ltd.	British Virgin Islands	Re-investment	4,855,128 (US$170,475,000)	4,105,677 (US$144,160,000)	170,475,000	40.87%	5,066,945	(113,719)	(44,058)	Investee company using equity method
APC (BVI) Holding Co., Ltd	ACME Electronics (Cayman) Corp.	Cayman Islands	Re-investment	149,375 (US$5,244,903)	149,375 (US$5,244,903)	8,316,450	16.64%	200,825	9,485	-	Company invested by APC (BVI) Holding Co., Ltd, using equity method
	USI International Corp.	British Virgin Islands	Re-investment	25,632 (US$900,000)	34,176 (US$1,200,000)	900,000	30.00%	27,178	5,387	-	Company invested by APC (BVI) Holding Co., Ltd, using equity method (Remark 1)
APC Investment Co., Ltd.	ACME Electronics Corporation	Taipei, Taiwan	Producing and selling manganese zinc ferrite, flexible ferrite, magnetic powder, and magnetic core	14,889	14,889	1,884,548	1.03%	13,361	33,393	-	Company invested by APC Investment Co.,Ltd. using equity method
	Swanson Technologies Corporation	Taipei, Taiwan	Producing and selling EVA packaging film	30,000	30,000	3,000,000	15.00%	(16,165)	(14,109)	-	Company invested by APC Investment Co.,Ltd. using equity method
Ever Conquest Global Ltd.	Ever Victory Global Ltd.	British Virgin Islands	Re-investment	11,880,290 (US$417,145,000)	11,130,838 (US$390,830,000)	417,145,000	67.40%	12,398,596 (US$435,344,000)	(153,485) (US$ 5,198,000)	-	Company invested by Ever Conquest Global Ltd., using equity method
Ever Victory Global Ltd.	Dynamic Ever Investments Ltd.	Hong Kong	Re-investment	16,770,448 (US$588,850,000)	13,906,385 (US$488,286,000)	588,850,000	85.00%	17,523,490 (US$615,291,000)	(175,395) (US$ 5,942,000)	-	Company invested by Ever Victory Global Ltd., using equity method

Remark 1: It shall be fully written off when preparing the consolidated financial statement.

Asia Polymer Corporation and the Subsidiaries

Information of investment in Mainland China

January 1st to December 31st, 2020

Table 7

Unit: Unless it is otherwise specified, it shall be NT$ thousand

Name of the investee company in Mainland China	Main business item	Paid-in capital (Remark 3)	Investment method (Remark 1)	Accumulated investment amount transferred from Taiwan in the beginning of the period	Transferred or recovered investment amount in the current period		Accumulated investment amount transferred from Taiwan by the end of the period	Profit or loss of the current period in the investee company (Remark 3)	Shareholding ratio directly or indirectly by our company	Investment profit (loss) recognized in the current period (Remark 3)	Book value of the investment by the end of the period (Remark 4)	Repatriation of investment profit by the end of period
					Transferred	Recovered						
Yuefeng Electronics (Kunshan) Co., Ltd.	Manufacturing and selling manganese zinc ferrite and magnetic core	$ 875,048 (US$30,725,000)	(2) ACME Electronics (Cayman) Corp.	$ 118,971 (US$ 4,177,369)	$ -	$ -	$ 118,971 (US$ 4,177,369 元)	B $ 7,332	16.64%	$ 1,220	$ 130,641	$ -
USI Trading (Shanghai) Co., Ltd.	Selling chemical products and equipment	71,200 (US$2,500,000)	(2) APC (BVI) Holding Co., Ltd	86,454 (US$ 3,035,601)	-	-	86,454 (US$ 3,035,601)	B 11,497	100.00%	11,497	120,346	-
Fujian Gulei Petrochemical Company Limited	Crude oil processing and manufacturing petroleum products	40,655,493 (RMB 9,314,400,000)	(2) Dynamic Ever Investments Ltd.,(Remark 2)	3,789,932 (US$ 133,073,466)	706,572 (US$ 24,809,406)	-	4,496,504 (US$ 157,882,871)	A (330,217)	11.71%	(40,514)	4,723,802	-

Accumulated investment amount transferred from Taiwan to Mainland China by the end of the period	Investment amount approved by Investment Board, Ministry of Economic Affairs	Limitation of investment amount in Mainland China regulated by Investment Board, Ministry of Economic Affairs
$4,839,207 (Remark 5) (US$169,915,978)	$6,374,838 (US$223,835,608)	$- (Remark 6)

Remark 1: Investment method includes the following three types, and just need to mark the type:

(1) Direct investment in Mainland China.

(2) Re-investment to Mainland China through a third area (please remark the investment company in the third area).

(3) Other methods.

Remark 2: The investment was through Ever Conquest Global Ltd. with shareholding ratio of 40.87% in a third area to re-invest 67.40% in Ever Victory Global Ltd. before re-investing 85.00% in Dynamic Ever Investments Ltd. in order to indirectly invest 50% of capital in Fujian Gulei Petrochemical Company Limited.

Remark 3: In the column of investment profit or loss recognized in the current year:

(1) Please mark if the investment is still under preparation and without any investment profit or loss for the current period.

(2) The basis of recognizing investment profit or loss can be classified into the following three type; please remark.

A. Financial statement audited by international public accounting firms that work with CPA Associations R.O.C. (Taiwan).

B. Financial statement that has been audited by the certified accountants appointed by the parent company in Taiwan.

C. Others.

Remark 4: It was calculated by the exchange rate on December 31st, 2020.

Remark 5: It is the company that our company indirectly invested in Mainland China through APC(BVI)Holding Co. Ltd. re-investing Silicon Technology Investment (Cayman) Corp.(STIC) and Solargiga Energy Holdings Ltd.

Remark 6: It follows the official letter No. Shou Kong Zi 10800262940 issued by Investment Board, Ministry of Economic Affairs on February 26th, 2020. In order to obtain the certificate issued by Industrial Development Bureau, Ministry of Economic Affairs as the enterprise meeting the business scope of the headquarters, our company does not set up any limitation on investment amount.

Asia Polymer Corporation and the Subsidiaries

Significant transaction, price, payment term, unrealized profit or loss, and other relevant information directly or indirectly related to the investee company in Mainland China via a third area

January 1st to December 31st, 2020

Table 8

Unit: Unless it is otherwise specified, it shall be NT$ thousand

Name of the investee company in Mainland China	Transaction subject	Amount	Percentage	Price	Transaction condition		Accounts receivable (payable)		Unrealized profit or loss	Remark
					Payment term	Comparison to the general trading	Amount	Ratio		
USI Trading (Shanghai) Co., Ltd	Sales revenue	$ 63,613	1.12%	No significant difference	Payment collection within 90 days after sales	No significant difference	$ 12,462	1.68%	$ -	—
	Commission expenses	804	-	—	—	—	-	-	-	—
	Non-operating income and expense- rental income	1,490	-	—	—	—	-	-	-	—
	Management service fee	124	-	—	—	—	-	-	-	—
	Other payables to related parties	990	-	—	—	—	-	-	-	—
	Other receivables from related parties	7,914	-	—	—	—	-	-	-	—

Remark: It shall be fully written off when preparing the consolidated financial statement.

Asia Polymer Corporation and the Subsidiaries

Information of main shareholders

December 31st, 2020

Table 9

Name of the main shareholder	Shares	
	Number of shares held	Shareholding ratio
Union Polymer International Investment Corporation	210,044,924	36.08%

Remark: Information on major shareholders is calculated by Taiwan Depository & Clearing Corporation based on the last business day by the end of the quarter for the information on the common stock and special stock that have been completed non-physical registration and delivery (including treasury stock) in the company held by shareholders for more than 5% in total. The recorded capital stock in our consolidated financial statement might be different from the actual completed non-physical registration and delivery of shares due to different calculation basis for preparation.