Stock Code: 1308

Notice to Readers:

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ASIA POLYMERCORPORATION

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

Address： No. 3, Gongye 1st Rd., Linyuan Dist., Kaohsiung City, Taiwan (R.O.C.)

Telephone: (02)87516888

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders

Asia Polymer Corporation

Opinion

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

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

Basis for Opinion

We conducted our audit of the 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 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 Financial Statements section of our report. We are independent of the Company 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 financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters related to the Company's 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$5,514,958 thousand, which was approximately 16.16% lower than the sales revenue for the year ended December 31, 2019 of NT$6,578,064 thousand. 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 42.00% of net operating revenue.

Therefore, recognition of revenue from these specific customers has been identified as a key audit matter.

The audit procedures 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.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and,

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

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

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

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

We also provide those charged with governance with 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 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

Financial Supervisory Commission
Approved Document No. Chin Guan Cheng Liu Zi
No.0930160267

CPA, Hsiu-Chun Huang

Financial Supervisory Commission
Approved Document No. Tai Tsai Cheng Liu Zi
No.0920123784

March 16, 2021

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ASIA POLYMER CORPORATION

Balance Sheet

December 31,2020 and 2019

(In Thousands of New Taiwan Dollars)

Code	ASSETS	December 31,2020 Amount	%	December 31,2019 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 4 and 6)	$ 274,142	2	$ 587,400	4
1110	Financial assets-at fair value through profit and loss - current (Note 4 and 7)	1,007,300	6	2,585,296	15
1120	Financial assets at fair value through other comprehensive income -current (Note 4 and 8)	86,368	-	73,352	-
1170	Accounts receivable (Notes4, 5 and 10)	545,372	3	591,523	4
1180	Accounts receivable - related parties (Note 4, 5, 10 and 28)	209,875	1	184,772	1
1200	Other receivables (Note 4)	2,515	-	394	-
1210	Other receivables-related parties (Note 4 and 28)	1,965	-	3,977	-
130X	Inventories (Note 4, 5 and 11)	294,846	2	349,206	2
1410	Prepayment	124,228	1	137,953	1
1470	Other current assets	110	-	110	-
11XX	Total current assets	2,546,721	15	4,513,983	27
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income - non-current (Note 4 and 8)	3,252,937	19	2,288,615	14
1535	Financial assets at amortised cost - non-current (Note 4 and 9)	42,648	-	-	-
1550	Investments accounted for using the equity method (Notes 4, 5, 11 and 28)	7,162,418	43	6,191,020	37
1600	Property, plant and equipment (Note 4 and 13)	3,257,029	19	3,276,337	19
1755	Right-of-use assets (Note 4 and 14)	424	-	-	-
1760	Investment properties (Note 4 and 15)	450,619	3	458,262	3
1840	Deferred tax assets (note 4 and 24)	82,118	1	92,420	-
1990	Other non-current assets (Note 4)	22,183	-	35,531	-
15XX	Total non-current assets	14,270,376	85	12,342,185	73
1XXX	Total assets	$ 16,817,097	100	$ 16,856,168	100

Code	LIABILITIES AND EQUITY	December 31,2020 Amount	%	December 31,2019 Amount	%
	Current liabilities				
2100	Short-term borrowings (Note 16)	$ 700,000	4	$ 1,100,000	6
2110	Short-term notes and bills payable (Note 16)	-	-	649,944	4
2120	Financial liabilities at fair value through profit or loss - current (Note 4 and 7)	3,912	-	-	-
2170	Accounts payable (Note 17)	238,363	2	134,278	1
2180	Accounts payable - related parties (Note 17 and 28)	15,630	-	15,667	-
2219	Other accounts payable (Note 18)	194,634	1	183,265	1
2220	Other accounts payable-related parties (Note 28)	49,982	1	166,705	1
2230	Current income tax liabilities (Note 4 and 24)	185,963	1	146,105	1
2280	Lease liabilities - current (Note 4 and 14)	5,981	-	5,496	-
2365	Refund liabilities - current (Note 19)	5,899	-	5,899	-
2399	Other current liabilities (Note 22)	29,874	-	12,479	-
21XX	Total current liabilities	1,430,238	9	2,419,838	14
	Non-current liabilities				
2540	Long-term borrowings (Note 16)	3,050,000	18	3,950,000	24
2570	Deferred tax liabilities (Note 4 and 24)	42,108	-	52,655	-
2580	Lease liabilities - non-current (Note 4 and 14)	18,946	-	24,501	-
2640	Net defined benefit liabilities - non-current (Note 4 and 20)	155,057	1	165,868	1
2670	Other non-current liabilities	11,203	-	13,486	-
25XX	Total non-current liabilities	3,277,314	19	4,206,510	25
2XXX	Total liabilities	4,707,552	28	6,626,348	39
	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 4, 8, 21 and 24)				
	Share capital				
3110	Ordinary shares	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	4
3350	Unappropriated earnings	2,890,180	17	2,507,082	15
3300	Total retained earnings	5,253,769	31	4,785,613	29
3400	Other equity	1,001,486	6	(124,020)	(1)
3XXX	Total equity	12,109,545	72	10,229,820	61
	Total liabilities and equity	$ 16,817,097	100	$ 16,856,168	100

. The accompanying notes are an integral part of the financial statements.

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ASIA POLYMER CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

		2020		2019	
Code		Amount	%	Amount	%
4100	Net sale revenue (Note 4, 22 and 28)	$ 5,514,958	100	$ 6,578,064	100
5110	Operating costs (Note 4, 11, 20, 23 and 28)	4,405,880	80	5,560,296	85
5900	Gross profit	1,109,078	20	1,017,768	15
	Operating expenses (Note 20, 23 and 28)				
6100	Selling expenses	87,575	2	108,585	1
6200	Administrative expenses	106,436	2	115,143	2
6300	Research and development expenses	5,424	-	5,126	-
6000	Total operating expenses	199,435	4	228,854	3
6900	Net operating profit	909,643	16	788,914	12
	Non-operating income and expenses (Note 4, 12, 23 and 28)				
7100	Interest income	4,031	-	9,268	-
7010	Other incomes	158,029	3	139,952	2
7020	Other gains and losses	73,462	2	25,568	1
7510	Interest expenses	(42,537)	(1)	(56,163)	(1)
7060	Share of profit of associates	178,127	3	75,400	1
7000	Total non-operating income and expenses	371,112	7	194,025	3
7900	Profit before income tax	1,280,755	23	982,939	15
7950	Income tax expenses (Note 4 and 24)	177,168	3	161,918	3
8200	Net profit for the year	1,103,587	20	821,021	12

(Continued)

(Continued)

Code		2020 Amount	2020 %	2019 Amount	2019 %
	Other comprehensive income (Note 4, 12, 20, 21 and 24)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	($ 608)	-	$ 5,646	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	1,011,472	18	99,195	2
8330	Share of the other comprehensive income (loss) of associates accounted for using the equity method	64,833	1	27,596	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	(3,332)	-	(60)	-
		1,072,365	19	132,377	2
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating foreign operations	41,058	1	(192,308)	(3)
8380	Share of the other comprehensive income (loss) of associates accounted for using the equity method	(5,315)	-	(8,821)	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	(8,212)	-	38,462	1
		27,531	1	(162,667)	(2)
8300	Other comprehensive loss for the year(net of income tax)	1,099,896	20	(30,290)	-

(Continued)

(Continued)

Code		2020 Amount	2020 %	2019 Amount	2019 %
8500	Total comprehensive income for the year	$ 2,203,483	40	$ 790,731	12
	Earning per share (Note 25)				
9710	Basic	$ 1.90		$ 1.41	
9810	Diluted	$ 1.89		$ 1.41	

The accompanying notes are an integral part of the financial statements.

(Concluded)

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ASIA POLYMER CORPORATION

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

		Equity Attributable to Owners of the Company (Note 4, 8, 20 and 23)								
		Share Capital			Retained earnings			Other equity items		
Code		Share (In Thousands)	Ordinary Share	Capital Surplus	Legal Reserve	Special reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total equity
A1	Balance at 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	Effect 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 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 from investments in associates accounted for using the equity method	-	-	1,694	-	-	24,779	-	(27,737)	(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	Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	1,573	-	(1,573)	-
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 dividends distributed	-	-	-	-	-	(332,630)	-	-	(332,630)
B9	Share dividends distributed	27,719	277,191	-	-	-	(277,191)	-	-	-
C3	Reclassification of past dividends to capital surplus	-	-	901	-	-	-	-	-	901
C7	Changes in capital surplus from investments in associates accounted for using the equity method	-	-	7,971	-	-	(26,873)	-	26,873	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
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

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ASIA POLYMER CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

Code		2020	2019
	Cash flow from operating activities		
A10000	Income before income tax	$ 1,280,755	$ 982,939
A20010	Adjustments for:		
A20100	Depreciation expense	312,201	301,610
A20200	Amortization expense	35	35
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(88)	(43,051)
A20900	Interest expenses	42,537	56,163
A21200	Interest income	(4,031)	(9,268)
A21300	Dividend income	(103,685)	(82,778)
A22400	Share of profit of associates	(178,127)	(75,400)
A23200	Loss (gain) on disposal of investments accounted for using equity method	527	-
A23800	Reversal of write-down of inventories	(408)	(4,039)
A24100	Net loss (gain) on foreign currency exchange	(2,813)	4,534
A30000	Changes in operating assets and liabilities		
A31115	Financial assets mandatorily classified as at fair value through profit or loss	1,581,996	(993,789)
A31130	Notes receivable	-	472
A31150	Accounts receivable	48,844	115,232
A31160	Accounts receivable-related parties	(24,998)	(11,270)
A31180	Other receivables	(2,388)	(32)
A31190	Other receivables-related parties	2,012	(1,740)
A31200	Inventories	54,768	406,364
A31230	Prepayments	13,725	(10,410)
A32110	Financial liabilities held for trading	-	(2,074)
A32150	Accounts payable	104,085	(122,962)
A32160	Accounts payable-related parties	24	(7,570)
A32180	Other payables	12,940	47,509
A32190	Other payables-related parties	(116,769)	38,806
A32230	Other current liabilities	14,195	(5,823)
A32240	Net defined benefit liabilities	(11,420)	(37,156)
A33000	Cash inflow generated from operations	3,023,917	546,302
A33100	Interest received	4,298	9,028
A33300	Interest paid	(43,096)	(55,801)
A33500	Income tax paid	(149,099)	(19,238)

(Continued)

(Continued)

Code		2020	2019
AAAA	Net cash inflow from operating activities	2,836,020	480,291
	Cash flow from investing activities		
B00040	Acquisition of financial assets at amortised cost - non-current	5,141	-
B00020	Proceeds from sale of financial assets at fair value through other comprehensive income - current	-	2,389
B00030	Capital reduction of financial assets at fair value through other comprehensive income	34,135	18,066
B01800	Acquisition of associates	(783,964)	(1,280,719)
B02400	Capital reduction and liquidation return of the invested company at equity	23,896	-
B02700	Purchase of property, plant and equipment	(284,827)	(67,422)
B09900	Decrease (increase) in other non -current assets	13,313	(31,618)
B07600	Dividends received	130,713	147,428
BBBB	Net cash outflow from investment activities	(861,593)	(1,211,876)
	Cash flow from financing activities		
C00100	Decrease in short-term borrowings	(400,000)	(250,000)
C00600	Increase (decrease) in short term bills payable	(650,000)	50,000
C01600	Proceeds from long-term borrowings	5,400,000	12,500,000
C01700	Repayments of long-term borrowings	(6,300,000)	(11,650,000)
C03100	Decrease in guarantee deposits received	3,200	-
C04020	Repayment of the principal portion of lease liabilities	(5,917)	(5,864)
C04300	Increase (decrease) in other non-current liabilities	(2,283)	1,198
C04500	Dividends paid	(332,685)	(166,340)
CCCC	Net cash inflow (outflow) of financing activities	(2,287,685)	478,994
EEEE	Net decrease in cash and cash equivalents	(313,258)	(252,591)
E00100	Cash and cash equivalents at the beginning of the year	587,400	839,991
E00200	Cash and cash equivalents at the end of the year	$ 274,142	$ 587,400

The accompanying notes are an integral part of the financial statements.

(Concluded)

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ASIA POLYMER CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

i. History of the Company

Asia Polymer Corporation (hereinafter referred to as "the Company") was established in January 1977, engaged in the manufacture and sale of low density polyethylene (LDPE), and ethylene vinyl acetate copolymer (EVA).

The Company's shares are listed on the Taiwan Stock Exchange. As of December 31, 2020, USI Corporation (USI), the ultimate parent company, indirectly holds 36.08% of the Company's common shares.

The functional currency of the Company is the New Taiwan dollar, and the financial statements of the Company are presented in the Company's functional currency.

ii. Date and Procedure of Adoption of Financial Statements

The financial statements were approved by the Board of Directors on March 5, 2021.

iii. Application of New Standards and Interpretations

1 For the first time, the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretation Committee (SIC) (hereinafter referred to as "IFRSs") approved and issued by the Financial Supervisory Commission (FSC) were applied.

The application of the amended IFRSs approved and issued by the FSC shall not result in a material change in the accounting policies of the Company.

2 IFRSs approved by FSC as applicable in 2021

New issued/revised/amended standards and interpretations	Effective date of IASB publication
Amendment to IFRS 4 “Extension of Temporary Exemption for Application of IFRS 9”	Effective from the date of issue
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - “Reform of Interest Rate Indicators - Stage 2”	Effective during the annual reporting period commencing on January 1, 2021
Amendment of IFRS 16 “COVID-19 Related Rent Reduction”	Effective during the annual reporting period commencing on June 1, 2020

3 IFRSs issued by IASB but not yet approved by FSC

New issued/revised/amended standards and interpretations	Effective date of IASB release (Note 1)
“Annual Improvement for the 2018-2020 Cycle”	January 1, 2022 (Note 2)
Amendment to IFRS 3 “Updating Index to Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Investment of Assets between Investors and Their associatess or Joint Ventures”	Undecided
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendment to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendment to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Not 6)
Amendments to IAS 8 “Definitions of Accounting Estimates”	January 1, 2023 (Not 7)
Amendments to IAS 16 “Property, Plant and Equipment: Value before Intended Use”	January 1, 2022 (Note 4)
Amendment to IAS 37 “Loss-making Contracts - Cost of Performance”	January 1, 2022 (Note 5)

Note 1: Unless otherwise noted, the above new issued/revised/amended standards or interpretations shall take effect during the annual reporting period commencing from each of those dates.

Note 2: The amendments to IFRS 9 applies to the exchange of financial liabilities or the modification of the terms incurred during the reporting period commencing on 1 January 2022;The amendments to IAS 41 “Agriculture” apply to the measurement of fair value during the reporting period commencing on 1 January 2022;The amendments to IFRS 1 “First Adoption of

IFRSS" apply retroactively to the annual reporting period commencing on 1 January 2022.

Note 3: This amendment applies to mergers with the acquisition date during the annual reporting period commencing on January 1, 2022.

Note 4: This amendment applies to plant, property, and equipment in such locations and conditions as are necessary to operate in the manner expected by management after 1 January 2021.

Note 5: This amendment applies to contracts in which all obligations have not been performed on 1 January 2022.

Note 6: This amendment applies to the deferral of annual reporting periods commencing on 1 January 2023.

Note 7: This amendment applies to changes in accounting estimates and changes in accounting policies that occur during the reporting period commencing on 1 January 2023.

As of the approval and release date of the financial statements, the Company continues to evaluate the impact of the revision of other criteria and interpretations on the financial status and financial performance, and the relevant impact will be disclosed when the evaluation is completed.

(1). Amendment to IAS 1 "Disclosure of Accounting Policies"

This amendment provides that the Company shall determine the material accounting policy information to be disclosed according to the definition of material. Accounting policy information shall be deemed as material to the extent that it can reasonably be expected to influence the decisions made by major users of general-purpose financial statements on the basis of such financial statements. This amendment clarifies:

- Accounting policy information relating to non-material transactions, other matters or circumstances shall be deemed as non-material and the Company is not required to disclose such information.

- The Company may judge the relevant accounting policy information to be material, even if the amount is not material, due to the nature of the transaction, other matters or circumstances.
- Not all the information of accounting policy related to major transactions, other matters or situations shall be significant.

In addition, the amendment provides an example of how accounting policy information may be material if it is related to material transactions, other matters or circumstances and if:

1) The Company changes its accounting policies during the reporting period and the change results in a material change in the financial statements;
2) The Company selects its applicable accounting policies from among the options permitted by the IFRSs;
3) Accounting policies established by the Company in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” due to the absence of specific standards;
4) The Company discloses the relevant accounting policies determined by the Company under material judgments or assumptions; or
5) Accounting policy information that involves complex accounting rules and on which users of financial statements depend to understand such material transactions, other matters or circumstances.

2. IAS 8 - Amendments to “Definitions of Accounting Estimates”

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.

iv. Summary of Significant Accounting Policies

1 Statement to compliance

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

2 Basis of preparation

Except for financial instruments at fair value and net definite benefit liability recognized at present value of definite benefit obligation minus fair value of planned assets, the financial statements are prepared on a historical-cost basis.

The measurement of fair value is divided into Levels 1 to 3 according to the observability and importance of the relevant input values:

(1). Level 1 input value: It refers to the quotations (unadjusted) of the same assets or liabilities available at active markets on the measurement date

(2). Level 2 input value: It refers to the observable input value of an asset or liability, either directly (i.e.,as prices) or indirectly (i.e., derived from prices), other than the quoted price at Level 1.

(3). Level 3 input value: It refers to the unobservable input value of an asset or liability.

In the preparation of financial statements, the Company adopts the equity method to deal with the investment in subsidiaries or associatess. To make the profit and loss of the current period and other comprehensive income and interests in the financial statements the same as the profit and loss of the current year and other comprehensive income and interests attributable to the owner of the Company in the financial statements of the Company, some accounting differences between the individual basis and the consolidated basis are solved by adjusting related equity items, including “investments accounted for using the equity method”, “the share of profit or loss of subsidiaries and associates” and “the share of other comprehensive income of subsidiaries and associates and the related equity items”

3 The standard for distinguishing current and non-current assets and liabilities

The current assets include:

(1). The assets held mainly for the purpose of trading;

(2). Assets expected to be realized within 12 months after the balance sheet date; and

(3). Cash and cash equivalents (excluding those restricted for the exchange or settlement of liabilities more than 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held mainly for the purpose of trading;
2. Liabilities that are due to be paid off within 12 months after the balance sheet date (even if a long-term refinancing or rescheduling agreement has been completed between the balance sheet date and the date of the publication of the financial statement), and
3. Liabilities that cannot be unconditionally deferred to at least 12 months after the balance sheet date. The classification shall not be affected, however, if the terms of liabilities may, at the option of the counterparty, result in the settlement of an equity instrument issued.

Those that are not classified as the foregoing current assets or liabilities are non-current assets or liabilities.

4 Foreign currency

When the Company prepares financial statements, transactions in currencies (foreign currencies) other than the Company’s functional currency shall be converted into functional currency according to the exchange rate on the trading day for recording.

Monetary items in foreign currency are converted at the closing rate on each balance sheet date. Exchange differences arising from delivery of monetary items or conversion of monetary items are recognized in profit or loss in the current period.

Non-monetary items in foreign currency at fair value are converted at the exchange rate on the day when the fair value is determined, and the exchange difference arising therefrom is included in the current profit and loss, except that if the change in fair value is included in other comprehensive profit and loss, the exchange difference arising therefrom is included in other comprehensive profit and loss.

Non-monetary items in foreign currency at historical cost are converted at the exchange rate of the trading day and are not re-converted.

For the preparation of Financial Statements, the assets and liabilities of foreign operating institutions (including subsidiaries, associates or branches in countries where they operate or in currencies different from the Company's) are converted into NT dollars at the exchange rate on each balance sheet date. Income and expense loss items are converted at the average exchange rate of the current period, and the conversion difference generated is listed in other comprehensive profit and loss.

If the rights and interests retained after the Company disposes of all interests in a foreign operating entity, or disposes of some interests in a subsidiary of a foreign operating entity with loss of control, or disposes of a joint agreement of a foreign operating entity or an associatess are financial assets and dealt with the accounting policy of financial instrument, all accumulated exchange differences related to the foreign operating entity will be reclassified to profit and loss.

If partial disposal of subsidiaries of foreign operating entity does not result in loss of control, the accumulated exchange difference will be incorporated into equity transactions on a pro rata basis and will not be recognized as profit or loss. In the case of any other part of the disposal of the foreign operating entity, the accumulated exchange difference will be reclassified to profit and loss proportionately.

5 Inventories

Inventories includes raw materials, supplies, semi-finished goods and finished goods. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventory cost is calculated by the weighted average method.

6 Investments accounted for using the equity method

The Company adopts the equity method for investments in subsidiaries and associates..

(1). Investment in subsidiaries

Subsidiary means an entity under the control of the Company.

Under the equity method, the original investment is recognized according to the cost, and the subsequent book amount will be increased or decreased according to the Company's share of the profits and losses of subsidiaries and other comprehensive income and the distribution of profits. In addition, changes in the Company's other interests in the subsidiaries are presented according to the shareholding ratio.

When the change of ownership and equity of the company in the subsidiary does not result in the loss of control, it shall be treated as an equity transaction. The difference between the carrying amount of an investment and the fair value of the consideration paid or received is directly recognized as equity.

When the Company's share of the loss to the subsidiaries is equal to or exceeds its interest in the subsidiaries (including the book amount of the subsidiaries under the equity method and other long-term interests which are substantially part of the Company's net investment in the subsidiaries), the Company shall continue to recognize the loss on a shareholding basis.

The amount of the acquisition cost in excess of the Company's share of the net fair value of the identifiable assets and liabilities of the subsidiaries constituting the business on the acquisition date is classified as goodwill, which is included in the carrying amount of the investment and is not amortized; The Company's share of the net fair value of the subsidiary's identifiable assets and liabilities constituting the business on the acquisition date exceeding the acquisition cost is recognized as income for the current period.

The Company evaluates the impairment by considering the cash generating units as a whole and comparing their recoverable amount to the carrying amount in the financial statements. If the recoverable amount of the asset increases later, the reversal of the impairment loss shall be recognized as an interest, provided that the carrying amount of the asset after the reversal of the impairment loss shall not exceed the carrying amount which should have been deducted from the amortized carrying amount of the asset without the recognition of the impairment loss. Impairment loss attributable to goodwill shall not be reversed in subsequent periods.

In the event of loss of control over the subsidiary, the Company measures the remaining investment in the former subsidiary according to the fair value on the day of loss of control, and the difference between the fair value of the remaining investment and any disposal price on the day of loss of control and the carrying amount of the investment on the day of loss of control is included in the profit and loss of the current period. In addition, all amounts recognized in other comprehensive income relating to the subsidiary will be accounted for on the same basis as the Company's direct disposal of the relevant assets or liabilities.

Unrealized profits and losses from downstream transactions between the Company and its subsidiaries are written off in individual financial statements. The profits and losses arising from the counter-current and side-current transactions between the Company and its subsidiaries shall be recognized only in the parent company's financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

(2). Investment in associates

An associate refers to an enterprise which has a significant influence on the Company but is not a subsidiary or joint venture equity.

The Company uses the equity method to account for its investments in associates.Under the equity method, the original value of the associate subject to investment is recognized at the cost, and the book amount after the acquisition will increase or decrease with the Company’s share of the profits and losses, other comprehensive income as well as the profit distribution of associate. In addition, changes in the equity of associate are recognized according to the shareholding ratio.

The amount of the acquisition cost in excess of the Company’s share of the net fair value of the identifiable assets and liabilities of the associate on the acquisition date is classified as goodwill, which is included in the carrying amount of the investment and is not amortized; The Company’s share of the net fair value of the associate’ identifiable assets and liabilities on the acquisition date exceeding the acquisition cost is recognized as income for the current period.

When an associate issues new shares, if the Company fails to subscribe in proportion to its shareholding ratio, resulting in a change in the shareholding ratio and a consequent increase or decrease in the net equity invested, the increase or decrease shall be adjusted to the capital reserves - the change in the net equity of the associate and the investment at equity. However, if the ownership and equity in the associate is reduced due to the failure to subscribe or acquire the shares in proportion, the amount recognized in other comprehensive income related to the associate is reclassified according to the reduction proportion, and the accounting treatment is based on the same basis that the associate must follow if it directly disposes related assets or liabilities; If the capital reserves to be debited for the adjustment mentioned in the preceding paragraph are insufficient and the balance of the capital reserves resulting from the investment at equity is insufficient, the balance shall be debited to the retained surplus.

When the share of the Company's loss in the associate equals or exceeds its interest in the associate (including the carrying amount of the investment in the associate at equity and other long-term interests that are substantially part of the Company's net investment in the associate), further loss recognition shall be discontinued. The Company recognizes additional losses and liabilities only to the extent that statutory obligations, constructive obligations or payments have been made on behalf of associate.

The Company evaluates the impairment by treating the total carrying amount of the investment (including goodwill) as the single comparative recoverable amount and carrying amount of the investment, and conducts the impairment test. The recognized impairment loss shall not be apportion to any assets that form part of the carrying amount of the investment. Any reversal of the impairment loss shall be recognized to the extent of any subsequent increase in the recoverable amount of the investment.

The Company ceases to use the equity method on the date when it ceases to invest in the associate, and its retained interest in the original associate. is measured at its fair value, and the difference between the fair value and the disposal price and the carrying amount of the investment on the date when the equity method is stopped is included in the profit and loss of the current period. In addition, all amounts recognized in other comprehensive income related to the associate, shall be accounted for on the same basis as if the associate. were to directly dispose of the related assets or liabilities.

The profits and losses arising from the counter-current and side-current transactions between the Company and its associatess shall be recognized in the Company's financial statements only to the extent that the Company has no interest in its associatess.

7 Property, plant and equipment

Property, plant and equipment are recognized at cost and subsequently measured at cost minus accumulated depreciation and impairment losses.

All property, plant and equipment under construction shall be recognized at the cost minus the accumulated impairment loss. Costs include fees for professional services and borrowing costs eligible for capitalization. Upon completion and in the intended state of use, such assets shall be classified into the appropriate classes of property, plant and equipment and shall be recognized as depreciation.

Except for self-owned land which is not depreciated, other immovable property, plant and equipment are depreciated separately on a straight-line basis over their service life for each significant part.The Company reviews the estimated service life, residual value and depreciation method at least at the end of each year and delays the application of the effects of changes in accounting estimates.

When property, plant and equipment are excluded, the difference between the net disposal price and the carrying amount of such assets is recognized as profit and loss.

8 Investment properties

Investment properties are properties held for the purpose of earning rent or capital appreciation or both (including tenure assets that meet the definition of property for investment). Property for investment also includes land currently held for undetermined future use.

The self-owned property for investment is measured at initial cost (including transaction cost) and subsequently at cost minus accumulated depreciation and accumulated impairment loss.

Property for investment acquired by lease shall be measured at initial cost, and subsequently at cost after deducting accumulated depreciation and accumulated impairment losses, and the remeasured amount of lease liabilities shall be adjusted.

All property for investment is depreciated on a straight-line basis.

When the property for investment is excluded, the difference between the net disposal price and the carrying amount of the asset is recognized as profit and loss.

9 Intangible assets

(1). Acquired separately

Intangible assets of limited service life acquired separately are measured at cost in the initial form, and the subsequent form is measured at cost minus accumulated amortization and accumulated impairment losses. If intangible assets are amortized on a straight-line basis over their service life, the Company shall examine the estimated service life, residual value and amortization method at least at the end of each year and defer the impact of changes in accounting estimates.

Intangible assets without definite service life are presented at cost minus accumulated impairment loss.

(2). Excluded

When intangible assets are excluded, the difference between the net disposal price and the carrying amount of the asset is recognized as the profit and loss of the current period.

10 Impairment of property, plant and equipment, Right-of-use assets, intangible assets and contractual cost

At each balance sheet date, the Company assesses whether there is any indication that immovable property, plant and equipment, Right-to-use assets and intangible assets may have been impaired. If any indication of impairment exists, the recoverable amount of the asset is estimated. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Shared assets are apportioned among individual cash generating units on a reasonably consistent basis.

For intangible assets with uncertain service life and not yet available for use, the impairment test shall be conducted at least annually and when there is evidence of impairment.

The recoverable amount is the higher of the fair value minus the cost of sale and its use value. If the recoverable amount of an individual asset or cash generating unit is lower than its carrying amount, the carrying amount of the asset or cash generating unit shall be reduced to its recoverable amount, and the impairment loss shall be recognized as profit and loss.

For the inventory recognized in the customer contract, firstly, the impairment is recognized according to the provisions of inventory impairment; secondly, the carrying amount of the assets related to the contractual cost exceeds the consideration expected to be received for providing the relevant goods or services, and the remaining amount after deducting the directly related costs is recognized as impairment loss and finally, the carrying amount of the assets related to the contractual cost shall be included to the cash generating unit for the impairment assessment of the cash generating unit.

In the event of a subsequent reversal of the impairment loss, the carrying amount of the asset, cash generating unit or contractual cost related asset is adjusted to the revised recoverable amount, provided that the increased carrying amount shall not exceed the carrying amount (deducting amortization or depreciation) determined if the impairment loss of the related asset, cash generating unit or contractual cost had not been recognized in previous years. The reversal of the impairment loss is recognized as profit and loss.

11 Financial instruments

The financial assets and financial liabilities are recognized on the individual balance sheet when the Company becomes a party to the terms of the instrument.

When the financial assets or financial liabilities are initially recognized, if the financial asset or financial liability is not measured at fair value through profit or loss, they are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities measured at fair value through profit or loss are immediately recognized as profit or loss.

(1). Financial assets

Conventional transactions of financial assets are recognized and excluded on the trading day.

1) Measurement type

The types of financial assets held by the Company are financial assets at fair value through profit and loss, financial assets at amortized cost, and investments in equity instrument at fair value through other comprehensive income.

A. Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss include financial assets include fair value through other comprehensive income. Fair value through other comprehensive income includes investments in equity instrument that the Company has not specified to be measured at fair value through other comprehensive income, and derivatives and fund benefit certificates that do not qualify as measured at amortized cost or measured at fair value through other comprehensive income.

Financial assets at fair value through profit and loss are measured at fair value. Dividends and interest accrued are classified as other income and interest income respectively, and profits or losses accrued from further measurement are classified as other benefits and losses. For the determination of fair value, please refer to Note 27.

B. Financial assets at amortized cost

Financial assets invested by the Company are classified as financial assets at amortized cost if they meet the following two conditions:

a. Held under a business model for the purpose of collecting contractual cash flows; and

b. The cash flows deriving from the contract terms on the specific date are solely for the payment of principal and interest on the outstanding principal amount.

After initial recognition, financial assets (including cash and cash equivalents, accounts receivable at amortized cost and other receivables) at amortized cost are measured as the amortized cost of the total book amount determined by the effective interest method deducting any impairment loss, and any profits or losses on foreign exchange are recognized as profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total book amount of the financial asset, except in the following two cases:

a. For the credit impairment of financial assets purchased or initiated, interest income is calculated by multiplying the effective interest rate after credit adjustment by the cost after amortization of financial assets.

b. For financial assets that are not credit impairment acquired or initiated, but subsequently become credit impairment, the interest income shall be calculated by multiplying the effective interest rate by the amortized cost of the financial asset from the next reporting period after the impairment.

Credit impairment of financial assets refer to the fact that the issuer or the debtor has experienced major financial difficulties, breach of contract, the debtor is likely to claim bankruptcy or other financial restructuring, or the active market of financial assets disappears due to financial difficulties.

Cash equivalents consist of high-liquid time deposits that can be readily converted into fixed cash with little risk of change in value and putable bond to meet short-term cash commitments.

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

At the time of the initial recognition, the Company may, as an irrevocable option, designate investments in equity instruments which are not held for trade and which are not recognized as contingent consideration by the merger acquirer to be measured at fair value through other comprehensive income.

Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value, and subsequent changes in fair value are reported in other comprehensive income and accumulated in other interests. At the time of investment disposal, accumulated profits and losses are transferred directly to retained earnings and are not reclassified as profit and loss.

The dividends of the Company's right to receive from shares invested in equity instruments at fair value through other comprehensive income is recognized in the profit and loss at the time of establishment, unless the dividend clearly represents the recovery of part of the investment cost.

2) Impairment of financial assets

On each balance sheet date, the Company evaluates the expected credit loss impairment of financial assets (including accounts receivable) as measured at amortized cost.

Accounts receivable shall be recognized as an allowance for expected credit losses during the period of existence. For other financial assets, the Company first evaluates whether the credit risk has significantly increased since the initial recognition. If it has not, the Company will recognize the allowance for loss based on the expected credit loss of 12 months; if it has significantly increased, the Company will recognize the allowance for loss based on the expected credit loss during the period of existence.

Expected credit loss is a weighted average credit loss weighted by the risk of default. The 12-month expected credit loss refers to the expected credit loss due to the probable default of the financial instrument within 12 months after the reporting date, while the expected credit loss over the life period represents the expected credit loss due to all the probable defaults of the financial instrument during the expected life period.

For the purposes of internal credit risk management, the Company, without regard to the collateral it holds, determines that the following circumstances represent a default of financial assets:

A. There is internal or external information indicating that it is impossible for the debtor to repay the debt.

B. In the event of a delay, the default baseline is more appropriate unless reasonably verifiable information is available to justify the delay.

The impairment loss on all financial assets is the reduction of the carrying amount of the allowance account.

3) Exclusion of financial assets

The Company will exclude a financial asset only when contractual rights to the cash flow from the financial asset have lapsed or the financial asset has been transferred and virtually all the risks and rewards of ownership of the asset have been transferred to another enterprise.

When a financial asset at amortized cost is excluded as a whole, the difference between its carrying amount and the sum of any accumulated profit or loss that has been recognized as other comprehensive income, plus any consideration received, is recognized as profit and loss. When the investment in equity instrument at fair value through other comprehensive income is excluded, the accumulated profit and loss will be directly transferred to retained earnings and not re-classified as profit and loss.

(2). Financial liabilities

1) Subsequent measurement

All financial liabilities are measured on an effective interest basis at amortized cost, except in the following cases:

Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit and loss are held for trading.

The financial liabilities held for trading are measured at fair value and the related profits and losses are recognized as other profit and loss.

For the determination of fair value, please refer to Note 27.

2) Exclusion of financial liabilities

In the exclusion of financial liabilities, the difference between the carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized as profit and loss.

(3). Derivatives financial instruments

Derivatives financial instruments entered into by the Company are forward foreign exchange contracts to manage the Company's interest rate and foreign exchange risk.

In signing a derivative contract, the derivative is initially recognized at its fair value and subsequently measured at its fair value on the balance sheet date. The profit or loss arising from the subsequent measurement is directly included in the profit and loss. However, the time point when a derivative designated as an effective hedging instrument is recognized in the profit and loss will depend on the nature of the hedging relationship. When the fair value of a derivative is positive, it is classified as a financial asset. When the fair value is negative, it is classified as a financial liability.

If derivatives are embedded in the asset master contract within the scope of IFRS9 "Financial Instruments", the classification of financial assets is determined by the overall contract. If a derivative is embedded in a non-IFRS 9 asset master contract (e.g. embedded in a financial liability master contract), and if the embedded derivative meets the definition of derivative, its risks and characteristics are not closely related to the risks and characteristics of the master contract, and the mixed contract is not measured at fair value, the derivative is deemed as a separate derivative.

12 Revenue recognition

After the performance obligations are identified in the customer contract, the Company allocates the transaction price among the performance obligations and recognizes the income when the performance obligations are met.

Sale of goods

The income from commodity sales comes from the manufacturing and sales of LDPE and EVA. Since the customer has the right to set the price and use the goods when the aforesaid goods are shipped or arrived at the place designated by the customer, and has the main responsibility for resale, and bears the risk of obsolescence of the goods, the Company recognizes revenue and accounts receivable at that time.

13 Lease

On the date of contract establishment, the Company assesses whether the Contract is a lease (or includes it).

1) The Company as lessor

A financing lease is classified when the terms of the lease transfer to the lessee virtually all of the risks and rewards attached to the ownership of the asset. All other leases are classified as business lease.

When the Company subleases the Right-to-use assets, it is the Right-to-use assets (not the underlying assets) that are used to determine the classification of the subleases. The sublease is classified as a business lease if the principal lease is a short-term lease for which the Company applies the waiver of recognition.

Under a business lease, lease payments excluding lease incentives are recognized as income on a straight-line basis during the relevant lease term. The original direct costs arising from the acquisition of the business lease are included to the book amount of the underlying asset and are recognized as expenses on a straight-line basis during the lease term.

2) The Company as lessee

Except for the lease of the low-value underlying asset for which the recognition exemption is applicable and the lease payment of the short-term lease is recognized as expense during the lease term on a straight-line basis, the right-of-use assets and lease liabilities of all other leases are recognized on the commencement date.

The right-of-use assets are initially measured at cost (including the original measurement amount of the lease liability, the lease payment paid before the beginning of the lease less the lease incentive received, the original direct cost and the estimated cost of the underlying asset), and subsequently measured at cost minus accumulated depreciation and accumulated impairment loss, and the remeasured amount of lease liabilities is adjusted. The right-to-use assets are expressed separately in the individual balance sheet unless they meet the definition of property for investment. Please refer to 8 the accounting policy of property for investment for the identification and measurement of the right-of-use assets that conform to the definition of property for investment.

The right asset is depreciated on a straight-line basis from the commencement date of the lease to the expiration of its service life or the expiration of the lease term, whichever is earlier.

Lease liabilities are initially measured in terms of the present value of lease payments. If the implied interest rate of the lease is easy to determine, the lease payment is discounted by the interest rate. If the interest rate is not easy to determine, the increased borrowing rate of the lessee is used.

Subsequently, the lease liability is measured on an amortized cost basis adopting the effective interest method and the interest expense is apportioned over the lease term. Lease liabilities are presented separately on individual balance sheets.

14 Employee benefits

(1). Short-term employee benefits

Liabilities related to short-term employee benefits are measured as non-discounted amounts expected to be paid in exchange for employee services.

(2). Retirement benefits

The determination of pension contributions to a retirement scheme is the recognition of the amount of pension contributions as expenses during the period of service provided by the employee.

The defined benefit costs (including service costs, net interests and re-measurement amounts) of defined benefit retirement plan is calculated according to projected unit credit method. Service costs and net interest on net defined benefit liabilities (assets) are recognized as employee benefit expenses at the time of occurrence. The remeasured amount (including actuarial profit and loss and return on planned assets after deducting interest) shall be recognized as other comprehensive profit and loss and included in retained earnings at the time of occurrence, and shall not be reclassified to profit and loss in subsequent periods.

Net defined benefit liabilities (assets) are contribution shortfalls (surplus) of defined benefit retirement plan. Net defined benefit assets shall not exceed the present value of refunded or reduced future contributions from the plan.

15 Taxation

Income tax expense refers to the sum of current income tax and deferred tax.

(1). Current tax

The Company shall calculate the income tax payable in accordance with the laws and regulations of the Republic of China.

The additional income tax on undistributed earnings calculated in accordance with the income tax law of the Republic of China shall be recognized in the year of the resolution of the shareholder' meeting.

The adjustment of tax payable in previous years shall be included in the current tax.

(2). Deferred tax

Deferred tax is calculated on the basis of the temporary difference between the carrying amount of assets and liabilities and the tax basis on which taxable income is calculated.

Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are recognized when taxable assets are likely to be available for deductible temporary differences.

Taxable temporary differences related to investment in subsidiaries and associatess are recognized as deferred tax liabilities, except where the company can control the timing of reversal of the temporary differences and it is highly likely that such temporary differences will not be reversed in the foreseeable future. Temporary differences in relation to such investments are deductible only to the extent that there is a high likelihood that there will be sufficient taxable income to realize the temporary differences and that the return is expected in the foreseeable future.

The carrying amount of deferred tax assets is reviewed on each balance sheet date and is reduced for those who are no longer likely to have sufficient taxable income to recover all or part of their assets. Assets not previously recognized as deferred tax assets are reviewed on each balance sheet date, and the carrying amount will be increased if it is likely to generate taxable income in the future for the recovery of all or part of the assets.

Deferred tax assets and liabilities are measured by the tax rate of the current period when the expected liabilities are paid off or the assets are realized. The tax rate is based on the tax rate and tax law that have been enacted or substantively enacted on the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences of the manner in which the Company is expected to recover or pay off the carrying amounts of its assets and liabilities on the balance sheet date.

(3). Current and deferred tax

Current and deferred taxes are recognized in profit and loss, while the current and deferred income taxes related to items recognized in other comprehensive income or directly recognized in equity are recognized in other comprehensive income or directly recognized in equity, respectively.

v. Major Sources of Uncertainty in Significant Accounting Judgments, Estimates and Assumptions

Management must make relevant judgments, estimates and assumptions based on historical experience and other relevant factors when the Company adopts accounting policies for information not readily available from other sources. Actual results may differ from estimates.

The company takes the economic impact of COVID-19’s epidemic into account of material accounting estimates, and management will continue to review the estimates and basic assumptions. If the revision of the estimate affects only the current period, it will be recognized in the current period of revision; If the revision of accounting estimates affects both the current and future periods, it will be recognized in the current period of revision and future periods.

Main sources of uncertainty in estimates and assumptions

1 Estimated impairment of financial assets

The estimated impairment of accounts receivable is based on the Company's assumptions about the default rate and the expected loss rate. The Company takes into account historical experience, current market conditions and forward-looking information to make assumptions and select the input value of the impairment assessment. Please refer to Note 9 for the important assumptions and input values. If actual cash flows in the future are less than expected, there may be a significant impairment loss.

2 Write-down of inventories

The net realized value of inventories is the estimated selling price in the ordinary course of business after deducting the estimated costs to be incurred for completion and the estimated costs to be incurred for completion of sales. Such estimates are based on current market conditions and historical sales experience of similar products. Changes in market conditions may materially affect these estimates.

3 Estimation of compensation for damage caused by gas explosion event of associates

In the event of civil damages due to gas explosion of associates, China General Terminal & Distribution Corporation, the management authority recognizes the liability provision, taking into account the progress of criminal proceedings and settlement, and taking into account legal advice to estimate the amount of the liability provision, but the actual result may be different from the current estimate.

vi. Explanation of Important Accounting Items

6. Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand and petty cash	$ 179	$ 170
Bank checks and current deposits	24,490	31,576
Cash equivalents		
Time deposits	249,473	544,654
Reverse repurchase agreements collateralized by bonds	-	11,000
	$ 274,142	$ 587,400

The range of market interest rates for time deposits and reverse repurchase agreements collateralized by bonds on the balance sheet date is as follows:

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

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

	December 31, 2020	December 31, 2019
Financial assets - current		
Derivatives at fair value through other comprehensive income (no hedge designated)		
－forward foreign exchange contract	$ -	$ 94
Non-derivative financial assets		
－Domestic listed (OTC) stocks	175,885	123,179
－Mutual funds	831,415	2,462,023
Subtotal	1,007,300	2,585,202
	$ 1,007,300	$ 2,585,296
Financial liabilities-current		
Held for trading		
Derivatives (no hedge designated)		
－forward foreign exchange contract	$ 3,912	$ -

In 2020 and 2019, the Company generated a net profit of NT$104,863 thousand and NT$58,647 thousand from financial assets and liabilities at fair value through profit and loss, respectively.

Unmatured forward foreign exchange contracts not subject to hedge accounting on the balance sheet date are as follows:

December 31, 2020

	Currency	Time to Maturity	Contract Amount (In Thousands)
Forward exchange sold	RMB / NTD	January 5, 2021 to April 1, 2021	RMB77,660/NTD333,460

December 31, 2019

	Currency	Time to Maturity	Contract Amount (In Thousands)
Forward exchange sold	USD / NTD	January 13, 2020 to February 5, 2020	USD 1,730/NTD 52,503
Forward exchange sold	RMB / NTD	January 6, 2020 to March 30, 2020	RMB 72,000/NTD 309,065

The Company's forward foreign exchange transactions is mainly for avoiding the risk of foreign currency assets and liabilities arising from exchange rate fluctuations. The forward foreign exchange contracts held by the Company are not qualified for the effective hedging conditions, so hedging accounting is not applicable.

8. Financial assets at fair value through other comprehensive income

Investment in equity instrument at fair value through other comprehensive income

	December 31, 2020	December 31, 2019
Current		
Domestic investment		
Listed (OTC) stocks	$ 86,368	$ 73,352
Non-current		
Domestic investment		
Listed (OTC) stocks	$ 2,977,139	$ 2,050,839
Non-listed (OTC) stocks	275,798	237,776
	$ 3,252,937	$ 2,288,615

The Company invests in domestic common stocks for medium - and long-term strategic purposes and expects to earn profits from these investments over the long term. The management of the Company insists that the inclusion of short-term fluctuations in the fair value of such investments in the profit and loss is inconsistent with the foregoing long-term investment plan, and therefore chooses to designate such investments as measured at fair value through other comprehensive income.

The invested companies KHL IB Venture Capital Co., Ltd. and Riselink Venture Capital Corp. handled cash reduction and refund of share proceeds in August, December and September 2020, respectively, and the Company recovered a total of NT$ 34,135 thousand according to the proportion of shares held.

In March and May 2019, the Company adjusted the investment position to spread risks and sold part of common shares of CTCI Corporation and the unrealized earnings of NT$ 1573 thousand arising from relevant other equity-financial assets at fair value through other comprehensive income are transferred to retained earnings.

The invested companies, Harbinger Venture Capital Corp., KHL IB Venture Capital Co., Ltd. and Riselink Venture Capital Corp. handled cash reduction and refund of share proceeds in January, May and September, respectively, and the Company recovered a total of NT$18,066 thousand according to the proportion of shares held.

9. Financial assets at amortized cost

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

The restricted bank deposits are the earnings repatriation of USI International Corporation and the Ministry of Economic Affairs has approved the application of the Company's application for the application of Regulations Governing Investment Industry with Repatriated Offshore Funds.

10. Accounts receivable

	December 31, 2020	December 31, 2019
Accounts receivable		
Total carrying amount at amortized cost	$ 547,372	$ 593,523
Minus: allowance for loss	(2,000)	(2,000)
	$ 545,372	$ 591,523
Accounts receivable-related parties (Note 28)	$ 209,875	$ 184,772

Accounts receivable

Accounts receivable at amortized cost

The average credit period of the Company for merchandise sales is about 15 days to 90 days. Due to the short credit period, no interest will be accrued on accounts receivable.

To mitigate credit risk, the management of the Company assigns a dedicated team responsible for the decision of credit duration, credit approval and other monitoring procedures to ensure that appropriate actions are taken for the collection of overdue receivables. In addition, the Company will review the recoverable amounts of receivables on a case-by-case basis on the balance sheet date to ensure that appropriate impairment losses have been provided for unrecoverable receivables. Accordingly, the management of the Company believes that the credit risk of the Company has been significantly mitigated.

The Company recognizes the allowance for losses on accounts receivable on the basis of expected credit losses over the life period. Expected credit losses over the life period are calculated with the reserve matrix, which examines and weighs the customer’s past default record and current financial and industrial economic positions.

The allowance loss of accounts receivable measured at reserve matrix is as follows:

December 31, 2020

	Not overdue	1-60 days	61-90 days	Total
Total carrying amount	$ 757,247	$ -	$ -	$ 757,247
Allowance for loss (expected credit loss during life period)	(2,000)	-	-	(2,000)
Amortized cost	$ 755,247	$ -	$ -	$ 755,247

December 31, 2019

	Not overdue	1-60 days	61-90 days	Total
Total carrying amount	$ 778,295	$ -	$ -	$ 778,295
Allowance for loss (expected credit loss during life period)	(2,000)	-	-	(2,000)
Amortized cost	$ 776,295	$ -	$ -	$ 776,295

The above analysis is based on the overdue date.-

The changes of allowance for loss of accounts receivable are as follows:

	2020	2019
Balance at January 1	$ 2,000	$ 2,000
Add: reclassification this year	-	-
Balance at December 31	$ 2,000	$ 2,000

11. Inventory

	December 31, 2020	December 31, 2019
Finished products	$ 158,254	$ 263,012
Semi-finished products	19,347	22,665
Raw materials	82,790	18,826
Supplies	34,455	44,703
	$ 294,846	$ 349,206

Inventory-related cost of goods sold for 2020 and 2019 is NT$4,405,880 thousand and NT$5,560,296 thousand, respectively.The cost of goods sold for the years 2020 and 2019 includes the net realized value of inventory recovery of NT$408 thousand and NT$4,039 thousand, respectively. The recovery of net realized value of inventory is because of the rise of the selling price of inventory in the market.

12. Investment at equity

	December 31, 2020	December 31, 2019
Investment in subsidiaries	$ 712,918	$ 719,952
Investment in associatess	6,449,500	5,471,068
	$ 7,162,418	$ 6,191,020

(1) Investment in subsidiaries

	December 31, 2020	December 31, 2019
Non-listed (OTC) companies		
APC (BVI) Holding Co., Ltd.	$ 517,012	$ 491,974
APC Investment Co., Ltd.	132,491	95,236
USI International Corp.	63,415	132,742
	$ 712,918	$ 719,952

The Company's ownership equity and voting percentage in the subsidiaries as of the Balance Sheet Date are as follows:

	December 31, 2020	December 31, 2019
APC (BVI) Holding Co., Ltd.	100%	100%
APC Investment Co., Ltd.	100%	100%
USI International Corp.	70%	70%

In November 2020, the subsidiary USI International Corp. handled cash reduction and refund of share proceeds and the Company recovered a total of NT$ 20,020 thousand according to the proportion of shares held.

The shares of profit and loss at equity and other comprehensive income at equity of the subsidiary in 2020 and 2019 are recognized on the basis of financial statements of each subsidiary audited by CPA for the same period.

In order to meet the business needs, the Company has been approved by the resolution of Board of Directors on August 12, 2020 to establish a joint venture sales company through APC (BVI) and Swanlake Traders Ltd., the subsidiary of USI Corporation. The capital is expected to be RMB$ 300,000 thousand and the Company's shareholding ratio is expected to be 30%.

(2) Investment in associates

	December 31, 2020	December 31, 2019
Associatess with great significance		
Ever Conquest Global Ltd.	$ 5,066,945	$ 4,265,335
Associatess with non-great significance		
Listed (OTC) companies		
China General Plastics Corporation (CGPC)	782,997	665,776
Acme Electronics Corporation (ACME)	42,939	41,454
Non-listed (OTC) companies		
China General Terminal & Distribution Corporation (CGTD)	315,711	257,584
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
	$ 6,449,500	$ 5,471,068

1). Associatess with great significance

Company name	Nature of business	Main premises	Proportion of shares held and voting rights: December 31, 2020	Proportion of shares held and voting rights: December 31, 2019
Ever Conquest Global Ltd.	Reinvestment business	BVI	40.87%	36.89%

The foregoing associatess are measured at equity by the Company.

The following summary financial information is prepared on the basis of financial statements subject to IFRSs of each associates, which has depicted the adjustments when the equity method is adopted.

Ever Conquest Global Ltd.

	December 31, 2020	December 31, 2019
Non-current assets	$ 12,398,597	$ 11,563,685
Equity	$ 12,398,597	$ 11,563,685
Shareholding ratio of the Company	40.87%	36.89%
Equity enjoyed by the Company	$ 5,066,945	$ 4,265,335
Carrying amount of the investment	$ 5,066,945	$ 4,265,335

Ever Conquest Global Ltd. did not generate significant operating revenue for years 2020 and 2019.

	2020	2019
The share of the Company		
Loss t of the year	($ 44,058)	($ 10,228)
Other comprehensive income(loss)	53,761	(174,072)
Total comprehensive loss for the year	($ 9,703)	($ 184,300)

2). Summary of subsidiaries and associatess not with great significance

	2020	2018
The share of the Company		
Net profit of the year	$ 222,185	$ 85,628
Other comprehensive income	46,815	539
Total comprehensive income for the year	$ 269,000	$ 86,167

The ownership equity and voting right of the Company to the associatess on the balance sheet date are as follows:

Company name	December 31, 2020	December 31, 2019
CGPC	8.07%	8.07%
ACME	3.31%	3.31%
CGTD	33.33%	33.33%
SPC	7.95%	7.95%
TUVC	8.33%	8.33%
TMC	-	30.42%
USIO	9.20%	9.20%

Please refer to Attached Form 5 “Information of Invested Company, Location and Other Relevant Information” and Attached Form 6 “Information of Investment in Mainland China” for the business nature, main business premises and country of incorporation of the aforesaid associatess.

Due to the fact that TMC has no substantial production and sales business in recent years, the Board of Directors of TMC resolved on April 12, 2019 to handle dissolution and liquidation starting from May 25, 2019 (dissolution date), and has completed dissolution and liquidation procedures on July 22, 2020, and recognized the disposition of investment loss of NT$527 thousand.

Although the Company’s shareholding ratio in the invested companies, i.e. CGPC, ACME, SPC, TUVC and USIO is lower than 20%, these companies are still evaluated at equity due to their great significance.

The Company and USI originally signed the Joint Venture Agreement for Investment in Fujian Gulei Petrochemical Co. Ltd on April 17, 2014. However, due to the demand for increased capital, the new Joint Venture Agreement was signed on September 30, 2016. Ever Conquest Global Ltd. is a joint venture between the Company and USI to invest in the joint venture through the third region. As of December 31, 2020, the Company and USI have invested US $170,475 thousand (approximately NT $5,255,588 thousand) and US $246,670 thousand (approximately NT $7,645,980 thousand) respectively in Ever Conquest Global Ltd. Please refer to Note 29 for relevant information.

The market price information of the listed (OTC) company's equity investment on the balance sheet date calculated according to the closing price of stock is as follows:

Company name	December 31, 2020	December 31, 2019
CGPC	$ 1,136,432	$ 884,565
ACME	$ 114,470	$ 74,194

For the profit and loss of associatess at equity and the share of other comprehensive income, except that ACME failed to calculate them for year2020 according to the financial statements audited by CPA, the rest are recognized according to the financial reports audited by accountants in the same period. However, the management of the merged company believes that ACME's financial statements for the year 2020, which was not reviewed by CPAs will not have a material impact.

13. Property, plant and equipment

	Self-owned land	Housing and improvements	Machinery equipment	Other equipment	Construction in progress	Total
Cost						
Balance as of January 1, 2019	$ 228,229	$ 774,313	$6,293,396	$ 96,115	$ 126,879	$7,518,932
Increase	-	-	27,797	-	39,625	67,422
Disposal	-	-	(55,739)	(983)	-	(56,722)
Internal transfer	-	3,922	88,484	893	(93,299)	-
Balance as of December 31, 2019	$ 228,229	$ 778,235	$6,353,938	$ 96,025	$ 73,205	$7,529,632
Accumulated depreciation						
Balance as of January 1, 2019	$ -	$ 259,702	$3,678,096	$ 78,674	$ -	$4,016,472
Depreciation expenses	-	22,296	266,346	4,903	-	293,545
Disposal	-	-	(55,739)	(983)	-	(56,722)
Balance as of December 31, 2019	$ -	$ 281,998	$3,888,703	$ 82,594	$ -	$4,253,295
Net amount as of December 31, 2019	$ 228,229	$ 496,237	$2,465,235	$ 13,431	$ 73,205	$3,276,337
Cost						
Balance as of January 1, 2020	$ 228,229	$ 778,235	$6,353,938	$ 96,025	$ 73,205	$7,529,632
Increase	-	-	26,163	-	258,664	284,827
Disposal	-	-	(42,008)	(53)	-	(42,061)
Internal transfer	-	580	87,134	823	(88,537)	-
Balance as of December 31, 2020	$ 228,229	$ 778,815	$6,425,227	$ 96,795	$ 243,332	$7,772,398
Accumulated depreciation						
Balance as of January 1, 2020	$ -	$ 281,998	$3,888,703	$ 82,594	$ -	$4,253,295
Depreciation expenses	-	21,537	278,282	4,316	-	304,135
Disposal	-	-	(42,008)	(53)	-	(42,061)
Balance as of December 31, 2020	$ -	$ 303,535	$4,124,977	$ 86,857	$ -	$4,515,369
Net amount as of December 31, 2020	$ 228,229	$ 475,280	$2,300,250	$ 9,938	$ 243,332	$3,257,029

There are no signs of impairment assessed for 2020 and 2019.

Property, plant and equipment is depreciated on a straight-line basis according to the following years of service:

Building and improvements	
Factories, machine rooms and improvements thereof	15 to 40 years
Office buildings, laboratories and improvements thereof	10 to 40 years
Warehouse building	11 to 45 years
Engineering system	35 to 40 years
Others	2 to 20 years
Machinery equipment	3 to 22 years
Other equipment	3 to 10 years

In order to support the relocation of petrochemical storage facilities by Taiwan International Ports Corporation, Ltd. (TIPC) in the old port area, China General Terminal & Distribution Corporation (CGTD) leases the terminal facilities and back-line lands of Phase II Petrochemical Oil Storage and Transportation Center of Kaohsiung Port Container Center, with the lease term from August 1, 2017 to July 31, 2042. The rent will be paid quarterly. In addition, the Board of Directors of the Company approved the construction of the Intercontinental Phase II Petrochemical Oil Products Center in 2019, and signed a contract with CTCI Corporation on October 7, 2019, with a total investment price of NT$765,893 thousand. As of December 31, 2020, the Company has paid the project amount of NT$211,724 thousand, which is listed under the construction in progress.

14. Lease agreement

(1) Right-to-use assets

	December 31, 2020	December 31, 2019
Carrying amount of right-of-use assets		
Transportation equipment	$ 424	$ -

	2020	2019
Increase of right- of -use assets	$ 847	$ -
Depreciation expenses of right-of -use assets		
Transportation equipment	$ 423	$ 421

Besides, the office in Taipei leased by the Company is sublet to other company for business. The relevant right-to-use assets are recognized as property for investment. Please refer to Note 15 “Property for Investment”. The amount related to the foregoing right-of -use assets excludes the right-of-use assets that conform to the definition of property for investment.

(2) Lease liabilities

	December 31, 2020	December 31, 2019
Carrying amount of lease liabilities		
Current	$ 5,981	$ 5,496
Non-current	$ 18,946	$ 24,501

The discount rate range of lease liabilities is as follows:

	December 31, 2020	December 31, 2019
Transportation equipment	1.06%	-
Buildings	1.06%	1.06%

(3) Other lease information

	2020	2019
Short-term lease expenses	$ 3,774	$ 3,375
Total cash (outflow) of the lease	($ 9,989)	($ 9,590)

The Company elects to apply the exemption of recognition to buildings eligible for short-term leases and does not recognize the relevant right-to-use assets and lease liabilities for such leases.

15. Investment properties

	Land	Building and improvements	Right-of-use assets	Total
Cost				
Balance as of January 1, 2019	$ 370,202	$ 131,690	$ -	$ 501,892
Retrospective effect of applicable IFRS 16	-	-	34,585	34,585
Balance as of January 1, 2019 (after re-preparation)	370,202	131,690	34,585	536,477
Balance as of December 31, 2019	$ 370,202	$ 131,690	$ 34,585	$ 536,477
Accumulated depreciation				
Balance as of January 1, 2019	$ -	$ 70,571	$ -	$ 70,571
Depreciation expenses	-	2,183	5,461	7,644

(continued)

Balance as of December 31, 2019	$ -	$ 72,754	$ 5,461	$ 78,215
Net amount as of December 31, 2019	$ 370,202	$ 58,936	$ 29,124	$ 458,262
Cost				
Balance as of January 1, 2020	$ 370,202	$ 131,690	$ 34,585	$ 536,477
Balance as of December 31, 2020	$ 370,202	$ 131,690	$ 34,585	$ 536,477
Accumulated depreciation				
Balance as of January 1, 2020	$ -	$ 72,754	$ 5,461	$ 78,215
Depreciation expenses	-	2,183	5,460	7,643
Balance as of December 31, 2020	$ -	$ 74,937	$ 10,921	$ 85,858
Net amount as of December 31, 2020	$ 370,202	$ 56,753	$ 23,664	$ 450,619

The right-of -use assets in property for investment is the sublease of the office leased by the Company for business and lease purpose.

The lease term of property for investment is 5 years. The lessee does not have the preferential right to take over the property for investment at the end of the lease term.

As of December 31, 2020, the total amount of lease payments to be received in the future for the leasing of property for investment for business and lease purpose is as follows:

	December 31, 2020	December 31, 2019
First year	$ 15,910	$ 5,688
Second year	15,547	4,599
Third year	15,547	4,599
Fourth year	11,188	4,599
Fifth year	932	240
	$ 59,124	$ 19,725

Except for the recognition of depreciation expense, there is no significant addition, disposal or impairment of the property for investment of the merged company from January 1 to December 31, 2019 and 2020. Property for investment is depreciated on a straight-line basis according to the following years of service:

Buildings and improvements thereof	
Main buildings and improvements thereof	5 to 50 years
Right-of-use assets	6 years

The fair value for the land, investment properties located in Linyuan Industrial Park cannot be reliably determined since this section is an industrial land with few comparable market trading information and little reliable alternative fair value estimates.

Besides, the investment properties, such as the land (excluding that located in Linyuan Industrial Park), housing and improvements thereof are with fair value of NT$ 1,136,629 thousand measured on December 31, 2020. The fair value has not been evaluated by an independent evaluator and is only measured by the Company's management applying the Grade 3 input value of the evaluation model commonly used by market participants. The evaluation is based on the transaction price of similar property in the adjacent area. The fair value of the Company’s property for investment as at December 31, 2020 will increase or decrease by NT$113,663 thousand when the transaction price of the adjacent area per ping increases or decreases by 10%.

The fair value of the right-to-use asset is estimated by the expected rental income deducting the net payment of all expected payments, plus the recognized the relevant lease liabilities. The fair value as of December 31, 2020 is NT$ 61,968 thousand.

16. BORROWINGS

(1) Short-term borrowings

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

The interest rates for revolving bank loans are 0.80%-0.82% and 0.90%-0.97% as at 31 December 2019 and 2020, respectively.

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

	December 31, 2019
Commercial paper payable	$ 650,000
Less: Discount of short-term bills payable	(56)
	$ 649,944
Interest rate range	0.50%-0.77%

(3) Long-term borrowing

	December 31, 2020	December 31, 2019
Unsecured borrowing	$ 3,050,000	$ 3,950,000
Interest rate range	0.89%-0.95%	1.00%-1.06%

In order to ensure the sufficiency of the medium and long term working capital, the Company signs medium- and long-term credit contracts with banks, with each line of credit totaling NT$5,950,000 thousand. The term of the credit contracts shall expire successively before October 2023, and the total line of credit shall be recycled within the term of the contract. As of December 31, 2020, NT$3,050,000 thousand has been utilized.

The current ratio and liability ratio of some of the Company's borrowings shall not be lower than the specified ratio in the financial statements. In case of any discrepancy, the Company shall report to the bank for improvement measures.

As of December 31, 2020, the Company has no violations of the above rates.

17. Accounts payable

	December 31, 2020	December 31, 2019
Accounts payable (including related parties)		
Arising from operation	$ 253,993	$ 149,945

The average credit period for accounts payable is one month.The Company has stipulated a financial risk management policy to ensure that all payments due are repaid within the agreed credit period.

18. Other payables

	December 31, 2020	December 31, 2019
Other payables		
Payables for salaries and bonuses	$ 91,546	$ 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 for insurance	1,953	4,108
Others	27,033	32,424
	$ 194,634	$ 183,265

19. Refund liabilities - current

	December 31, 2020	December 31, 2019
Return and allowance	$ 5,899	$ 5,899

The product returns and allowance that the Company estimates may occur are recognized as refund liabilities in accordance with IFRS 15.

20. Post-retirement benefits plan

(1) Defined contribution plans

The pension system under Labor Pension Act that the Company applies is the defined-contribution retirement scheme administered by the government, which set asides 6% of the employee's monthly salary to the individual account of the Labor Insurance Bureau.

(2) Defined benefit plan

The Company's pension system under the Labor Standards Act is a defined-benefit retirement plan administered by the government. The pension payment of an employee is calculated on the basis of his/her length of service and the average salary of the six months prior to the approved retirement date. For the years of 2020 and 2019, the Company will allocate 10% of the employee's gross monthly salary as the pension fund, which will be deposited into a special account of the Bank of Taiwan in the name of the Labor Retirement Reserve Supervisory Committee. The special account is entrusted to the management of the Bureau of Labor Funds, the Ministry of Labor, and the Company has no right to influence the investment management strategy.

The amount of the defined benefit plan included in the individual's balance sheet is listed as follows:

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

The changes on net defined benefit liabilities (assets) are as follows:

	Present value of defined benefit obligations	Fair value of planned assets	Net defined benefit liabilities (Assets)
Balance as of January 1, 2019	$ 418,170	($ 209,500)	$ 208,670
Service cost			
Current service cost	3,950	-	3,950
Interest expense (income)	3,576	(1,794)	1,782
Recognized as profit or loss	7,526	(1,794)	5,732
Remeasurement			
Remuneration for planned assets (except for the amount included in net interest)	-	(8,173)	(8,173)
Actuarial loss - change in financial assumptions	6,820	-	6,820
Actuarial loss - experience adjustment	(4,293)	-	(4,293)
Recognized in other comprehensive income	2,527	(8,173)	(5,646)
Contributions from the employer	(2,128)	(40,760)	(42,888)
Benefit payment	(19,346)	19,346	-
Balance as of December 31, 2019	$ 406,749	($ 240,881)	$ 165,868

(Continued)

(Continued)

	Present value of defined benefit obligations	Fair value of planned assets	Net defined benefit liabilities (Assets)
Balance as of January 1, 2020	$ 406,749	($ 240,881)	$ 165,868
Service cost			
Current service cost	3,276	-	3,276
Interest expense (income)	2,436	(1,524)	912
Recognized as profit or loss	5,712	(1,524)	4,188
Remeasurement			
Remuneration for planned assets (except for the amount included in net interest)	-	(7,953)	(7,953)
Actuarial loss - change in financial assumptions	6,091	-	6,091
Actuarial loss - experience adjustment	2,470	-	2,470
Recognized in other comprehensive income	8,561	(7,953)	608
Contributions from the employer	-	(15,607)	(15,607)
Benefit payment	(47,914)	47,914	-
Balance as of December 31, 2020	$ 373,108	($ 218,051)	$ 155,057

The Company is exposed to the following risks as a result of the pension system under the *Labor Standards Act*:

1). Investment risk: the Bureau of labor funds, the Ministry of labor, invests the labor pension fund in the subject matters, such as domestic (foreign) equity securities, debt securities and bank deposits respectively through its own use and entrusted operation. However, the amount of planned assets allocated by the company is calculated based on the interest rate of 2-year fixed deposit of the local bank.

2). Interest rate risk: the decrease of interest rate on corporate bonds will increase the present value of the defined benefit obligations, but the return on the debt investment of the planned assets will also increase, both of which will partially offset the effect of the net defined welfare liabilities.

3). Salary risk: the present value of the benefit obligations is determined by reference to the future salary of the planned member. Thus an increase in the salary of a planned member will increase the present value of the defined benefit obligations.

The present value of the Company's defined benefit obligations is calculated on an actuarial manner by a qualified actuary. The major assumptions of the measurement date are as follows:

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

If the material actuarial assumptions are reasonably possible to change separately, the amount that would increase (decrease) the present value of the defined benefit obligation if all other assumptions remain unchanged is as follows:

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

Since the actuarial assumptions may be interrelated, the single assumption is unlikely to occur, therefore, the above sensitivity analysis may not reflect the actual changes in the present value of the defined benefit obligation.

	December 31, 2020	December 31, 2019
Expected amount to be allocated within 1 year	$ 50,000	$ 40,000
Average maturity of defined benefit obligation	6.7 years	6.9 years

21. Equity

(1) Ordinary shares

	December 31, 2020	December 31, 2019
Number of shares authorized (in thousands)	620,000	620,000
Shares authorized	$ 6,200,000	$ 6,200,000
Number of issued and fully paid shares (1,000 shares)	582,101	554,382
Shares issued	$ 5,821,018	$ 5,543,827

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and carry a right to dividends.

On June 12, 2020, the regular shareholders' meeting resolved to issue new shares of 27,719 thousand with a value of NT$10 per share by distributing shareholders' dividends to increase capital. The paid-up capital was NT$5,821,018 thousand after the capital increase. The above plan for free allocation of new shares has been approved and declared effective by the Securities and Futures Bureau of the Financial Supervisory Commission on July 2, 2020, and the Board of Directors has decided that July 29, 2020 is the base date for capital increase.

(2) Capital surplus

	December 31, 2020	December 31, 2019
Unclaimed dividends	$ 22,313	$ 21,412
Changes in capital surplus of associatess recognized at equity	10,959	2,988
	$ 33,272	$ 24,400

Capital surplus which arises from the consideration received from issuance of shares (including consideration from issuance of ordinary shares) and donations may be used to offset a deficit, in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or share dividends up to a certain percentage of the Company's paid-in capital.

The capital surplus arising from by the shareholder's failure to receive the dividend due to the expiration of the time limit can only cover the losses; the capital surplus arising from the investment at equity shall not be used for any purpose.

(3) Retained earnings and dividends policy

In accordance with the provisions of the earnings distribution policy of the Articles of Association of the Company, if there is an after tax surplus in the annual accounts of the Company, the loss of previous years shall be covered first. If there is still any remaining surplus, it shall be regarded as distributable surplus of the current year after the allocation of 10% of the statutory surplus reserve, and shall be regarded as cumulative distributable surplus together with the accumulated undistributed surplus of the previous year and the remaining balance after the special surplus reserve has been withdrawn or reverted as required by law or the competent authority. The Board of Directors shall, after drawing up a case for the distribution of earnings, submit it to the shareholders' meeting for resolution in accordance with the prescribed procedures, and the shareholders' meeting may Please refer to Note 23 (7) of the Company's Articles of Association for the remuneration policy for employees and directors retain all or part of the earnings in light of the business conditions.

When the Company decides to distribute the earnings, the shareholders' dividends shall not be less than 10% of the distributable earnings of the current year, and the cash dividends shall not be less than 10% of the total dividends, because the Company's industries are in the mature stage and in order to take into account the R&D needs and diversified operations. However, if the annual distributable earnings per share is less than NT$0.1, it may not be distributed.

The statutory surplus reserves shall be held until the balance reaches the total paid-up stock capital of the Company. The statutory surplus reserves may be used to cover losses. If the Company has no loss, the portion of statutory surplus reserves exceeding 25% of the total paid-in share capital may be allocated as stock capital and distributed in cash.

The Company has withdrawn and reverted the special surplus reserves in accordance with the provisions of the Jin Guan Zheng Fa Zi No. 1010012865 and the Q & A on the application of the special surplus reserves after the adoption of the International Financial Reporting Standards (IFRSs).

The Company held its regular shareholders' meeting on June 12, 2020 and June 24, 2019, and resolved to pass the following earnings distribution plan for the year 2019 and 2018, respectively:

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

The Company's Board of Directors proposed the following annual earnings distribution plan for 2020 on March 5, 2021:

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

The earnings distribution plan for the year 2020 is yet to be decided by the regular shareholders' meeting expected to be held on June 11, 2021.

(4) Other equity items

1). Exchange differences on translating the financial statements of foreign operations

	2020	2019
Balance at January 1	($ 221,959)	($ 59,292)
Incurred in the current year		
Exchange differences on translating the financial statements of foreign operations	41,058	(192,308)
Share of exchange differences of subsidiaries and associates accounted for using the equity method	(5,315)	(8,821)
Related income tax	(8,212)	38,462
Other comprehensive income for the current year	27,531	(162,667)
Balance at December 31	($ 194,428)	($ 221,959)

2). Unrealized valuation gain (loss) on financial assets at FVTOCI

	2020	2019
Balance at January 1	$ 97,939	($ 1,065)
Incurred in the current year		
Unrealized profit and loss		
Equity instruments	1,011,472	99,195
Share from subsidiaries and associates accounted for using the equity method	63,084	28,050
Related income tax	(3,454)	1,069
Other comprehensive income for the current year	1,071,102	128,314
The accumulated profit and loss of disposed equity instruments transferred to retained earnings —incurred in the current year	-	(1,573)
Share from subsidiaries and associates accounted for using the equity method	26,873	(27,737)
Balance at December 31	$ 1,195,914	$ 97,939

22. Revenue

(1) Revenue from contracts with customers

	2020	2019
Revenue from sale of goods	$ 5,514,958	$ 6,578,064

(2) Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Contract liabilities	$ 28,930	$ 11,491	$ 17,303

23. Net profit (loss) from continuing operations

Net profit (loss) from continuing operations included the following:

(1) interest income

	2020	2019
Interest income		
Bank deposit	$ 2,688	$ 2,997
Financial assets at fair value through profit and loss	1,325	5,763
Reverse repurchase agreements collateralized by bonds	18	508
	$ 4,031	$ 9,268

(2) Other incomes

	2020	2019
Rental income	$ 46,749	$ 46,070
Dividend income		
Financial assets at fair value through profit and loss	1,921	1,775
Investment in equity instrument at fair value through comprehensive income	101,764	81,003
	103,685	82,778
Others	7,595	11,104
	$ 158,029	$ 139,952

(3) Other gains and losses

	2020	2019
Financial assets and financial liabilities (loss) profit		
Financial assets at fair value through profit and loss	$ 99,599	$ 48,029
Financial liabilities at fair value through profit and loss	2,018	3,080
Loss on net foreign currency exchange	(13,066)	(12,373)
Loss on disposal of investments	(527)	-
Others	(14,562)	(13,168)
	$ 73,462	$ 25,568

(4) Finance costs

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

The Company has no interest capitalization in 2020 and 2019.

(5) Depreciation and amortization

	2020	2019
Property, plant and equipment	$ 304,135	$ 293,545
Investment properties	7,643	7,644
Right-of-use assets	423	421
Intangible assets	35	35
Total	$ 312,236	$ 301,645
Depreciation expense by function		
Operating costs	$ 304,115	$ 293,476
Operation expenses	443	490
Other gains and loss	7,643	7,644
	$ 312,201	$ 301,610
Amortization expenses by function		
Operating expenses	$ 35	$ 35

(6) Employee benefit expenses

	2020	2019
Post-retirement benefits (Note 20)		
Defined contribution plans	$ 7,777	$ 7,570
Defined benefit plans	4,188	5,732
	11,965	13,302
Other employee benefits	347,180	363,920
Total employee benefits expenses	$ 359,145	$ 377,222
Summary by function		
Operating costs	$ 298,386	$ 312,032
Operating expenses	60,759	65,190
	$ 359,145	$ 377,222

(7) Employees and directors' remuneration

The Company allocates employee's remuneration and director's remuneration at a rate of not less than 1% and not more than 1% respectively of the pre-tax profit before the deduction of the remuneration for employees and directors in the current year. The remuneration for employees and directors for the year of 2020 and 2019 was resolved by the Board of Directors held on March 5, 2021 and March 5, 2020, respectively as follows:

Estimated proportion

	2020	2019
	Cash	Cash
Employees' remuneration	1%	1%
Directors' remuneration	-	-

Amount

	2020	2019
	Cash	Cash
Employees' remuneration	$ 12,937	$ 9,929
Directors' remuneration	-	-

If there is any change in the amount after the publication date of the annual individual financial statements, it shall be treated as the change of accounting estimate and be adjusted and accounted in the next year.

There is no difference between the actual allotment of remuneration for employees and directors for the years 2019 and 2018 and the amount recognized in the individual financial statements for the years 2019 and 2018.

Information on the remuneration of employees and directors as determined by the Board of Directors of the Company can be found at the open Market Observation Post System of the Taiwan Stock Exchange.

(8) Gains or losses on foreign currency exchange

	2020	2019
Total foreign exchange gains	$ 23,985	$ 31,888
Total foreign exchange losses	(37,051)	(44,261)
Net gain (loss)	($ 13,066)	($ 12,373)

24. Income tax relating to continuing operations

(1) The major components of income tax expenses recognized in profit and loss

	2020	2019
Current income tax		
Incurred in the current year	$ 180,367	$ 149,016
Levy on undistributed earnings	5,771	5,941
Return tax on earnings of subsidiaries	3,823	-
Adjustment of prior years	(1,004)	202
	188,957	155,159
Deferred income tax		
Incurred in the current year	(2,231)	6,674
Impact of deferred income tax on return of earnings of subsidiaries	(9,558)	-
Adjustment of prior years	-	85
	(11,789)	6,759
Income tax expense recognized in profit or loss	$ 177,168	$ 161,918

Adjustment of accounting income and income tax expense is as follows:

	2020	2019
Profit before tax from continuing operations	$ 1,280,755	$ 982,939
Income tax expense of net profit before tax calculated at statutory tax rate	$ 256,151	$ 196,588
Nondeductible expenses in determining taxable income	(47,735)	(23,328)
Tax-free income	(39,838)	(17,570)
Levy on undistributed earnings	5,771	5,941
Return tax on earnings of subsidiaries	3,823	-
The current income tax of previous years adjusted in the current year	(1,004)	287
Income tax expense recognized in profit or loss	$ 177,168	$ 161,918

In July 2019, the President of our country announced the amendment to the Regulations on Industrial Innovation, stipulating that the construction or purchase of specific assets or technologies with the undistributed earnings from 2018 can be listed as the deduction items for the calculation of undistributed earnings. In calculating the undistributed earnings tax, the Company only subtracts the amount of capital expenditure actually reinvested.

(2) Income tax recognized in other comprehensive income

	2020	2019
Deferred income tax		
Incurred in the current year		
－Translation of foreign operations	($ 8,212)	$ 38,462
－Unrealized profit and loss of financial assets at fair value through other comprehensive income	(3,454)	1,069
－Remeasurement of defined benefit plan	122	(1,129)
Income tax profit recognized in other comprehensive income	($ 11,544)	$ 38,402

(3) Current income tax liability

	December 31, 2020	December 31, 2019
Current income tax liability	$ 185,963	$ 146,105

(4) Deferred tax assets and liabilities

The changes of deferred tax assets and liabilities are as follows:

2020

	Opening balance	Recognized in profit and loss	Recognized in other comprehensive income	Closing balance
Deferred tax assets				
Temporary difference				
Unrealized inventory falling price loss	$ 107	($ 82)	$ -	$ 25
Unrealized impairment loss from inventory of supplies	7,188	791	-	7,979
Unrealized sales allowance	1,180	-	-	1,180
Unrealized material loss	1,215	(124)	-	1,091
Profit and loss of unrealized financial liabilities assessed	-	782	-	782
Leave payable	2,535	(92)	-	2,443
Defined benefit retirement plan	33,277	(2,249)	122	31,150
Inventory accounting and tax difference	284	(216)	-	68
Exchange balance of foreign operating institutions	45,612	-	(8,212)	37,400
Unrealized conversion loss	1,022	(1,022)	-	-
	$ 92,420	($ 2,212)	($ 8,090)	$ 82,118
Deferred tax liabilities				
Temporary difference				
Allowance for land value increment tax	($ 21,469)	$ -	$ -	($ 21,469)
Allowance for bad debts	(267)	-	-	(267)
Unrealized conversion benefit	-	(626)	-	(626)
Tax difference for depreciation tax included	(422)	29	-	(393)
Investment profit recognized at equity	(28,647)	14,579	-	(14,068)
Profit and loss of unrealized financial assets assessed	(1,850)	19	(3,454)	(5,285)
	($ 52,655)	$ 14,001	($ 3,454)	($ 42,108)

2019

	Opening balance	Recognized in profit and loss	Recognized in other comprehensive income	Closing balance
Deferred tax assets				
Temporary difference				
Unrealized inventory falling price loss	$ 915	($ 808)	$ -	$ 107
Unrealized impairment loss from inventory of supplies	6,938	250	-	7,188
Unrealized sales allowance	1,180	-	-	1,180
Unrealized material loss	1,316	(101)	-	1,215
Profit and loss of unrealized financial liabilities assessed	415	(415)	-	-
Leave payable	2,628	(93)	-	2,535
Defined benefit retirement plan	41,515	(7,109)	(1,129)	33,277
Inventory accounting and tax difference	57	227	-	284
Exchange balance of foreign operating institutions	7,150	-	38,462	45,612
Unrealized conversion loss	-	1,022	-	1,022
	$ 62,114	($ 7,027)	$ 37,333	$ 92,420
Deferred tax liabilities				
Temporary difference				
Allowance for land value increment tax	($ 21,469)	$ -	$ -	($ 21,469)
Allowance for bad debts	(267)	-	-	(267)
Unrealized conversion benefit	(548)	548	-	-
Tax difference for depreciation tax included	(435)	13	-	(422)
Investment profit recognized at equity	(28,372)	(275)	-	(28,647)
Profit and loss of unrealized financial assets assessed	(2,901)	(18)	1,069	(1,850)
	($ 53,992)	$ 268	$ 1,069	($ 52,655)

(5) Income tax assessments

The Company's profit-seeking enterprise income tax settlement and declaration has been approved by the taxing authority until 2018.

5. Earnings per share

Unit: NT$ per share

	2020	2019
Basic EPS	$ 1.90	$ 1.41
Diluted EPS	$ 1.89	$ 1.41

In calculating earnings per share, the impact of the stock grants has been adjusted retrospectively. The base date of the stock grants is July 29, 2020. Because of the retroactive adjustment, the changes of basic and earnings per share in 2019 are as follows:

Unit: NT$ per share

	Before retroactive adjustment	After retroactive adjustment
Basic EPS	$ 1.48	$ 1.41
Diluted EPS	$ 1.48	$ 1.41

The weighted average number of earnings and common shares used to calculate earnings per share is as follows:

Net profit for the year

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

Unit: 1,000 shares

	2020	2019
Number of share		
The weighted average number of ordinary shares used to calculate basic EPS	582,102	582,102
Impact of dilutive potential ordinary shares:		
Employee's remuneration	786	714
The weighted average number of ordinary shares used to calculate diluted EPS	582,888	582,816

If the Company elects to pay its employees in stock or in cash, assuming that the compensation will be paid in stock and if the potential common stock is dilutive, the weighted average shares outstanding will be included in the calculation of diluted earnings per share. The dilution of potential common stock will also continue to be taken into account in the calculation of diluted earnings per share before the number of shares paid in the next annual resolution.

26. Capital risk management

The Company conducts capital management to ensure that the Company is able to continue as a going concern and maximize shareholder returns by maximizing debt and equity balances.The Company's overall strategy has stayed unchanged since 2013.

The capital structure of the Company consists of net debt (i.e., borrowings minus cash and cash equivalents) and equity (i.e., stock capital, capital reserves, retained earnings and other equity items) attributable to the owners of the Company.

27. Financial instruments

(1) Information on fair value-financial instrument not at fair value

The Company's management believes that the carrying amounts of financial assets and liabilities not at fair value are close to their fair values

(2) Information on fair value-financial instruments at fair value on a repetitive basis

1). Grade of fair value

December 31, 2020

	Grade 1	Grade 2	Grade 3	Total
Financial assets at fair value through profit and loss				
Domestic listed (OTC) shares	$ 175,885	$ -	$ -	$ 175,885
Mutual funds	831,415	-	-	831,415
	$1,007,300	$ -	$ -	$1,007,300
Financial assets at fair value through other comprehensive income				
Investment in equity instruments				
Domestic listed (OTC) shares	$3,063,507	$ -	$ -	$3,063,507
Domestic unlisted (OTC) shares	-	-	275,798	275,798
	$3,063,507	$ -	$ 275,798	$3,339,305
Financial liabilities at fair value through profit and loss				
Derivatives	$ -	$ 3,912	$ -	$ 3,912

December 31, 2019

	Grade 1	Grade 2	Grade 3	Total
Financial assets at fair value through profit and loss				
Derivatives	$ -	$ 94	$ -	$ 94
Domestic listed (OTC) shares	123,179	-	-	123,179
Mutual funds	2,462,023	-	-	2,462,023
	$2,585,202	$ 94	$ -	$2,585,296
Financial assets at fair value through other comprehensive income				
Investment in equity				
Domestic listed (OTC) shares	$2,124,191	$ -	$ -	$2,124,191
Domestic unlisted (OTC) shares	-	-	237,776	237,776
	$2,124,191	$ -	$237,776	$2,361,967

There is no transfer between Grade 1 and Grade 2 fair value measurement in 2020 and 2019.

2). Adjustment of financial instruments at Grade 3 fair value

2020

Financial assets	Financial assets at fair value through other comprehensive income Equity instruments
Balance at January 1, 2020	$ 237,776
Recognized in other comprehensive income (unrealized profit and loss of financial assets at fair value through other comprehensive income)	72,157
Return of share funds by the invested company (Note 8)	(34,135)
Balance at December 31, 2020	$ 275,798

2019

Financial assets	Financial assets at fair value through other comprehensive income Equity instruments
Balance at January 1, 2019	$ 247,559
Recognized in other comprehensive income (unrealized profit and loss of financial assets at fair value through other comprehensive income)	8,283
Return of share funds by the invested company (Note 8)	(18,066)
Balance at December 31, 2019	$ 237,776

3). Evaluation techniques and input values for Grade 2 fair value

Category of financial instruments	Evaluation techniques and input values
Derivatives - forward foreign exchange contracts	Discounted cash flow method: the future cash flow is estimated according to the observable forward exchange rate at the closing period and the exchange rate stipulated in the contract, and discounted at the discount rate that can reflect the credit risk of the counterparties.

4). Evaluation techniques and input values for Grade 3 fair value

The financial department is responsible for the independent verification of fair value of financial instruments in the Company’s evaluation process of Grade 3 fair value, making the evaluation results close to the market state through independent source data, and regularly reviewing to ensure that the evaluation results are reasonable. The Company evaluates unlisted (OTC) equity investments at home and abroad with the asset method. The determination of their fair value is based on the latest net worth of the invested company and the financial and operating status of the observable company. If the liquidity discount decreases, the fair value of such investments will increase. On December 31, 2020, when the net asset value of the invested company increases/decreases by 1%, the fair value will increase/decrease by NT$ 2,758 thousand.

(3) Types of financial instruments

	December 31, 2020	December 31, 2019
Financial assets		
Financial assets at fair value through profit and loss		
Financial assets at fair value through other comprehensive income	$ 1,007,300	$ 2,585,296
Financial assets at amortized cost (Note 1)	1,076,517	1,368,066
Financial assets at fair value through other comprehensive income		
Investment in equity instruments	3,339,305	2,361,967
Financial liabilities		
Financial liabilities at fair value through profit and loss		
Financial liabilities held for trading	3,912	-
Financial liabilities at amortized cost (Note 2)	4,248,609	6,199,859

Note 1: Balance refers to the financial assets at amortized cost, including cash and cash equivalents, accounts receivable (including related parties) and other receivables (including related parties).

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

(4) The purpose and policy of financial risk management

The Company’s risk control and hedging strategies are affected by the operating environment, however, the Company has taken appropriate risk management and control actions based on the nature of the business and the principle of risk diversification. Such risks include market risks (including exchange rate risks, interest rate risks and other price risks), credit risks and liquidity risks.

1). Market risk

The main market risks to be borne by the Company as a result of the Company's operations are the risk of foreign exchange rate fluctuations and the risk of interest rate fluctuations.

There has been no change in the Company's exposure to market risks in respect of financial instruments and the way in which such exposure is managed and measured.

① Exchange rate risk

The Company is engaged in foreign currency denominated sales and purchase transactions, which expose the Company to the risk of exchange rate fluctuations. In order to avoid the decrease in the value of foreign currency assets and the fluctuation of future cash flow caused by exchange rate fluctuations, the Company avoids the impact of exchange rate fluctuations by natural offset of foreign currency assets and liabilities, and then avoids the relevant risks by combining the net position of foreign currency with forward foreign exchange contracts. The Company mitigates the impact of such risks by hedging against these risks through forward foreign exchange contracts. The use of forward foreign exchange contracts shall be governed by policies adopted by the Board of Directors of the Company. Internal auditors continuously review policy compliance and risk limits. The Company does not deal in forward foreign exchange contracts for speculative purposes.

Please refer to Note 30 for the carrying amount of the Company's monetary assets and monetary liabilities in non-functional currencies as of the balance sheet date. Please refer to Note 7 for carrying amount of derivative with additional exchange rate exposure.

Sensitivity analysis

The sensitivity analysis of foreign currency exchange rate risk is mainly based on the calculation of foreign currency monetary items (mainly US dollar items) at the end of the financial reporting period. If the Company's functional currency appreciates/depreciates by 3% against the US dollar, the Company's net profit before tax in 2020 will decrease/increase by NT$5,983 thousand; and that in 2019 will decrease/increase by NT$7,269 thousand

As the above sensitivity analysis is based on the amount of foreign currency exposure at the balance sheet date, the management believes that the sensitivity analysis can not reflect the mid year exposure.

② Interest rate risk

The fair value is exposed to risks as a result of interest rate changes because the Company holds the financial assets and liabilities with fixed interest rate; the cash flow is exposed to risks as a result of interest rate changes because of the financial assets and liabilities with floating interest rate. The Company's management regularly monitors the changes in market interest rate so that the interest rate of the Company will be close to the market interest rate to respond to the risks arising from the changes in market interest rate.

The carrying amount of the Company's financial assets and financial liabilities exposed to interest rate risk on the balance sheet date is as follows:

	December 31, 2020	December 31, 2019
Interest rate risk with fair value		
－Financial assets	$ 292,121	$ 555,654
－Financial liabilities	724,927	1,779,941
Interest rate risk with cash flow		
－Financial assets	18,499	24,852
－Financial liabilities	3,050,000	3,950,000

Sensitivity analysis

The sensitivity analysis of interest rate risk is based on the financial assets and financial liabilities on the balance sheet date. The Company takes a 0.5% rise/fall in market interest rate as a reasonable risk assessment for reporting interest rate changes to the management. With all other variables unchanged, market interest rates rise / fall by 0.5%, the financial assets and financial liabilities with cash flow interest rate risk will reduce / increase the Company's pre-tax net profit by NT$15,158 thousand in 2020 and NT$19,626 thousand in 2019.

③ Other price risk

The Company's holdings of domestic and foreign stocks and fund benefit certificates and other securities investment resulting in fair value explosion risk. The management of the Company manages risk by holding different risk portfolios. In addition, the Company assigns a specific team to monitor price risk.

<u>Sensitivity analysis</u>

The following sensitivity analysis is based on the price of securities as of the balance sheet date. However, in the financial assets at fair value through profit and loss in which the Company invests, the risk of price fluctuation of monetary market funds is very low, so it is not included in the analysis.

If the equity price increases/decreases by 5%, the net profit before tax for 2020 and 2019 will increase/decrease by NT$11,864 thousand and NT$17,853 thousand, respectively due to the increase/decrease in the fair value of financial assets (excluding monetary market fund investments) as measured through profit and loss. Other comprehensive income before tax for 2020 and 2019 will be increased/decreased by NT$166,965 thousand and NT$118,098 thousand due to the increase/decrease in the fair value of financial assets at fair value through other comprehensive income.

2). Credit risk

Credit risk refers to the risk that the counterparty defaults on its contractual obligations and causes financial loss to the Company. As of the balance sheet date, the largest credit risk that the Company may incur financial losses due to the failure of the counterparty to fulfill its obligations and the Company's provision of financial guarantees mainly comes from:

① The carrying amount of financial assets recognized in the individual balance sheet.

② The maximum amount that the Company may have to pay for providing financial guarantee does not consider the possibility of occurrence.

The Company's policy is to reduce the risk of financial loss by trading only with companies with good credit standing, and to continuously monitor the credit risk and the credit standing of companies with good credit standing.

The Company's accounts receivable cover a wide range of customers who are from different regions instead of concentrating on single customer or region. Besides, the Company continuously evaluates the financial status of customers of accounts receivable, therefore, they are subject to limited credit risk.

3). Liquidity risk

The management of the Company provides working capital and reduces liquidity risk by maintaining an adequate position of cash, cash equivalents and bank financing.

The Company has sufficient working capital to meet its obligations, therefore, there is no liquidity risk due to inability to raise funds to meet contractual obligations.

① Liquidity and interest rate risk statement

The following statement provides a detailed analysis of the maturity of the contracts for the Company's remaining non-derivative financial liabilities over the agreed repayment period, based on the earliest date on which the Company may be required to repay and based on the undiscounted cash flows of the financial liabilities.

December 31, 2020

	Weighted average effective rate (%)	Pay on demand or less than 1 year	1 to 5 years	More than 5 years
Non-derivative financial liabilities				
Non-interest bearing liabilities		$ 379,323	$ 27,740	$ -
Lease liability	1.06%	6,216	19,290	-
Instrument with fixed interest rate	0.81%	700,000	-	-
Instrument with floating interest rate	0.91%	-	3,050,000	-
		$ 1,085,539	$ 3,097,030	$ -

December 31, 2019

	Weighted average effective rate (%)	Pay on demand or less than 1 year	1 to 5 years	More than 5 years
Non-derivative financial liabilities				
Non-interest bearing liabilities		$ 381,101	$ 41,350	$ -
Lease liability	1.06%	5,496	22,576	1,925
Instrument with fixed interest rate	0.83%	1,750,000	-	-
Instrument with floating interest rate	1.05%	-	3,950,000	-
		$ 2,136,597	$ 4,013,926	$ 1,925

② Financing amount

As for the Company, bank loan is an important source of liquidity. The Company's unused bank financing on the balance sheet date is as follows:

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

28. Transactions with related parties

The ultimate parent company of the Company is USI Corporation (USI), which indirectly held 36.08% of the Company's ordinary shares in 2020, December 31 and 2019.

Except as otherwise disclosed in the Notes, the Company transacts with its related parties as follows:

(1) The names and relationships of related parties involved in major transactions with the Company are summarized as follows:

Name of Relate d Parties	Relationship with the Company
USI Corporation (USI)	Ultimate parent company
Union Polymer International Investment Corporation (Union Polymer)	Parent company
USI International Corp. (USIIC)	Subsidiary
USI Trading (Shanghai) Co., Ltd. (USITA)	Subsidiary
APC Investment Co., Ltd.	Subsidiary
China General Plastics Corporation (CGPC)	Associates
China General Terminal & Distribution Corporation (CGTD)	Associates
Acme Electronics Corporation (ACME)	Associates
USI Optronics Corporation (USIO)	Associates
Swanson Plastics Corporation (SPC)	Associates
Taiwan VCM Corporation (TVCM)	Associates
CGPC Polymer Corporation (CGPCP)	Associates
Forever Young Company Limited (Forever Young)	Associates
Swanson Technologies Corporation (STC)	Associates
Taita Chemical Company, Limited (TTC)	Fraternal company
Taiwan United Venture Management Corporation (TUVM)	Fraternal company
USI Management Consulting Corporation (UM)	Fraternal company
USIFE Investment Co., Ltd. (USII)	Fraternal company
INOMA Corporation (INOMA)	Fraternal company
Chong Loong Trading Co., Ltd. (CLT)	Fraternal company
USI (Hong Kong)(USI (HK))	Fraternal company
USI Education Foundation (USIF)	Substantial related party

(2) Sales of goods

Category of related parties / names	2020	2019
Ultimate parent company		
USI Corporation (USI)	$ 662,692	$ 842,692
Associates	37,375	55,290
Fellow subsidiary	14,052	20,973
Subsidiary	63,613	113,478
	$ 777,732	$ 1,032,433

The price and terms of sale to a related party are comparable to those of the unrelated parties.

(3) Purchases of goods

Category of related parties / name	2020	2019
Ultimate parent company		
USI	$ 98,421	$ 153,099
Associatess	28,322	33,572
	$ 126,743	$ 186,671

The transaction terms and prices of the goods purchased from the related parties are comparable to those of the unrelated parties.

(4) Management fee (under general and administrative expenses)

Category of related parties / name	2020	2019
Ultimate parent company		
USI	$ 8,470	$ 8,403
Fellow subsidiary		
UM	39,208	42,488
	$ 47,678	$ 50,891

(5) Lease arrangements - Company is lessee

Lease expenses

Category of related parties / name	2020	2019
Ultimate parent company		
USI	$ 2,783	$ 2,424
Subsidiaries	-	11
	$ 2,783	$ 2,435

(6) Lease agreement - Company is lessor

Lease income

Category of related parties / name	2020	2019
Ultimate parent company	$ 3,534	$ 2,819
Parent company	36	176
Subsidiaries	142	142
Associate		
TVCM	12,680	12,912
Others	6,500	6,063
	19,187	18,982
Fellow subsidiary		
TTC	6,686	7,156
Others	1,869	1,891
	8,555	9,047
	$ 31,440	$ 31,152

The associatess lease the pipeline from the Company for a period of one year. If the contract is expired without a statement, it shall be regarded as renewal. The rent shall be calculated on the basis of actual operation volume and paid monthly.

(7) Donation expenses (under general and administrative expenses)

Category of related parties / name	2020	2019
Substantive party－USI Education Foundation (USIF)	$ 3,000	$ 2,000

(8) Management service income (under other income)

Category of related parties / name	2020	2019
Associatess	$ 1,905	$ 1,577

(9) Investment consultant fee (under other gains and losses)

Category of related parties / name	2020	2019
Fellow subsidiary		
Taiwan United Venture Management Corporation (TUVM)	$ 1,397	$ 1,734

(10) Accounts receivable

Category of related parties / name	December 31, 2020	December 31, 2019
Ultimate parent company		
USI	$ 189,988	$ 147,057
Associatess	3,549	6,211
Subsidiaries		
USI Trading (Shanghai) Co., Ltd. (USIT)	12,462	27,988
Fellow subsidiary	3,876	3,516
	$ 209,875	$ 184,772

(11) Other receivables

Category of related parties / name	December 31, 2020	December 31, 2019
Ultimate parent company		
USI	$ 58	$ 1,974
Associatess		
China General Terminal & Distribution Corporation (CGTD)	1,000	832
CGPC Polymer Corporation (CGPCP)	197	182
Others	90	214
	1,287	1,228
Fellow subsidiary		
Taita Chemical Company, Limited (TTC)	617	667
Others	3	108
	620	775
	$ 1,965	$ 3,977

Other receivables - related party payments are mainly payments made by the ultimate parent company and associates to the Company for renting offices.

(12) Accounts payable

Category of related parties / name	December 31, 2020	December 31, 2019
Ultimate parent company		
USI	$ 12,387	$ 12,940
Associatess		
Swanson Plastics Corporation (SPC)	3,243	2,727
	$ 15,630	$ 15,667

(13) Other payables

Category of related parties / name	December 31, 2020	December 31, 2019
Ultimate parent company		
USI	$ 46,442	$ 160,382
Subsidiaries	98	120
Associatess	2,946	5,590
Fellow subsidiary	496	613
	$ 49,982	$ 166,705

Other Payables - Related-Party Payments are mainly the amount of ethylene allocated and purchased by the Company from the ultimate parent company.

(14) Remuneration of major management

Total remuneration for directors and other key management in 2020 and 2019 is as follows:

	2020	2019
Short-term employee benefits	$ 16,355	$ 14,922
Post-retirement benefits	-	27
	$ 16,355	$ 14,949

Remuneration of directors and other key management is determined by the Remuneration Committee based on the individual performance and market trends.

29. Significant Contingent Liabilities and Unrecognized Contractual Commitments

(1) Material commitments

The balance of our L/C outstanding as at December 31, 2020 was NT $370,000 thousand.

(2) Material contracts

1). On April 17, 2014, the Company and USI entered into a joint venture agreement concerning Gulei Investment. The counter-parties of the agreement or commitment are Ho Tung Chemical Corp., LCY Chemical CORP., Hsin Tay Petroleum Co., Ltd., Chenergy Global Corporation, and Lien Hwa Industrial Holdings Corp. The main contents of the contract are as follows: (1) the shareholder invests and establishes Ever Victory Global Ltd. (hereinafter referred to as “the Joint Venture”) in accordance with the contract, and agrees that Dynamic Ever Investments Limited(the “Hong Kong Company”), which the shareholders of the Company have a 100% shareholding located in Hong Kong, will invest in seven products including oil refining and ethylene production in Gulei Garden, Zhangzhou, Fujian Province, China, and other businesses approved by the competent authority of the Republic of China and approved by the Board of Directors of the Joint Venture. (2) The Hong Kong Company and Fujian Petrochemical Co., Ltd., in accordance with the laws and regulations of the People’s Republic of China, have established a company (hereinafter referred to as Gulei Company) in Gulei Park, Zhangzhou, Fujian Province to conduct the business for the purpose of the Joint Venture and have acquired 50% of the shares issued by Gulei Company as the basis for the joint venture investment. However, after the signing of the original joint venture contract, the total amount of the Joint Venture’s investment in Gulei Company will not be fulfilled by some of the counterpart parties of the original contract or commitment due to the increase of the capital demand of the investment plan. Therefore, the Company and USI re-signed the joint venture contract with the counterparty of the original contract or commitment and CTCI Corporation on September 30, 2016, and the original joint venture contract was terminated at the same time.

The Company and USI originally invested US $2,171 thousand (approximately NT $65,202 thousand) and US $3,131 thousand (approximately NT $94,221 thousand) respectively to form a joint venture, Ever Conquest Global Ltd. (included as investment at equity), to invest in the Joint Venture through the Third Region.

As of December 31, 2018, the Company and USI invested US $103,240 thousand (approximately NT $3,190,905 thousand) and US $176,268 thousand (approximately NT $5,442,336 thousand) in Ever Conquest Global Ltd. (an equity investment). And through the company to increase the capital of the Joint Venture, which re-invested in the Hong Kong Company in January 2017, July and August 2018, respectively totaling US$ 343,977 thousand, and re-invested in Gulei Company totaling RMB 2,304,800 thousand (about US$ 335,901 thousand) in April 2017, August and November 2018, respectively. The Joint Venture was invested through Third Region.

In addition, the Company and USI have increased their investment in Ever Conquest Global Limited of US $40,920 thousand (approximately NT $1,280,719 thousand) and US $70,402 thousand (approximately NT $2,203,644 thousand) in May and August 2019 respectively.

The Company has increased its investment in Ever Conquest Global Limited in March and December 2020 to US $18,832 thousand (approximately NT$570,606 thousand) and US $7,483 thousand (approximately NT$213,358 thousand) respectively in March and December 2020.

As of December 31, 2020, the Company and USI have invested US$ 170,475 thousand (approximately NT $5,255,588 thousand) and US$ 246,670 thousand (approximately NT $7,645,980 thousand) respectively in the Ever Conquest Global Limited, and transferred the additional capital of US$ 417,145 thousand to the Joint Venture through the company. The Joint Venture invested US$63,855 thousand and $63,855 thousand to the Hong Kong Company in June 2019 and August 2019 respectively, and invested RMB 2,352,400 thousand (approximately $338,418 thousand) to Gulei Company in June 2019, August 2019, April and December 2020, respectively.

To supplement the working capital of Gulei Company, the Joint Venture entered into a Joint Venture Agreement with DOR PO Investment Company Limited (hereinafter referred to as DOR PO Company) of Hong Kong on June 5, 2019 to jointly invest in the Hong Kong Company. In accordance with the provisions of the Joint Venture Agreement, DOR PO Company will contribute US

$109,215 thousand to participate in the capital increase of Hong Kong Company. As of December 31, 2020, DOR PO Company has contributed US $99,108 thousand, accounting for approximately 14.7% of the equity of Hong Kong Company.

2). In order to improve the efficiency of asset management, the Company provides 10 listed propertys for investment located in subsec. 3, Yanji St., Songshan dist., Taipei City 105049, Taiwan (R.O.C.). In cooperation with the neighboring areas, the has participated in the urban renewal plan of Huaku Development Co., Ltd. (hereinafter referred to as Huaku Development) by means of right change, and has signed the Urban Renewal Development Contract, and has received a performance bond of NT$6,400 thousand from the builder. The plan has been approved by the Taipei Municipal Government on November 30, 2017. Besides, in order to ensure the smooth development of the urban renewal plan, the Company and Huaku Development signed a Property Trust Contract with the Trust Department of Yushan Bank in 2017, and jointly entrusted the Trust Department of Yushan Bank to manage, divide, merge and transfer the property rights of the construction base and the buildings on the ground during the duration of the trust relationship, By 2020, we have completed the check-in. As of December 31, 2020, the delivery of the vacant spot has been completed.

(3) Major Contingencies

Regarding the gas explosion of the propylene pipeline of Lee Chang Yung Chemical Industry Corporation (hereinafter referred to as Lee Chang Yung Chemical) on the night of July 31, 2014 operated by the invested company, China General Terminal & Distribution Corporation (hereinafter referred to as CGTD), which was entrusted by the Company with the equity method, the second trial of the criminal part of the gas explosion case was pronounced on April 24, 2020, and all three employees of CGTD were acquitted.

CGTD entered into an agreement with the Kaohsiung Municipal Government on February 12, 2015 to provide the Kaohsiung Municipal

Government with the pledge of a bank certificate of deposit of NT$227,458 thousand (including interest) as security against losses incurred in the event of an gas explosion. The Kaohsiung Municipal Government has also filed civil lawsuits against CGTD, Lee Chang Yung Chemical and CPC Corporation. Moreover, Taiwan Power Company applied to the court for sequestration of CGTD's property on August 27 and November 26, 2015 respectively, and CGTD has deposited cash of NT$99,207 thousand to the court to avoid sequestration. Taiwan Water Corporation also applied to the court for false seizure of CGTD's property on February 3 and March 2, 2017 respectively. As of February 26, 2021, the value of the property seized of CGTD is approximately NT$ 9,581 thousand.

In view of the case of gas explosion victims, CGTD and Lee Chang Yung Chemical with the Kaohsiung Municipal Government signed a tripartite agreement on July 17, 2015, it is agreed that all the heirs of the 32 victims and those who have the right to claim (hereinafter referred to as "the family members of the victims") shall negotiate compensation. Each family member of the victim was compensated with NT $12,000 thousand, and the total settlement was NT $384,000 thousand. The settlement money will be paid in advance by Lee Chang Yung Chemical, and Lee Chang Yung Chemical will negotiate and sign a settlement agreement with the families of the victims of the gas explosion incident on behalf of the three parties.

For the seriously injured, CGTD and Lee Chang Yung Chemical signed a tripartite agreement with the Kaohsiung Municipal Government on October 25, 2017, agreeing to negotiate compensation for the 65 seriously injured persons first. The settlement will be paid in advance by CGTD and the Kaohsiung Municipal Government; In addition, on behalf of the three parties, CGTD negotiated with the seriously injured in the gas explosion incident and signed a reconciliation contract with 64 of them.

As of February 26, 2021, the injured, victims or their relatives of the Kaohsiung gas explosion incident have filed civil (including criminal incidental civil) lawsuits against CGTD, Lee Chang Yung

Chemical and CPC Corporation for compensation; CGTD has reached a settlement of NT$ 4,519 thousand for the original claim of NT$ 46,677 thousand based on the consideration of mitigating litigation costs. The total amount of the remaining claims in the litigation and the settlement of the victims and seriously injured as described in the preceding paragraph is approximately NT$3,856,447 thousand. The first instance verdict of some of these civil cases (indemnity amount of NT$1,341,128 thousand) of have been convicted since June 22, 2018 and most cases are with reference to the criminal courts of first instance verdict, determined that the negligence liability ratio of Kaohsiung Municipal Government, Lee Chang Yung Chemical and CGTD was 4:3:3, and that CGTD, Lee Chang Yung Chemical and other defendants should pay compensation of about NT$401,979 thousand (of which NT$6,194 thousand was exempted from liability by the court). At present, CGTD has filed an appeal for the adjudicated but unsettled civil cases and proceeded with the second instance procedure successively. CGTD signed a claim agreement with an insurance company, according to the negligence liability ratio determined by the judgment of first instance, it estimated the settlement amount of victims and seriously injured, the compensation amount of civil litigation cases (including the settled cases), and estimated amount to be borne by itself after deducting the upper limit of insurance claim was NT$ 136,375 thousand, which had been included into the account. However, the actual amount of such settlement and compensation shall not be confirmed until the proportion of liability to be shared by CGTD is determined in accordance with the civil action.

30. Significant information on foreign currency assets and liabilities

The following information is summarized and presented in terms of foreign currencies other than the Company's functional currencies. The exchange rate disclosed refers to the exchange rate converted from such foreign currencies to the functional currencies. The information on foreign currency financial assets and liabilities with significant impact is as follows:

Unit: The foreign currency/carrying amount is NT$ 1,000, except the exchange rate is NT$1

December 31, 2020

	Foreign currency	Exchange rate		Functional currency	Carrying amount
Financial assets					
Monetary items					
USD	$ 10,807	28.4800	(USD:NTD)	$ 307,795	$ 307,795
RMB	87,272	4.3648	(RMB:NTD)	380,924	380,924
JPY	5	0.2763	(JPY:NTD)	1	1
					$ 688,720
Non-monetary items					
Subsidiaries and associatess at equity					
USD	198,293	28.4800	(USD:NTD)	5,647,372	$ 5,647,372
Financial liabilities					
Monetary items					
USD	$ 3,805	28.4800	(USD:NTD)	$ 108,375	$ 108,375
JPY	7,072	0.2763	(JPY:NTD)	1,954	1,954
EUR	24	35.0200	(EUR:NTD)	847	847
					$ 111,176
Non-monetary items					
Derivatives					
RMB	77,660	4.3648	(RMB:NTD)	3,912	$ 3,912

December 31, 2019

	Foreign currency	Exchange rate		Functional currency	Carrying amount
Financial assets					
Monetary items					
USD	$ 11,542	29.9800	(USD:NTD)	$ 346,016	$ 346,016
RMB	85,806	4.2975	(RMB:NTD)	368,753	368,753
JPY	5	0.2760	(JPY:NTD)	1	1
					$ 714,770
Non-monetary items					
Subsidiaries and associatess at equity					
USD	163,110	29.9800	(USD:NTD)	4,890,051	$ 4,890,051
Derivatives					
USD	1,730	29.9800	(USD:NTD)	677	677
					$ 4,890,728
Financial liabilities					
Monetary items					
USD	3,459	29.9800	(USD:NTD)	103,707	$ 103,707
JPY	188	0.2760	(JPY:NTD)	52	52
					$ 103,759
Non-monetary items					
Derivatives					
RMB	72,000	4.2975	(RMB:NTD)	583	$ 583

The foreign currency profit and loss (realized and unrealized) of the Company in 2020 and as of December 31, 2019 was of net loss of NT$13,066 thousand and NT$12,373 thousand. Due to the variety of foreign currency transactions, it is not possible to disclose the exchange gains and losses according to the foreign currency of each significant impact.

31. Disclosure of Notes

(1) Information on Major Transactions:

1). lend funds to others. (none)

2). Endorse a guarantee for another. (none)

3). Marketable securities held at the end of the period (excluding investment in subsidiaries, associatess and equity of joint ventures). (Attachment 1)

4). The accumulative purchase or sale of the same securities amounts to NT $300 million or more than 20% of the paid-up capital. (Attachment 2)

5). The amount of property acquired is NT $300 million or more than 20% of the paid-up capital. (none)

6). The amount of disposing of property amounts NT $300 million or more than 20% of the paid-up capital. (none)

7). The amount of purchase and sale with related parties amounts to NT $100 million or more than 20% of the paid-up capital. (Attachment 3)

8). The amount receivable from the related parties is NT $100 million or more than 20% of the paid-up capital. (Attachment 4)

9). Trading in derivatives: Note 7.

(2) Information of Reinvestment Business. (Attachment 5)

(3) Information on Investment in Mainland

1). Name of the invested company in mainland China, main business items, paid-in capital, investment method, outward and inward remittance of funds, shareholding ratio, profit and loss from investment, carrying value of investment as of closing period, repatriated profit and loss from investment, and investment limit in mainland China. (Attachment 6)

2). The following major transactions, price, payment terms, unrealized profit and loss, directly or indirectly with the invested company in the mainland through the third region: (Attachment 7)

① The amount and percentage of purchase and the closing balance and percentage of related accounts payable.

② The amount and percentage of sales and the closing balance and percentage of related receivables.

③ The amount of property transactions and the amount of profits and losses arising therefrom.

④ Closing balance of the guaranty or collateral for the endorsement of the bill and the purpose thereof.

⑤ Maximum balance of financing, closing balance, interest rate range and total amount of current interest.

⑥ Other transactions that have a significant impact on the current profit and loss or financial position, such as the provision or receipt of services.

(4) Information on major shareholders: name, amount and proportion of shareholders with shareholding ratio of more than 5%. (Attachment 8)

Except for the disclosures in Attachment 1 to 8, there are no other major transaction matters, reinvestment undertakings and information on investment in mainland that should be disclosed.

32. Information on Departments

In accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the company may be exempted from the preparation of the departmental information specified in the International Financial Reporting Standards (IFRSs) No. 8.

ASIA POLYMER CORPORATION

MARKETABLE SECURITIES HELD

December 31, 2020

Attachment 1

Unit: NT $1,000 unless otherwise indicated

Holding Company	Marketable Securities and Names	The relationship with the Issuer of Marketable Securities	Financial Statement Account	End of the period				Note
				Number of Shares / Units	Carrying Amount	Shareholding Ratio (%)	Fair Value	
	Ordinary shares							
APC	Harbinger Venture Capital Corp.	None	Financial assets at fair value through other comprehensive income-non-current	2,377	$ 18	1.20%	$ 18	
	Riselink Venture Capital Corp.	"	"	2,632	318	1.67%	318	
	KHL IB Venture Capital Co., Ltd.	"	"	12,044,707	275,462	11.90%	275,462	
	USI Corporation	Ultimate parent company	"	101,355,673	2,290,638	8.53%	2,290,638	
	CTCI Corporation	None	"	14,446,107	551,842	1.89%	551,842	
	AU Optronic Corporation	"	"	9,618,516	134,659	0.10%	134,659	
	Wafer Works Corporation	"	Financial assets at fair value through other comprehensive income-current	2,017,946	86,368	0.39%	86,368	
	Unimicron Technology Corporation	"	Financial assets at fair value through profit or loss-current	300,000	26,220	0.02%	26,220	
	Evergreen Marine Corp.	"	"	1,693,251	68,915	0.04%	68,915	
	Quanta Computer Inc.	"	"	200,000	16,180	0.01%	16,180	
	United Microelectronics Corporation.	"	"	450,000	21,218	0.00%	21,218	
	G.M.I. Technology Inc.	"	"	1,515,800	21,752	0.19%	21,752	
	Taiwan Cement Corp.	"	"	500,000	21,600	0.01%	21,600	
	Benefit securities							
	Cathay No. 1 Property Investment Trust Fund	"	"	3,281,000	61,388	-	61,388	
	Beneficiary certificates							
	Mega Diamond Money Market Fund	"	"	5,887,835	74,481	-	74,481	
	Capital Investment Trust Corporation Stable 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)

(Continued)

Holding Company	Marketable Securities and Names	The relationship with the Issuer of Marketable Securities	Financial Statement Account	End of the period: Number of Shares / Units	Carrying Amount	Shareholding Ratio (%)	Fair Value	Note
	Taishin 1699 Money Market Fund	None	Financial assets at fair value through profit or loss-current	12,021,036	$ 164,038	-	$ 164,038	
	CTBC Hwa Win Money Market Fund	"	"	5,672,048	63,002	-	63,002	
	FSITC Taiwan Money Market	"	"	3,564,088	55,006	-	55,006	
	Hua Nan Kirin Money Market Fund	"	"	6,381,916	77,000	-	77,000	
APC (BVI)	Shares							
	Budworth Investment Ltd. - ordinary shares	"	Financial assets at fair value through other comprehensive income - non-current	40,467	10	4.45%	10	
	Silicon Technology Investment (Cayman) Corp. -preference shares	"	"	1,139,776	57,117	2.19%	57,117	
	NeuroSky, Inc. - series D preference shares	"	"	2,397,364	-	0.37%	-	(Note 1)
	Solargiga Energy Holdings Ltd.	"	"	15,863,333	17,480	0.49%	17,480	
	Teratech Corp. - ordinary shares	"	"	112,000	-	0.67%	-	(Note 1)
	TGF Linux Communication, Inc. - preference shares	"	Financial assets at fair value through profit or loss-non-current	300,000	-	-	-	(Note 1)
	Sohoware, Inc. - preference shares	"	"	450,000	-	-	-	(Note 1)
	Boldworks, Inc. - preference shares	"	"	689,266	-	-	-	(Note 1)
APC Investment Corporation	Ordinary shares							(Note 1)
	USI Corporation	Ultimate parent company	Financial assets at fair value through profit or loss-current	44,808	1,013	-	1,013	
	Taiwan Cement Corp.	None	"	300,000	12,960	0.01%	12,960	
	United Microelectronics Corporation.	"	"	150,000	7,073	0.00%	7,073	
	Evergreen Marine Corp.	"	"	564,416	22,972	0.01%	22,972	
	Quanta Computer Inc.	"	"	100,000	8,090	0.00%	8,090	
	Unimicron Technology Corporation	"	"	150,000	13,110	0.01%	13,110	
	G.M.I. Technology Inc.	"	"	492,900	7,073	0.39%	7,073	
	Beneficiary securities							
	Cathay Taiwan Money Market Fund	None	Financial assets at fair value through profit or loss-current	499,525	6,261	-	6,261	

Note 1: Due to the investment losses recognized over the past years, the Company evaluated the fair value of long-term equity instruments as 0.

Note 2: Please refer to Attachment 5 and 6 for detailed information on subsidiaries and associatess.

ASIA POLYMER CORPORATION

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2020

Attachment 2

In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Company Purchase/Sale	Type and Name of Marketable Securities	Financial Statement Account	Trading Partner	Relationship	Beginning of the Period		Purchase		Sale				The end of the Period (Note)	
					Number of Share	Amount	Number of Share	Amount	Number of Share	Sale Price	Book Cost	Dispose of Interests	Number of Share	Amount
APC Corporation	Shares													
	Ever Conquest Global Limited.,	Investment at equity	—	Investmee at equity	144,160,000	$ 4,265,335	26,315,000	$ 783,964	-	$ -	$ -	$ -	170,475,000	$ 5,066,945 (Note 1)
	Fund													
	Taishin 1699 Money Market Fund	Financial assets at fair value through profit and 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 (Note 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 Hwa 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 (Note 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	"	—	—	12,624,735	193,000	12,026,785	185,300	21,087,432	324,749	323,300	1,449	3,564,088	55,006 (Note 4)

Note 1: book cost includes original acquisition cost, profit and loss from investment recognized at equity, exchange rate conversion and net change adjustment.

Note 2: the amount at the end of the period of the account is NT$164,038 thousand, which is the balance between investment cost of 164,000 thousand and adjustment amount evaluated of NT$38 thousand.

Note 3: the amount at the end of the period of the account is NT$63,002 thousand, which is the balance between investment cost of 63,000 thousand and adjustment amount evaluated of NT$2 thousand.

Note 4: the amount at the end of the period of the account is NT$55,006 thousand, which is the balance between investment cost of 55,000 thousand and adjustment amount evaluated of NT$6 thousand.

ASIA POLYMER CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2020

Attachment 3

In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Buyer/Seller	Related Parties	Relationship	Transaction Details				Circumstances and Reasons for Differences between Trading Terms and General Trading		Bills and Accounts Receivable (Payable)		
			Purchase (Sale) of Goods	Amount	Proportion of total Purchase (Sales)	Credit Period	Unit Price	Credit Period	Balance		Ratio of Total Bills and Accounts Receivable (Payable)
Asia Polymer Corporation (APC)	USI Corporation	Ultimate parent company	Sales of goods	($ 662,692)	(12.01%)	60 days	No material difference	No material difference	Accounts receivable-related parties	$ 189,988	25.16%
USI Trading (Shanghai) Co., Ltd.	USI Corporation	Ultimate parent company	Purchase of goods	119,428	4.01%	30 days	No material difference	No material difference	Accounts payable-related parties	(33,203)	(13.07%)

ASIA POLYMER CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2020

Attachment 4

In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Companies with Accounts Receivable	Related Parties	Relationship	Balance of Receivables from Related Parties		Turnover Rate	Overdue Receivables from Related Parties		Amount Recovered after Due Date of Receivables from Related Parties (Note 2)	Allowance for Bad Debts
						Amount	Disposal Mode		
Asia Polymer Corporation (APC)	USI Corporation	Ultimate parent company	Accounts receivable-related parties	$ 189,988	3.91	$ -	-	$ 189,988	Note 1
			Other receivables-related parties	58		-	-	58	Note 1

Note 1: no allowance for bad debts is required on assessment.

Note 2: post period refers to the period from January 1 to March 5, 2021.

ASIA POLYMER CORPORATION

INFORMATION ON INVESTEES, LOCATION, ETC.

FOR THE YEAR ENDED DECEMBER 31, 2020

Attachment 5

In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Name of Investor	Name of Investee	Location	Main Business	Original Investment Amount		Closing Balance			Current Profit (Loss) from Investee	Current Investment Profit and Loss Recognized	Note
				Closing balance of This Year	Closing Balance of Last Year	Number of Share	Ratio	Carrying Amount			
Asia Polymer Corporation (APC)	APC (BVI)	BVI	Reinvestment business	$ 392,306 (US$ 13,774,806)	$ 392,306 (US$ 13,774,806)	11,342,594	100.00%	$ 517,012	$ 15,182	$ 15,182	Subsidiary (Note 1)
	APC Investment Co., Ltd.	Taipei City	Investment business	200,000	200,000	20,000,000	100.00%	132,491	33,542	33,542	Subsidiary (Note 1)
	USI International Corp.	BVI	Reinvestment business	59,808 (US$ 2,100,000)	79,744 (US$ 2,800,000)	2,100,000	70.00%	63,415	5,387	3,771	Subsidiary (Note 1)
	China General Plastics Corporation (CGPC)	Taipei City	Production and sales of plastic cloth, plastic skin, plastic pipe, plastic particles, plastic powder, special shaped extruded building materials, alkali chlorine products and other related products	247,412	247,412	44,653,510	8.07%	782,997	1,634,185	131,866	Investee at equity
	China General Terminal & Distribution Corporation	Taipei City	Storage and transportation of petrochemical raw materials	41,082	41,082	19,918,184	33.33%	315,711	69,385	23,128	Investee at equity
	Swanson Plastics Corporation	Taipei City	Production and sales of telescopic film and industrial multilayer packaging film	75,242	75,242	12,266,779	7.95%	206,857	247,423	19,669	Investee at equity
	Acme Electronics Corporation	Taipei City	Production and sales of manganese zinc, soft ferrite, magnetic powder, magnetic core	61,348	61,348	6,056,623	3.31%	42,939	33,393	1,105	Investee at equity
	Taiwan United Venture Capital Corp. (TUVC)	Taipei City	Investment in high-tech business	52,791	52,791	3,913,533	8.33%	21,472	(4,172)	(347)	Investee at equity
	Thintec Materials Corporation (TMC)	Taipei City	Manufacturing of reinforce plastic products	36,250	36,250	-	-	-	15	4	Investee at equity
	USI Optronics Corporation	Taipei City	Production and sales of sapphire single crystal	59,725	59,725	5,972,464	9.20%	12,579	(62,320)	(5,735)	Investee at equity
	Ever Conquest Global Ltd.	BVI	Reinvestment business	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 at equity
APC (BVI)	ACME Electronics (Cayman) Corp.	British Cayman Islands	Reinvestment business	149,375 (US$ 5,244,903)	149,375 (US$ 5,244,903)	8,316,450	16.64%	200,825	9,485	-	APC (BVI)-investee at equity
	USI International Corp.	BVI	Reinvestment business	25,632 (US$ 900,000)	34,176 (US$ 1,200,000)	900,000	30.00%	27,178	5,387	-	APC (BVI)-investee at equity (Note 1)
APC Investment Co., Ltd.	Acme Electronics Corporation	Taipei City	Production and sales of manganese zinc, soft ferrite, magnetic powder, magnetic core	14,889	14,889	1,884,548	1.03%	13,361	33,393	-	APC Investment Co., Ltd. -investee at equity
	SWANSON TECHNOLOGIES CORPORATION	Taipei City	Production and sales of EVA encapsulation film	30,000	30,000	3,000,000	15.00%	(16,165)	(14,109)	-	APC Investment Co., Ltd. -investee at equity
Ever Conquest Global Ltd.	Ever Victory Global Ltd.	BVI	Reinvestment business	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)	-	Ever Conquest Global Ltd.-investee at equity
Ever Victory Global Ltd.	Dynamic Ever Investments Ltd.	HK	Reinvestment business	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)	-	Ever Victory Global Ltd.-investee at equity

Note 1: It has been written off in the preparation of consolidated financial statements.

ASIA POLYMER CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2020

Attachment 6

In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Name of Investee in Mainland	Main Business Scope	Paid-in Capital (Note 3)	Investment Mode (Note 1)	Accumulated Investment Amount Remitted from Taiwan at the Beginning of the Current Period	Amount of Investment Remitted or Recovered in the Current Period		Accumulated Investment Amount Remitted from Taiwan at the End of the Current Period	Current Profit and Loss of the Investee (Note 3)	Shareholding Ratio of Direct or Indirect Investment of the Company	Investment (Loss) Profit Recognized in the Current Period (Note 3)	Carrying Amount of Investment at the End of the Period (Note 4)	Investment Income Remitted by the End of the Current Period
					Outflow	Inflow						
ACME Electronics (Kunshan) Co., Ltd.	Manufacturing and sales of Mn Zn ferrite core	$ 875,048 (US$ 30,725,000)	(2) ACME Electronics (Cayman) Corp.	$ 118,971 (US$ 4,177,369)	$ -	$ -	$ 118,971 (US$ 4,177,369)	B $ 7,332	16.64%	$ 1,220	$ 130,641	$ -
USI Trading (Shanghai) Co., Ltd.	Sales of chemical products and equipment, etc	71,200 (US$ 2,500,000)	(2) APC (BVI)	86,454 (US$ 3,035,601)	-	-	86,454 (US$ 3,035,601)	B 11,497	100.00%	11,497	120,346	-
Fujian Gulei Petrochemical Co., Ltd	Manufacturing of crude oil processing and petroleum products, etc	40,655,493 (RMB$ 9,314,400,000)	(2) Dynamic Ever Investments Ltd., （Note2）	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 Remitted from Taiwan to the Mainland at the End of Current Period	Investment Amount Approved by Investment Commission, MOEA	Investment Quota in Mainland China as Stipulated by the Investment Commission, MOEA
$4,839,207（Note 5） （US$169,915,978）	$6,374,838 （US$ 223,835,608）	$ - (Note 6）

Note 1: The investment modes can be divided into the following three types, and the categories can be marked:

(1) Direct investment in mainland China.

(2) Reinvest in mainland China through a third region company (please specify the investee in the third region).

(3) Other modes.

Note: through the third region company of Ever Conquest Global Ltd. with shareholding ratio of 40.87%, re-invested in Ever Victory Global Ltd. With a shareholding ratio of 67.40% and then re-invested in Dynamic Ever Investment Ltd., with a shareholding ratio of 85% and indirectly invested in Fujian Gulei Petrochemical Co., Ltd., with a shareholding ratio of 50%.

Note 3: In the column of Current Profit and Loss of the Investee:

(1) If it is in preparation and there is no profit or loss on investment, it shall be indicated.

(2) The basis for the recognition of investment profit and loss is divided into the following three categories, which shall be indicated.

A. Financial statements audited by an International Accounting Firm in partnership with an accounting firm of the Republic of China.

B. Financial statements audited by the Taiwan parent company's CPA.

C. Others.

Note 4: it is converted at the exchange rate of December 31, 2020.

Note 5: The Company invests in Silicon Technology Investment (Cayman) Corp. (STIC) and Solargiga Energy Holdings Ltd. through APC (BVI) Holding Co. Ltd. to indirectly invest in companies in Mainland China.

Note 6: According to the Investment Commission, MOEA' s Jing Shou Gong Zi No. 10800262940 issued on February 26, 2020, the Company is an enterprise that has obtained the certification document issued by the industrial bureau of the Ministry of economic affairs that conforms to the business scope of the headquarters, so there is no investment limit.

ASIA POLYMER CORPORATION

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES

FOR THE YEAR ENDED DECEMBER 31, 2020

Attachment 7

In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Investee in Mainland China	Transaction Account	Amount	Percentage	Price	Transaction Terms		Bills and Accounts Receivable (Payable)		Unrealized Profit and Loss	Note
					Payment Terms	Compared with General Transaction	Amount	Percentage		
USI Trading (Shanghai) Co., Ltd.	Sales of goods	$ 63,613	1.15%	No material difference	T/T 90 days	No material difference	$ 12,462	1.65%	$ -	—

Asia Polymer Corporation (APC) and Subsidiaries

Information on Major Shareholders

December 31, 2020

Attachment 8

Name of Major Shareholders	Shares	
	Number of Shares	Shareholding Ratio
Union Polymer International Investment Corporation	210,044,924	36.08%

Note:The information of major shareholders in this Attachment refers to the information calculated by Nordic CSD on the last business day at the end of the current quarter of which the total number of common stocks and special stocks of the Company held, amounting to more than 5%, by the shareholder has been delivered without physical registration (including treasury shares). The capital stock recorded in the consolidated financial statements of the Company and the actual number of shares delivered without physical registration may be different or discrepant due to the compilation and calculation basis.

§ Schedules of Important Accounting Items §

Items	Code/Indexes
Schedule of Assets, Liabilities and Equity	
Schedule of Cash and Cash Equivalents	Schedule 1
Schedule of Financial Assets at Fair Value through Profit or Loss-Current	Schedule 2
Schedule of Financial Assets at Fair Value through Other Comprehensive Income-Current	Schedule 3
Schedule of Accounts Receivable	Schedule 4
Schedule of Inventory	Schedule 5
Schedule of Changes in Financial Assets at Fair Value through Other Comprehensive Income-Non-current	Schedule 6
Schedule of Changes in Investment at Equity	Schedule 7
Schedule of Changes in Property, Plant and Equipment	Note 13
Schedule of Changes in Accumulated Depreciation of Property, Plant and Equipment	Note 13
Schedule of changes in investment properties	Note 15
Schedule of Changes in Accumulated Depreciation of investment properties	Note 15
Schedule of Deferred Tax Assets	Note 24
Schedule of Accounts Payable	Schedule 8
Schedule of Other Payables	Note 18
Schedule of Deferred Tax Liabilities	Note 24
Schedule of Profit or Loss	
Schedule of Net revenue	Schedule 9
Schedule of Operating Cost	Schedule 10
Schedule of production overheads	Schedule 11
Schedule of Operating Expenses	Schedule 12
Summary of Employee’s Benefits, Depreciation and Amortization Expenses by Function Incurred for the Period	Note 23 and Schedule 13

Asia Polymer Corporation (APC)

Schedule of Cash and Cash Equivalents

December 31, 2020

Schedule 1 In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Items	Summary	Amount
Cash		
Cash on hand and petty cash		$ 179
Check deposit		5,991
Taiwan dollar current deposit		13,276
Foreign currency current deposit	USD181,042.08, @28.48	5,156
Foreign currency current deposit	RMB 13,937.39, @4.3648	61
Foreign currency current deposit	JPY 4,814, @0.2763	1
Foreign currency current deposit	EUR 150.32, @35.02	5
Subtotal		24,669
Cash equivalents		
Foreign currency time deposit	USD3,200,000, @28.48, annual interest rate, 0.10%, Due in January 2021	91,136
Foreign currency time deposit	RMB 1,910,000, @4.3648, annual interest rate, 1.90%, Due in January 2021	8,337
Taiwan dollar time deposit	annual interest rate, 0.07%~0.49%, Due between March and June 2021	150,000
		$ 274,142

Asia Polymer Corporation (APC)

Schedule of Financial Assets at Fair Value through Profit or Loss-Current

December 31, 2020

Schedule 2

In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Name of Financial Commodity	Number of Shares or Units	Acquisition Cost	Fair Value (Note)		Note
			Unit Price (NT$)	Total Amount	
Current					
Financial assets at fair value through profit or loss-non-derivative financial assets					
Stock of domestic listed (OTC) companies					
Quanta Computer Inc.	200,000	$ 14,742	80.90	$ 16,180	
Evergreen Marine Corp.	1,693,251	26,308	40.70	68,915	
UMC	450,000	13,764	47.15	21,218	
G.M.I. Technology Inc.	1,515,800	24,351	14.35	21,752	
Unimicron Technology Corporation	300,000	13,208	87.40	26,220	
Taiwan Cement Corp.	500,000	20,595	43.20	21,600	
		112,968		175,885	
Fund beneficiary certificate					
Mega Diamond Money Market Fund	5,887,835	74,300	12.65	74,481	
Capital Investment Trust Corporation Stable Money Market Fund	2,152,072	35,000	16.27	35,004	
Jih Sun Money Market Fund	16,818,904	249,600	14.95	251,443	
Prudential Financial Money Market Fund	3,137,157	50,000	15.95	50,053	
Taishin 1699 Money Market Fund	12,021,036	164,000	13.65	164,038	
CTBC Hwa Win Money Market Fund	5,672,048	63,000	11.11	63,002	
FSITC Taiwan Money Market	3,564,088	55,000	15.43	55,006	
Hua Nan Kirin Money Market Fund	6,381,916	77,000	12.07	77,000	
Cathay No. 1 Property Investment Trust Fund	3,281,000	33,160	18.71	61,388	
		801,060		831,415	
Total		$ 914,028		$ 1,007,300	

Note: The market price is calculated on the following basis:

1. Open-end funds are calculated according to the net asset value of the last trading day in December 2020 of each fund.
2. Shares of listed (OTC) companies and closed-end funds are calculated at the closing price of the last trading day in December 2020 on the centralized trading market or Taipei Exchange.

Asia Polymer Corporation (APC)

Schedule of Financial Assets at Fair Value through Other Comprehensive Income-Current

December 31, 2020

Schedule 3

In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Name of Financial Commodity	Number of Share	Acquisition Cost	Fair Value (Note) Unit Price (NT$)	Fair Value (Note) Total Amount	Note
Wafer Works Corporation	2,017,946	$ 37,124	42.80	$ 86,368	

Note: the fair value is calculated according to the closing price of the last trading day of the Taiwan Exchange in December 2020.

Asia Polymer Corporation (APC)

Schedule of Accounts Receivable

December 31, 2020

Schedule 4 In Thousands of New Taiwan Dollars

Name of Customer	Amount
Accounts receivable-non-related parties	
Customer A	$ 120,100
Customer B	108,051
Customer C	107,635
Customer D	34,351
Others (Note)	177,235
Subtotal	547,372
Less: allowance for bad debts	(2,000)
	545,372
Accounts receivable-related parties	
Customer E	189,988
Customer F	12,462
Others (Note)	7,425
Subtotal	209,875
Net amount of receivables	$ 755,247

Note: the amount of each customer does not exceed 5% of the total accounts receivable.

Asia Polymer Corporation (APC)

Schedule of Inventory

December 31, 2020

Schedule 5 In Thousands of New Taiwan Dollars)

Items	Amount		Basis of Market Price
	Cost	Market Price	
Finished products	$ 158,254	$ 249,422	Net realization value
Work in process	19,347	32,170	Net realization value
Raw materials	82,790	83,675	Replacement cost
Supplies	34,583	34,455	Replacement cost
	294,974	$ 399,722	
Less: allowance for bad debts	(128)		
	$ 294,846		

Note: the net realization value of inventories recovered in 2020 is NT $408 thousand.

Asia Polymer Corporation (APC)

Schedule of Changes in Financial Assets at Fair Value through Other Comprehensive Income-Non-current

For The Year Ended December 31, 2020

Schedule 6

In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Name	The beginning of the Year		Increase in the Current Year (Note 1)		Decrease in the Current Year (Note 1)		The End of the Year		Guarantee or Pledge
	Number of share (share)	Fair Value	Number of share (share)	Amount	Number of share (share)	Amount	Number of Share (share)	Fair Value	
USI Corporation	101,355,673	$ 1,403,776	-	$ 886,862	-	$ -	101,355,673	$ 2,290,638	None
AU Optronic Corporation	9,618,516	96,666	-	37,993	-	-	9,618,516	134,659	None
CTCI Corp.	14,446,107	550,397	-	1,445	-	-	14,446,107	551,842	None
Harbinger Venture Capital Corp.	2,377	66	-	-	-	48	2,377	18	None
Riselink Venture Capital Corp.	131,587	1,947	-	-	128,955	1,629	2,632	318	None
KHL IB Venture Capital Co., Ltd.	15,329,223	235,763	-	39,699	3,284,516	-	12,044,707	275,462	None
Total		$ 2,288,615		$ 965,999		$ 1,677		$ 3,252,937	

Note 1: the changes for the current year is because of the changes and adjustment for fair value and the capital reduction and refund of share proceeds handled by the investees.

Asia Polymer Corporation (APC)

Schedule of Changes in Investment at Equity

For The Year Ended December 31, 2020

Schedule 7

In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Name of Investees	Initial Balance: Number of Shares (1,000 shares)	Initial Balance: Amount	Increase in the Current Year: Number of Shares (1,000 shares)	Increase in the Current Year: Amount (Note 3)	Decrease in the Current Year: Number of Shares (1,000 shares)	Decrease in the Current Year: Amount (Note 3)	Closing Balance: Number of Shares (1,000 shares)	Closing Balance: Shareholding Ratio (%)	Closing Balance: Amount	Market value or Net Equity Value (Note 2): Unit Price (NT$)	Market value or Net Equity Value (Note 2): Total Price	Guarantee or Pledge	Note
Listed (OTC) companies													
China General Plastics Corporation (CGPC)	42,527	$ 668,500	2,126	$ 117,988	-	$ -	44,653	8.07	$ 786,488	25.45	$ 1,136,432	None	Note 1
Acme Electronics Corporation (ACME)	6,057	46,875	-	1,099	-	-	6,057	3.31	47,974	18.90	114,470	"	Note 1
		715,375		119,087		-			834,462		1,250,902		
Non-listed (OTC) companies													
China General Terminal & Distribution Corporation	18,667	257,584	1,251	58,127	-	-	19,918	33.33	315,711		315,711	None	Note 1
APC (BVI)	11,343	536,886	-	32,452	-	-	11,343	100.00	569,338		517,012	"	Note 1
Taiwan United Venture Capital Corp. (TUVC)	3,913	20,142	-	1,330	-	-	3,913	8.33	21,472		21,472	"	Note 1
Swanson Plastics Corporation	12,266	217,658	-	13,847	-	-	12,266	7.95	231,505		206,857	"	Note 1
USI International Corp.	2,800	134,270	-	-	700	64,038	2,100	70.00	70,232		63,415	"	Note 1
Thintec Materials Corporation (TMC)	1,825	4,399	-	-	1,825	4,399	-	-	-		-	"	Note 4
APC Investment Co., Ltd.	20,000	96,923	-	37,134	-	-	20,000	100.00	134,057		132,491	"	Note 1
Ever Conquest Global Ltd.	144,160	4,459,107	26,315	747,849	-	-	170,475	40.87	5,206,956		5,066,945	"	Note 1
USI Optronics Corporation	5,972	18,313	-	-	-	5,734	5,972	9.20	12,579		12,579	"	Note 1
		6,460,657		1,009,826		74,171			7,396,312		7,587,384		
Allowance for conversion adjustments		(269,637)		35,743		-			(233,894)		-		
		$ 6,191,020		$ 1,045,569		$ 74,171			$ 7,162,418		$ 7,587,384		

Note 1: It is calculated according to the financial statements of the investee company as at the end of December 2020, which have been audited by the CPA.

Note 2: Market price refers to the closing price at the end of December 2020; The net equity value is mainly calculated based on the financial statements of the investee company and the shareholding ratio of the Company.

Note 3: It includes investment proceeds from additional purchases, profits and losses from investment recognized through the equity method, accumulated conversion adjustments, capital reserves, unrealized profits and losses of financial commodities, actuarial profits and losses, profits and losses from the disposal of investment, and dividends paid by the investee companies.

Note 4: The Board of Directors of Thintec Materials Corporation (TMC) resolved on April 12, 2019 to proceed with liquidation from May 25, 2019 (dissolution date) and completed liquidation procedures on July 22, 2020.

Asia Polymer Corporation (APC)

Schedule of Accounts Payable

December 31, 2020

Schedule 8 In Thousands of New Taiwan Dollars

Name of Manufacturer	Amount
Accounts payable-non-related parties	
Supplier A	$ 158,958
Others (Note)	79,405
Subtotal	238,363
Accounts payable-related parties	
Supplier B	12,387
Supplier C	3,243
Subtotal	15,630
	$ 253,993

Note: The amount of each creditor does not exceed 5% of the total accounts payable.

Asia Polymer Corporation (APC)

Schedule of Operating Incomes

For The Year Ended December 31, 2020

Schedule 9

In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Items	Quantity (kg)	Unit Sales Price (NT$)	Amount
Revenue			
LDPE			
Domestic sales	33,881,550	40.96	$ 1,387,642
Export sales	11,003,250	36.72	404,065
EVA			
Domestic sales	5,335,450	46.71	249,233
Export sales	83,124,825	41.79	3,474,018
Net revenue			$ 5,514,958

Asia Polymer Corporation (APC)

Schedule of Operating Cost

For The Year Ended December 31, 2020

Schedule 10 In Thousands of New Taiwan Dollars

Items	Amount
Raw materials	
Raw materials at the beginning of the year	$ 18,913
Incoming materials for current year	2,939,262
Return of materials in the current year	(12,124)
Inventory losses	(646)
Raw materials at the end of the year	(82,790)
Consumables for the current year	2,862,615
Direct labor	93,001
Production overheads (Schedule 11)	1,316,613
Re-recognized as losses from shutdown	(52,567)
Manufacturing cost	4,219,662
Semi-finished products at the beginning of the year	22,665
Adjustment of semi-finished products	3,695
Finished products at the end of the year	(19,347)
Finished-product cost	4,226,675
Semi-finished products at the beginning of the year	263,012
Promotion sample and research and test consumption	(245)
Adjustment of finished products	(3,695)
Purchase of finished products	25,582
Finished products at the end of the year	(158,254)
Cost of goods sold before adjustment	4,353,075
Spare capacity	52,567
Profit from recovery of inventory sluggish falling price	(408)
Other cost adjustment	646
Operating cost	$ 4,405,880

Asia Polymer Corporation (APC)

Schedule of Manufacturing Expenses

For The Year Ended December 31, 2020

Schedule 11 In Thousands of New Taiwan Dollars)

Items	Amount
Electricity charges	$ 416,805
Salary (Note 1)	205,385
Consumption of production supplies	198,185
Depreciation	304,115
Others (Note 2)	192,123
	$ 1,316,613

Note 1: Salary refers to the personnel expenses such as principal salary, allowance, bonus, pension and labor health insurance.

Note 2: the amount of each item does not exceed 5% of the total manufacturing expenses.

Asia Polymer Corporation (APC)

Schedule of Operating Expenses

For The Year Ended December 31, 2020

Schedule 12 In Thousands of New Taiwan Dollars

Items	Amortization expenses	Management expenses	R & D Expenses	Total
Freight	$ 52,332	$ 35	$ -	$ 52,367
Salary (Note 1)	19,933	35,404	5,422	60,759
Management service fees	-	47,678	-	47,678
Others (Note 2)	15,310	23,319	2	38,631
Total	$ 87,575	$106,436	$ 5,424	$199,435

Note 1: salary refers to personnel expenses such as principal salary, allowance, bonus, pension and labor health insurance.

Note 2: the amount of each item does not exceed 5% of the total manufacturing expenses.

Asia Polymer Corporation (APC)

Summary of Employee's Benefits, Depreciation and Amortization Expenses by Function Incurred for the Period

2020 and 2019

Schedule 13

In Thousands of New Taiwan Dollars

	2020				2019			
	Operating Cost	Operating Expenses	Other Profit and Loss	Total	Operating Cost	Operating Expenses	Other Profit and Loss	Total
Employee's benefit expenses								
Salary expenses	$ 256,096	$ 48,434	$ -	$ 304,530	$ 245,725	$ 48,180	$ -	$ 293,905
Labor and health insurance	16,276	4,174	-	20,450	16,335	3,528	-	19,863
Pension fund expenses	10,463	1,502	-	11,965	11,401	1,901	-	13,302
Remunerations for directors	-	5,064	-	5,064	-	5,604	-	5,604
Other employee's benefit expenses	15,551	1,585	-	17,136	38,571	5,977	-	44,548
Total	$ 298,386	$ 60,759	$ -	$ 359,145	$ 312,032	$ 65,190	$ -	$ 377,222
Depreciation expenses	$ 304,115	$ 443	$ 7,643	$ 312,201	$ 293,476	$ 490	$ 7,644	$ 301,610
Amortization expenses	$ -	$ 35	$ -	$ 35	$ -	$ 35	$ -	$ 35

Notes:

1. The number of employees in this year and the previous year were 242 and 245 respectively, of which the number of directors who were not concurrently employees were 8 and 8 respectively.
2. Companies whose shares are listed on the stock exchange or traded on the OTC market shall disclose the following information:
   (1) The average employee benefit expense for the year was NT$1,513 thousand ("total employee benefit expense for the year - total director's remuneration"/ " number of employees for the year - number of directors who were not concurrently employees").
   The average employee benefit expense of the previous year was NT$1,568 thousand ("total employee benefit expense of the previous year - total director's remuneration"/ "number of employees of the previous year - number of directors who were not concurrently employees").
   (2) Average employee payroll expenses for the year were NT$1,301 thousand (total salary expenses for the year/ "number of employees for the year -number of directors who were not concurrently employees").
   Average employee salary expenses for the previous year were NT$1,240 thousand (total salary expenses for the previous year/ "number of employees for the year -number of directors who were not concurrently employees").
   (3) The average employee salary adjustment change is 5% ("average employee salary cost of the year- average employee salary cost of previous year"/ average employee salary cost of previous year).
   (4) Not applicable. The Company has exercised the functions and powers of supervisor by the Audit Committee
   (5) Remuneration policy for directors and managers of the Company: a. The remuneration shall be based on the median level of remuneration in the same industry and shall consider the reasonability of the remuneration in relation to individual performance, business performance of the Company and future risks. b. Directors and managers should not be guided to engage in behaviors beyond the Company's risk appetite in pursuit of remuneration. c. The proportion of remuneration for short-term performance and the time of payment of variable salary shall be determined by taking into account the characteristics of the industry and the nature of the Company's business; The employee remuneration policy is formulated by referring to governmental laws and regulations, salary levels and trends of the same industry, overall economic and industrial business cycle and corporate organizational structure. The salary shall be issued according to the Company's "Salary Management Method", "Employee Performance Appraisal Method" and "Payment Method of Allowance for Staff in Charge" and other provisions. The Company has also formulated the "Year-end Bonus Management Methods" to issue year-end bonus (including employee remuneration) on the basis of the Company's profit situation and the performance of employees.