Stock Code: 1308

Asia Polymer Corporation

2019 Annual Report

APC corporate website: http://www.apc.com.tw
Market Observation Post System: http://mops.twse.com.tw

Publication date: April 30, 2020

I. Spokesperson of the Company:
Name: Ko-Ming Huang
Title: Sales Manager
Tel: (02) 8751-6888 ext. 6232
E-mail Address: kmhuang@tpe.usife.com.tw

Acting spokesperson of the Company:
Name: Cheng-Shun Chen
Title: Accounting Manager
Telephone: (02) 8751-6888 ext. 3788
E-mail: nicolaschen@tpe.usife.com.tw

II. Contact Information of the Head Office, Branch Offices, and Plants:

Name	Address	Telephone Number
Head office and Linyuan Plant	No. 3, Gongye 1st Road, Linyuan District, Kaohsiung City	(07)704-0988
Taipei Office	12F, No. 37, Jihu Road, Taipei City, Taiwan	(02) 8751-6888

III. Name, Address, and Telephone Number of Share Transfer Agency:
Name: Stock Affairs Department of Asia Polymer Corporation
Address: 6F, No. 17, Lane 120, Section 1, Neihu Road, Neihu District, Taipei City
Phone: (02) 2650-3773
Joint Stock Affairs Website: http://www.usig.com.tw/USIGStockHome.aspx

IV. Name of the CPA Auditing the Financial Statements in the Most Recent Year:
CPAs: Chiu, Cheng-Chun and Huang, Hsiu-Chun
Accounting Firm: Deloitte Taiwan
Address: 20F, No. 100, Songren Road, Xinyi District, Taipei City, Taiwan
Tel:(02)2725-9988
Website: http://www2.deloitte.com/tw

V. Overseas Securities Listing Exchange and Information: None.

VI. Corporate website: http://www.apc.com.tw

Asia Polymer Corporation
Table of Contents

Chapter 1 Letter to Shareholders

Dear Shareholders,

The Company's 2019 consolidated net operating revenue was NT$ (same hereunder) 6.791 billion, an increase of $416 million from last year. The consolidated profit before tax was about NT$980 million, an increase of NT$660 million from 2018. The annual net net profit was NT$812 million, and the budget achieving rate was 366%.

(I) Accomplishments in 2019

Sales and marketing:

LDPE continued to witness PE overcapacity, price-undercutting competition, and increased sales pressure around the world; in terms of EVA, benefiting from the strong demand for solar packaging films in the downstream, the supply of photovoltaic grade EVA barely met the demand; thus, the business did not decrease in the market. After the active development of coating grade EVA, the Company has gradually controlled the key production technologies to improve the quality and output; meanwhile, with the efforts of the sales team in expanding the sales channels, the effect was remarkable, and the production and sales of coating grade EVA increased by more than 80% throughout the year. The average annual selling price of LDPE fell by about 9% compared with 2018, while EVA remained flat compared with 2018. The sales volume of LDPE decreased by about 24% compared with 2018, while the sales volume of EVA increased by 39% compared with 2018 because of the adjustment of the product mix and the effective market development. The total sales volume was nearly 148,000 metric tons, an increase of 11% from 2018, reaching a record high in the history.

Materials and cost:

Despite the impact of many factors, such as US-China trade turmoil and conflicts, the fluctuation of crude oil price within a range, the prices of main raw materials ethylene and VAM fell from the high point because of the improved and looser supply conditions compared to the previous year. The unit cost of ethylene and VAM consumption throughout the year fell by more than 20% compared with the previous year, and both were reduced by about 15% compared with the budget, which eased the pressure of the high cost of raw materials as in the past.

Production, research and development:

The Company continued to implement an improvement project of the stage-based emission reduction of the raw material ethylene to reduce the raw material consumption rate, and was committed to energy conservation and carbon reduction, equipment replacement, to maintain operating efficiency. Under the Group's goal of focusing on customer services, in response to the market's future processing demand trends, and with the consideration for enhancing competitiveness with our partners, we conducted trial production of high-speed coating grade EVA products and successfully obtained positive feedback from our customers. The annual production of LDPE/EVA was around 135,000 metric tons, an increase of 4% compared with 2018. The output also reached a new high since the establishment of the factory, and the budget achieving rate was 97%.

Comprehensive annual operating performance:

Facing the escalation of the competition in the market for new PE production capacity, we considered the strategic layout and resource allocation calmly and adjusted the LDPE/EVA production and sales allocation appropriately in response to the market trends of differentiated products, so that the spread of the selling price of the product mix was widened. The Company's consolidated net profit in 2019 was $798 million, an increase of $726 million from 2018. The consolidated non-operating income and expenditure was in a net profit of NT$186 million, a decrease of around NT$59 million compared with 2018, mainly due to the decrease in investment income using equity method and the increase in net interest expenses.

(II) 2020 Business Plan outline and future development strategies:

With regard to the overall economy, the international trade tensions and the severe public health issues since the beginning of the year have caused many major economies to adopt closed-loop control measures, leading to temporary stagnation of economic activities; this highlighted the continued existence of market uncertainty and rising conservative sentiment in the market in the near future, increasing the difficulty of operating operations. These corresponding risks are challenges and opportunities to which attention must be paid. Regarding the regulatory environment, in addition to paying attention to whether the US-China trade agreement has caused impacts on the petrochemical industry, we have begun to implement the new version of energy and occupational health and safety management system based on the principles of continued sustainable development and strengthened labor safety and health management, to meet the increasingly strict laws and regulations. In addition to making commitments on energy conservation and carbon reduction, we have taken practical actions to improve occupational safety and health performance. In terms of industry, we assessed the market competition and the development in the industry, and set an annual LDPE/EVA sales target of approximately 130,000 tons. In addition to the continuous development of niche or high-value products, the improvement of technological momentum, and the quality of customer services, the Company has continuously strengthened the supply chain management, conducted strict inventory management and control, and adjusted the production and sales allocation flexibly according to market changes, with a view to grasping business opportunities to achieve the annual operating goals by tapping into the advantage of small and flexible production lines.

I wish you all good health and good fortune.

Chairman: Wu, Quintin

General Manager: Wu, Peichi

Chapter 2 Company Profile

I. Date of incorpoation: January 25, 1977

II. Company history:

In response to the government's policy to promote investment, the first chairman of the Company Mr. Chao, Ting-Chen invited famous domestic and foreign corporate figures and plastic processing companies to jointly raise NT$600 million in share capital in order to build a medium- and low-density polyethylene plant in Linyuan Petrochemical Industrial Park. After its completion in March 1979, the plant immediately began operation and produced an annual output of 75,000 metric tons of medium- and low-density polyethylene.

The Company's main products include various film-grade, injection-grade and laminating film-grade low-density polyethylene. As the Company imported and incorporated the latest technology from the Gulf Oil Company into its initial manufacturing methods, its film-grade products possess good optical properties and processability, while its injection-grade products possess excellent gloss and toughness. Thereafter, the Company modified its manufacturing methods to produce laminating films of excellent quality.

In 1980, the Company increased its capital by NT$90 million using its retained earnings in 1979. In order to enhance its capital structure in 1982, the Company increased its capital by NT$110 million upon approval during the shareholders' meeting, thereby increasing its paid-in capital to NT$800,000,000.

In May 1984, construction began on the third production line. The production line officially started operation in September 1985, thereby increasing the Company's production capacity from 75,000 tons to 100,000 tons.

In addition, since June 20, 1986, the Company's shares have been publicly listed on the Taiwan Stock Exchange in response to the government's economic development policy of "securitization of capital and popularization of securities." In November 1986, BTR Nylex invested in the Company and acquired 51 percent of the Company's shares and transferred all its equity in the Company to its subsidiary - BTRN Asia in December within the same year.

In 1987, the Company increased its capital by NT$80 million using its retained earnings in 1986, thus increasing its paid-in capital to NT$880,000,000.

In 1988, during the shareholders’ meeting, the shareholders approved the resolution to increase the Company’s authorized capital to NT$1.4 billion, and the Board of Directors was authorized to issue shares in several installments. Within the same year, the Company increased its capital by NT$264 million using its retained earnings in 1987 as part of the funds required for the addition of co-generation equipment, thereby increasing its paid-in capital to NT$1,144,000,000.

In 1989, the Company increased its capital by NT$228.80 million in order to repay the first corporate debt issued by the Company for the construction of the third production line at the LDPE plant, thus increasing its paid-in capital to NT$1,372,800,000.

In 1990, the Company increased its capital by NT$137.28 million for the addition of co-generation equipment in order to deal with shortage of funds in 1987, thereby increasing its paid-in capital to NT$1,510,080,000.

In March 1997, BTR Asia transferred its 51 percent stake in the Company to Bermuda Fiji Guinea Co., Ltd. This company was an overseas holding company jointly and indirectly invested in by USI Corporation and UPC Group. In addition, Taiwan Union International Investment Co. replaced BTR Asia as the Company's director and supervisor.

In 1997, the Company increased its capital by NT$256.71 million and NT$120.81 million using its retained earnings and capital reserve in 1996 respectively to increase its working capital, thereby increasing its paid-in capital to NT$1,887,600,000.

In March 1997, the Company's Board of Directors approved the resolution to establish APC (BVI) Holding Co. Ltd. in order to facilitate overseas investment projects.

In June 1998, Bermuda Fiji Guinea Co., Ltd. transferred 7.65 percent and 43.35 percent out of its 51 percent stake in the Company to Taiwan Union International Investment Co. and Union Polymer Int'l Investment Corp., which was jointly and directly invested by USI Corporation and UPC Group, and Union Polymer International Investment Corp. respectively.

In 1998, the Company increased its capital by NT$283.14 million using its retained earnings in 1997, thereby increasing its paid-in capital to NT$2,170,740,000.

In 1999, the Company increased its capital by NT$54,268,500 and NT$54,268,500 using its retained earnings and capital reserve in 1998 respectively, thereby increasing its paid-in capital to NT$2,279,277,000.

During the re-election of directors and supervisors at the 2001 Annual General Meeting, Union Polymer Int'l Investment Corp. replaced Taiwan Union International Investment Co. as the Company's director and supervisor, and Taiwan VCM Corporation was elected a supervisor of the Company.

In July 2003, the Company's Board of Directors approved the resolution to jointly invest in USI International Corp. with APC (BVI) Holding Co., Ltd., and set up an office in Shanghai in the name of USI International Corp., as its base to expand into the Mainland Chinese market.

In 2004, the Company increased its capital by NT$182,342,160 using its retained earnings in 2003, thus increasing its paid-in capital to NT$2,461,619,160. During the re-election of directors and supervisors during the 2004 Annual General Meeting, the Company's previous supervisor, Taiwan VCM Corporation was replaced by Union Polymer Int'l Investment Corp.

In 2005, the Company increased its capital by NT$147,697,150 using its retained earnings in 2004, thereby increasing its paid-in capital of NT$2,609,316,310.

During the re-election of directors and supervisors at the 2007 Annual General Meeting, the Company's previous supervisor, Union Polymer Int'l Investment Corp. was replaced by China General Terminal & Distribution Corporation. and Mr. Yeh, Te-Chang.

In August 2007, the Company's Board of Directors approved the resolution to establish APC Investment Corporation in order to facilitate domestic investment projects.

During the re-election of directors and supervisors at the 2010 Annual General Meeting, the Company's previous supervisors, Mr. Yeh, Te-Chang and Mr. Wu, Sheng-Chuan, the representative of China General Terminal & Distribution Corporation, were replaced by Mr. Chiang, Hui-Chung and Mr. Wu, Sheng-Chuan, the representative of Taiwan Union International Investment Co.

In 2010, the Company increased its capital by NT$521,863,260 using its retained earnings in 2009, thereby increasing its paid-in capital to NT$3,131,179,570.

In 2011, the Company increased its capital by NT$782,794,890 using its retained earnings in 2010, thereby increasing its paid-in capital to NT$3,913,974,460.

On December 25, 2011, the Company's Board of Directors approved the resolution to invest approximately NT$3.1 billion to build an EVA production line with an annual production capacity of 40,000 to 45,000 tons. The production line was completed in May 2016.

In 2012, the Company increased its capital by NT$782,794,890 using its retained earnings in 2011, thereby increasing its paid-in capital to NT$4,696,769,350.

In February 2014, the Company's Board of Directors approved the resolution to indirectly invest in the manufacture of petrochemical-related products at Gulei Petrochemical Park located in Zhangzhou, Fujian, China via an investment company established in a third region other than Taiwan and Mainland China. In March 2016, the Company's Board of Directors approved the resolution to indirectly invest no more than NT$6 billion in the above-mentioned project.

On June 26, 2014, the Company obtained the approval of the Ministry of

Economic Affairs to increase its authorized capital by NT$1 billion, thereby increasing its total capital to NT$5,696,769,350 for future capital increase.

In 2015, the Company increased its capital by NT$234,838,460 using its retained earnings in 2014, thereby increasing its paid-in capital to NT$4,931,607,810.

In January 2016, the Company's Board of Directors approved the resolution to acquire all the shares of USI Trading (Shanghai) Co., Ltd owned by Swanlake Traders Ltd. via APC (BVI) Holding Co., Ltd. This equity transfer was approved by the Investment Commission under the Ministry of Economic Affairs in August 2016 and was completed in October 2016. The Company obtained the approval letter for the operations headquarters in October of the same year.

In March 2016, the Company's Board of Directors approved the resolution to relocate its headquarters from Taipei City to Kaohsiung City. The relocation was completed in June of the same year.

In 2016, the Company increased its capital by NT$98,632,150 using its retained earnings in 2015, thereby increasing its paid-in capital to NT$5,030,239,960.

In 2017, the Company increased its capital by NT$150,907,190 using its retained earnings in 2016, thereby increasing its paid-in capital to NT$5,181,147,150.

In 2018, the Company increased its capital by NT$362,680,300 using its retained earnings in 2017, thereby increasing its paid-in capital to NT$5,543,827,450.

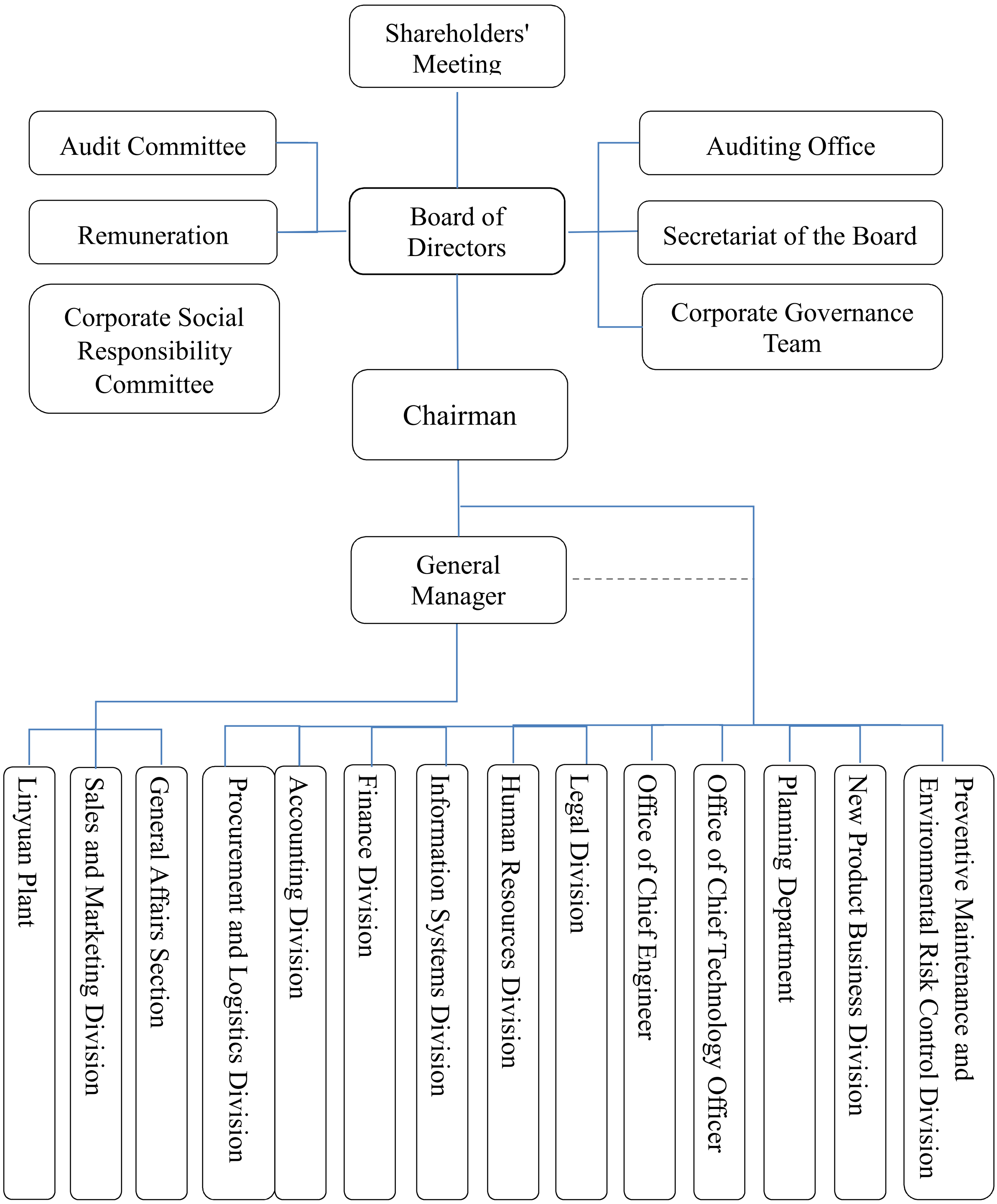
In February 2019, the Board of Directors approved the resolution that in order to ensure an adequate supply of the raw material ethylene, an ethylene storage tank and underground ethylene pipelines would be constructed.

Chapter 3 Corporate Governance Report

I. Organization System

(I) Organizational Structure

Organizational Chart, as of April 30, 2020



(II) Responsibilities and Functions of Major Departments

Department	Main Responsibilities
General Manager	Management of the Company's operations
Linyuan Plant	Responsible for matters related to manufacturing, research and development (R&D), storage, coordinating transportation of company products and maintenance of plant equipment, work safety, and environmental protection
Sales and Marketing Division	Responsible for processing product sales, market survey, and after-sales services
General Affairs Section	Responsible for processing personnel evaluation, salary, and general administrative tasks
Auditing Office	1. Implement internal audit and improve work flows in the Company 2. Evaluate the soundness and reasonableness of the Company's internal control systems, as well as the effectiveness of their implementations at all departments and divisions
Procurement and Logistics Division	1. Purchase and audit major capital expenditures including raw materials, machinery, and equipment 2. Plan the supervision and execution of trading and transportation, warehousing, and customs-related operations
Accounting Division	1. Preparation and analysis of financial statements and budgets to be used by decision-making units for the management and formulation of strategies 2. Establishment, evaluation, and implementation of accounting systems 3. Planning and declaration of various taxes 4. Regular announcement or reporting of financial performance
Finance Division	1. Fund management, and planning and scheduling of fundraising activities 2. Short-term financing and long-term investments 3. Property insurance 4. Credit control operations 5. Collection of delayed payments 6. Handling of various shares-related matters
Information Systems Division	Plan, build, develop, and manage various information systems and facilities at the Company.
Human Resources Division	1. Plan human resources strategies and systems 2. Plan training and organizational development strategies 3. Plan and handle salary and benefits 4. Provide employee services and handle general affairs 5. Assist overseas branches in organizational planning, as well as dispatch and training of personnel
Legal Division	Provide legal advice and handle legal cases and affairs.
Office of Chief Engineer	1. Assist and participate in the construction of new plants, or deal with such projects entirely 2. Assist and participate in the improvement of equipment and local manufacturing processes in operation, or deal with such projects entirely 3. Integration of engineering personnel and engineering specifications
Office of Chief Technology Officer	Product research, development, and innovation.
Planning Department	1. Develop and propose product trees, according to markets for current products and products to be invested in the future, as well as the technical strengths and weaknesses of such products, for future planning and development 2. Track and analyze the macroeconomy 3. Track and analyze upstream industries and future competitors 4. Coordination and follow-up of various projects

Department	Main Responsibilities
Secretariat of the Board	1. Plan and handle matters related to Board of Directors' meetings. 2. Handle matters related to Shareholders' meetings, such as convening, various announcements and reporting associated with such meetings, as well as preparing handbooks and tracking information regarding shareholders presence in accordance with the law. 3. Assist in promoting and handling decrees issued by the competent authority.
Remuneration Committee	1. Evaluate the remuneration policy and system of the Directors and managerial officers objectively and make suggestions to the Board of Directors as a reference for policy-making. 2. Adopt a comprehensive remuneration management system to encourage managerial officers to perform their duties for business operations, improve management performance, core competitiveness, and short-, mid-, and long-term profitability, as well as create values for shareholders.
Audit Committee	1. Establish and amend internal control systems and evaluate the effectiveness 2. Stipulate or amend the procedures for acquiring or disposing of assets, derivatives trading, lending funds to others, and making endorsements or guarantees to others. 3. Conduct asset transactions or derivatives trading of a material nature. 4. Responsible for matters related to loaning of funds, endorsements, or provision of guarantees of a material nature. 5. Responsible for matters related to hiring or dismissal of CPAs, or their compensation. 6. Audit annual financial statements and semiannual financial statements. 7. Responsible for other material matters as may be required by the Company or by the competent authority.
Corporate Social Responsibility Committee	1. Review and establish the CSR Policy. 2. Review the operations of the CSR Committee. 3. Review the Company's corporate social responsibility policy, goals, and action plans. Instruct and follow up on the progress of various action plans and performance improvements. 4. Supervise the preparation of the CSR Report. 5. Review and retain other information related to CSR.
Corporate Governance Team	1. Handle matters related to meetings of the Board of Directors and shareholders' meetings in accordance with the law. 2. Keep minutes of meetings of the Board of Directors and shareholders' meetings. 3. Assist the Directors with taking office and continuous education and training. 4. Provide the information required for the Directors to conduct business. 5. Assist Directors with legal compliance. 6. Handle other matters stipulated in the Articles of Incorporation or contracts.
New Product Business Division	1. Assist in formulating marketing strategies for new businesses, and establish appropriate business models. 2. Responsible for developing new products or acquiring new customers in order to increase revenue. 3. Integrate Company resources and generate synergy so as to successfully develop new businesses.
Preventive Maintenance and Environmental Risk Control Division	1. Assist the Group in establishing preventive maintenance systems at all plants. 2. Improve and enhance existing equipment. 3. Manage equipment malfunction and prevention. 4. Conduct routine/non-routine audits, counseling, and training. 5. Plan environment risk management and conduct technical supervision. 6. Plan and promote compliance with laws related to energy conservation and carbon reduction, as well as establish relevant systems.

II. Information on Directors, Supervisors, General Manager, Deputy General Managers, Senior Managers, and Heads of Departments and Branches

(I) Board of Directors (1)

April 14, 2020

Title (Note 1)	Nationality or Place of Registration	Name	Gender	Date Elected (Appointed)	Term	Date First Elected (Note 2)	Shares Held when Elected		Shares Currently Held		Shares Held by Spouse and Minors		Shares Held in the Name of Other Persons		Major Work Experience and Academic Qualifications (Note 3)	Current Position Held in the Company and Other Companies	Managerial Officers, Directors or Supervisors Who Are Spouses or Relatives within the Second Degree of Kinship			Notes
							Number of Shares	Shares holding %	Number of Shares	Shares holding %	Number of Shares	Shares holding %	Number of Shares	Shares holding %			Title	Name	Relationship	
Chairman and Chief Executive Officer	Taiwan (R.O.C.)	Union Polymer Int'l Investment Corp.	–	2019.06.24	3 years	2001.06.18	200,042,785	36.08%	200,042,785	36.08%	-	-	0	0%	Chairman, USI	(Note 6)	None			(Note 4)
	Taiwan (R.O.C.)	Representative: Wu, Quintin	Male			1997.02.28	-	-	0	0%	-	-	0	0%						
Director	Taiwan (R.O.C.)	Union Polymer Int'l Investment Corp.	–	2019.06.24	3 years	2001.06.18	200,042,785	36.08%	200,042,785	36.08%	-	-	0	0%	Department of Chemical Engineering, Chung Yuan Christian University; General Manager, Taiwan VCM Corporation; Deputy General Manager, USI	(Note 7)	None			
	Taiwan (R.O.C.)	Representative: Li, Kuo-Hung (Note 5)	Male			2007.06.15	-	-	0	0%	0	0%	0	0%						
Director and General Manager	Taiwan (R.O.C.)	Union Polymer Int'l Investment Corp.	–	2019.06.24	3 years	2001.06.18	200,042,785	36.08%	200,042,785	36.08%	-	-	0	0%	General Manager, Thermosetting Materials Business Department, Asia Pacific, and Sales Director of Basic Plastics in Greater China, Dow Chemical; Sales Engineer, ExxonMobil Taiwan.	(Note 8)	None			
	Taiwan (R.O.C.)	Representative: Wu, Pei-Chi (Note 5)	Male			2019.06.24	-	-	0	0%	0	0%	0	0%						
Director	Taiwan (R.O.C.)	Union Polymer Int'l Investment Corp.	–	2019.06.24	3 years	2001.06.18	200,042,785	36.08%	200,042,785	36.08%	-	-	0	0%	PhD in Business Administration, Nova Southeastern University (U.S.A.)	(Note 9)	None			
	Taiwan (R.O.C.)	Representative: Liu ,Chen-Tu	Male			2001.06.18	-	-	0	0%	0	0%	0	0%						
Director	Taiwan (R.O.C.)	Union Polymer Int'l Investment Corp.	–	2019.06.24	3 years	2001.06.18	200,042,785	36.08%	200,042,785	36.08%	-	-	0	0%	Fashion Institute of Design and Merchandising; FIDM-Merchandise Marketing; President: Changju Food Co., Ltd., Jinyi Global Operations Co., Ltd., Liancai Co., Ltd., and Jo Wei Distribution and Trading Company Limited.	(Note 10)	None			
	Taiwan (R.O.C.)	Representative: Wu, Hung-Chu	Male			2019.06.24	-	-	0	0%	0	0%	0	0%						
Director	Taiwan (R.O.C.)	Tai Lien International Investment Co., Ltd.	–	2019.06.24	3 years	2010.06.15	20,932,787	3.78%	20,932,787	3.78%	-	-	0	0%	Department of Chemical Engineering, Chung Yuan Christian University; United Nylon Co., Ltd.; China Phosphate Co., Ltd.; and TSRC Corporation	(Note 11)	None			
	Taiwan (R.O.C.)	Representative: Ko, I-Shao	Male			2018.03.13	-	-	0	0%	0	0%	0	0%						
Independent Director	Taiwan (R.O.C.)	Chen, Ta-Hsiung	Male	2019.06.24	3 years	2016.06.08	0	0%	0	0%	0	0%	0	0%	College of Law, National Taiwan University; Trustee of Mitsubishi Corporation (Taiwan) Ltd.; Chairman, New Northern Knitting Co., Ltd.; Chairman, Shanghai Jianeng Textile Co., Ltd.; Chairman of the Board of Supervisors, National Association of Small & Medium Enterprises R.O.C.; Representative, Chinese Taipei in the APEC Business Advisory Council (ABAC); Executive Director, Importers and Exporters Association of Taipei; Director, Republic of China Trade Education Foundation	Honorary Chairman: Chairman: Xiuzi International Co., Ltd. and Xiuzhi Co., Ltd. Director: Yang Tang-Hai Social Welfare and Charity Foundation	None			
Independent Director	Taiwan (R.O.C.)	Shen, Shang-Hung	Male	2019.06.24	3 years	2016.06.08	0	0%	0	0%	0	0%	0	0%	MBA, Emory University; Department of Electrical Engineering of National Taiwan University; AT&T Manager	(Note 12)	None			
Independent Director	Taiwan (R.O.C.)	Cheng, Tun-Chien	Male	2019.06.24	3 years	2016.06.08	0	0%	0	0%	0	0%	0	0%	MBA, Columbia University (U.S.A.); General Manager, UMC Capital; Director and General Manager, United Management Consultancy Investment Co., Ltd.; Executive Director and General Manager, Taiwan of Morgan Stanley Asia Limited; Executive Director, Goldman Sachs Asia L.L.C.	(Note 13)	None			

Note 1: For institutional shareholders, their names and representatives shall be stated (for representatives, the names of institutional shareholders they represent shall be indicated respectively) and filled in Table 1.
Note 2: Any disruption of duty as a Director or Supervisor after the date he/she is elected shall be included in a separate note.
Note 3: Work experiences of anyone in the table above that are related to their current roles, such as previous employment at CPA firms or employment in affiliated companies, shall be disclosed along with job titles and responsibilities.
Note 4: If the Chairman of the Company, the General Manager, or the person holding equivalent position (top-level managers) are served by the same person or his/her spouse or relative within the first degree of kinship, he/she shall explain the reasons, reasonableness, necessity, response measures (such as increasing the number of Independent Directors or having more than half of the Directors not concurrently serving as employees or managerial officers) and other relevant information :

(1).The Chairman of the Company also serves as the CEO based on the consideration for the overall operation. With the Chairman's excellent business vision, he participates in the Company's operations in person to implement business decisions and improve the operating efficiency.

(2).More than half of the current Directors of the Company do not serve as employees or managerial officers concurrently, which is audited and certified by a large accounting firm. The Company has also established an Audit Committees, a Remuneration Committee, and a Corporate Social Responsibility Committee to strengthen corporate governance and to continue to reduce operational risks using rigorous internal control mechanisms.

Note 5: The previous General Manager Mr. Li, Kuo-Hung retired on March 26, 2019 and the Board of Directors resolved to appoint Mr. Wu, Pei-Chi to take over as General Manager.
Note 6: Chairman: USI, CGPC, TTC, Acme Electronics Corporation, Union Polymer Int'l Investment Corp, USI Optronics Corporation, Swanson Plastics Corporation, Swanson Technologies Corporation, Chong Loong Trading Co., Ltd., USI Investment, CGPCPOL, APC Investment, Taiwan United Venture Capital Corporation, USI Management Consulting, Taiwan United Venture Management Corporation, Acme (Cayman), USI Education Foundation, and Fujian Gulei Petrochemical

Director: Taiwan VCM Corporation, INOMA Corporation, USI (Hong Kong), Swanlake, USI International, Acme Components (Malaysia), Forever Young, Curtana, Swanson (Singapore), Swanson (Malaysia), Swanson International, Swanson (India), Swanson Plastics Corporation (Kunshan), Golden Amber Enterprises, Acme (BVI), Acme Electronics Corporation (Kunshan), Acme Electronics Corporation (Guangzhou), Forum Pacific, Taita (BVI), APC (BVI), CGPC (BVI), CGPC America, AS Holdings (UK), ASK-Swanson, Acme Ferrite, Swanson Plastics Corporation (Tianjin), Cypress Epoch, Ever Conquest Global, Ever Victory Global, Dynamic Ever Investments, CIS (Shanghai), PT. Swanson Plastics Indonesia, Yutao Investment, Dasheng Ventures, Dasheng Yiyi Ventures, and CTCI Group

General Manager: Union Polymer Int'l Investment Corp. and USI Management Consulting Corporation

Chief Executive Officer: USI, APC, CGPC, TTC, Acme Electronics Corporation, and USI Optronics Corporation

Executive Director: Chinese National Federation of Industries

Note 7: Directors: Taiwan VCM Corporation, Ever Victory Global, Dynamic Ever Investments, China General Terminal & Distribution Corporation, and Fujian Gulei Petrochemical
Note 8: Chairman: TTC (Zhongshan), TTC (Tianjin), USI Trading (Shanghai) Co., Ltd.

Director: Dynamic Ever Investments Ltd., Ever Victory Global Limited, Ever Conquest Global Limited, Taita (BVI) Holding Co., Ltd., APC (BVI) Holding Co., Ltd., USI International Corporation, TTC, China General Terminal & Distribution Corporation, APC Investment, Chong Loong Trading Co., Ltd., Swanson Plastics Corporation, Swanson Technologies Corporation, INOMA, USI Education Foundation, and Taiwan United Venture Capital Corporation

Supervisor: USI Optronics Corporation

General Manager: TTC, APC, and USI Trading (Shanghai) Co., Ltd.

Note 9: Director: APC (BVI), CGPC (BVI), Forever Young, Forum, Swanlake, Taita (BVI), USI International, Ever Victory Global Ltd., Dynamic Ever Investments Ltd., Zhongshan Polymer, TTC (Zhongshan), TTC, USIO, USI Management Consulting, Chong Loong Trading Co., Ltd., CGPC, CGPC (Zhongshan), China General Terminal & Distribution Corporation, Acme (Kunshan), Swanson Plastics Corporation, Taiwan United Venture Capital Corporation, Taiwan United Venture Management Corporation, Union Polymer Int'l Investment Corp, and Wafer Works (Note)

Note: Served as Director of Wafer Works Corporation whose main business operations include the research and development, design, manufacturing, import/export, agency, and distribution of semiconductors and materials thereof

Supervisor: USI Investment , APC Investment, USIG (Shanghai), and Fujian Gulei Petrochemical

Note 10: Directors: Changhui Construction and Maoxi Construction

General Manager: Changju Food Co., Ltd., Jinyi Global Operations Co., Ltd., Liancai Co., Ltd., and Jo Wei Distribution and Trading Company Limited.

Note 11: Chairman: Zhenjiang UPC, Zhongshan UPC, Zhuhai UPC, Taizhou UPC, Taizhou Warehousing, Taizhou Plastic, Tai Lien International, Jiangsu Logistics, Guangdong Logistics, Panjin UPC, Panjin Warehousing, Panjin Materials, Nanchong UPC, Sichuan Logistics, and Wei Cheng Investment
Executive Director: Zhenjiang Lianju
Director: TTC, China General Terminal & Distribution Corporation, UPC Group, UPC Ventures, Lien Hwa United LPG UPC Chemicals (Malaysia) SDN. BHD, UPCM Trading (Thailand) Company Limited, and UPCM Trading (Vietnam) Company Limited
General Manager: UPC Group, Zhenjiang UPC, Zhongshan UPC, Zhuhai UPC, Taizhou UPC, Taizhou Warehousing, Taizhou Plastic, Jiangsu Logistics, Guangdong Logistics, Panjin Warehousing, Panjin Materials, Nanchong UPC, and Sichuan Logistics

Note 12: Chairman: Ta Ya Electric Wire & Cable, Cuprime Material Co., Ltd., Jia Hsi Investment Holding Co. Ltd., Chia Shang Capital, Honeyed Investment Co., Ltd., HUA YA Venture Capital Co., Ltd., TA YA Innovation Investment Co., Ltd., Ta Ya Green Energy Technology Co., Ltd., Touch Solar Power Co., Ltd., BOSI SOLAR ENERGY CO., LTD., Cugreen Metal Tech Co., Ltd., United Electric Industry Co., Ltd., Po Shuo Power, Union Storage Energy System Ltd., and Sin Jhong Solar Power Co., Ltd.
Director: Iridium Medical Technology Co., Ltd., Jung Shing Wire Co., Ltd., Bora Pharmaceuticals Co., Ltd., and Bigbest Solutions, Inc.
Independent Director: Mercuries Data Systems Ltd.
Supervisor: Ta Ho Engineering, Co., Ltd.

Note 13: Chairman: Hongding Capital, TriKnight Capital Corporation, and LuxNet Corp.
Director: Fusheng Precision, UPI, and Appier Holdings Inc.
Independent Director: EDOM Technology, TAYA Group, and EMC

Table 1: Major shareholders of corporate shareholders

April 14, 2020

Name of corporate shareholder (Note 1)	Major Shareholders of Institutional Shareholders (Note 2)	
Union Polymer Int'l Investment Corp.	USI Corporation	100%
Taiwan Union International Investment Co., Ltd.	UPC Technology Corporation	100%

Note 1: For Directors and Supervisors who are the representatives of institutional shareholders, the names of the institutional shareholders shall be disclosed.

Note 2: Fill in the name of the major shareholders of these institutional shareholders (include top 10 major shareholders by shareholding percentage) and their shareholding percentages. If the major shareholder is an institution, the information shall be filled in Table 2 below.

Note 3: For institutional shareholders who are not under the organization of the Company, the name and shareholding of the shareholders shall be disclosed (i.e. name of the investor or donor and their investment or donation ratio).

Table 2: Main shareholders of institutional shareholders in Table 1

April 14, 2020

Name of Judicial Person (Note 1)	Major shareholders of institutional shareholders (shareholding ratio) (Note 2)	
USI Corporation	Shing Lee Enterprise (Hong Kong) Limited	14.62%
	Wholegainer Company Limited' investment account is under custody of Fubon Securities Co., Ltd.	9.25%
	Asia Polymer Corporation	8.53%
	Norges Bank Investment Account is under custody of Citibank (Taiwan) Limited	1.75%
	Yueh Hsing Hua Investment Co., Ltd.	1.73%
	Shan-Shan Lin Su	1.67%
	Wen-Hsuan Yu	1.41%
	Wen-Tsung Yu	1.41%
	Wen-Yu Yu	1.41%
	Taita Chemical Company, Ltd.	1.27%
UPC Technology Corporation	Lien Hwa Industrial Holdings Corp.	31.89%
	Synnex Technology International Corporation	5.18%
	Yi Yuan Investment Co., Ltd.	1.62%
	Liberty Stationery Corporation	1.55%
	Mei An Investment Co., Ltd.	1.34%
	Tung Ta Investment Co., Ltd.	1.24%
	Tsu Feng Investment Co., Ltd.	1.23%
	MiTac International Corp.	1.21%
	Fubon Life Insurance Co., Ltd.	1.20%
	Norges Bank Investment Account is under custody of Citibank (Taiwan) Limited	1.16%

Note 1: If the major shareholder as shown in Table 1 is an institution, the name of the institution shall be filled in.

Note 2: Fill in the name of the major shareholders of these institutions (include top 10 major shareholders by shareholding percentage) and their shareholding percentages.

Note 3: For institutional shareholders who are not under the organization of the Company, the name and shareholding of the shareholders shall be disclosed (i.e. name of the investor or donor and their investment or donation ratio).

Board of Directors (2)

April 30, 2020

Criteria / Name (Note 1)	Does the individual have over 5 years of professional experience and the following professional qualifications?			Independence criteria (Note 2)												Number of other public companies in which the individual is concurrently serving as an independent director
	Serve as an instructor or higher positions in a private or public college or university in the field of business, law, finance, accounting, or other departments relevant to the business of the Company	Serve as a judge, prosecutor, lawyer, certified public accountant or other professional or technical specialists who have passed the relevant national examinations and successfully obtained certificates in professions necessary for the business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Wu, Quintin			✓			✓					✓		✓	✓		0
Li, Kuo-Hung			✓	✓		✓	✓	✓	✓		✓	✓	✓	✓		0
Wu, Pei-Chi			✓			✓					✓	✓	✓	✓		0
Chen-Tu Liu			✓			✓				✓	✓		✓	✓		0
Wu, Hung-Chu			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Ko, I-Shao			✓	✓		✓	✓		✓		✓	✓	✓	✓		0
Chen, Ta-Hsiung			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Shen, Shang-Hung			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Cheng, Tun-Chien			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3

Note 1: Adjust the number of rows where necessary.

Note 2: Please check the corresponding boxes that apply to the Directors or Supervisors during the two years prior to being elected or during the term of office.

(1) Not an employee of the Company or any of its affiliates.

(2) Not a director or supervisor of the company or any of its affiliates. (however, if the independent director is engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with this Act or local laws and regulations, this requirement shall not apply).

(3) Not a natural person shareholder who holds more than one (1) percent of total shares issued by the Company or is one of the top 10 shareholders by number of shares held, including shares held in the name of the person's spouse and minors, or in the name of others

(4) Not a manager listed in (1) or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship listed in (2) and (3).

(5) Not a director, supervisor, or employee of a institutional shareholder that directly holds 5% or more of the total number of issued shares of the company or of a corporate

shareholder that ranks among the top five in shareholdings (however, if the independent director is engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with this Act or local laws and regulations, this requirement shall not apply).

(6) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person (however, if the independent director is engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with this Act or local laws and regulations, this requirement shall not apply).

(7) Not a director (or a managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses (however, if the independent director is engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with this Act or local laws and regulations, this requirement shall not apply).

(8) Not a director, supervisor, manager, or shareholder holding 5% or more of the shares of a specific company or institution which has a financial or business relationship with the Company (however, if a specific company or institution holds more than 20% and no more than 50% of the total issued shares of the Company and if the independent director is engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with this Act or local laws and regulations, this requirement shall not apply).

(9) Not a professional individual who is an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution, or a spouse thereof, that provides commercial, legal, financial, accounting services or consultation to the Company or its affiliated companies, or those made an accumulated profit of less than NT$500,00 over the last 2 years; provided that this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act ,or relevant laws or regulations.

(10) Not a spouse or a relative within the second degree of kinship with any director.

(11) Where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.

(12) Where the person is not elected in the capacity of the government, an institution, or a representative thereof as provided in Article 27 of the Company Act.

(II) Information Regarding General Manager, Deputy General Managers, Senior Managers, and Heads of Departments

April 14, 2020

Title (Note 1)	Nationality	Name	Gender	Date Elected (Appointed)	Shares Held		Spouse & Minor Shareholding		Shares Held in the Name of Other Persons		Major Work Experience and Academic Qualifications (Note 2)	Other Position Held in Other Companies	Managerial Officers who are Spouses or Within Second Degrees of Kinship			Notes
					Number of Shares	Shares holding %	Number of Shares	Shares holding %	Number of Shares	Shares holding %			Title	Name	Relationship	
Chief Executive Officer	Taiwan (R.O.C.)	Wu, Quintin	Male	September 1, 2009	0	0%	-	-	0	0%	Chairman, USI	(Note 5)	None	None	None	(Note 3)
General Manager (Note 4)	Taiwan (R.O.C.)	Li, Kuo-Hung	Male	May 2, 2007	0	0%	0	0%	0	0%	Department of Chemical Engineering, Chung Yuan Christian University; General Manager, Taiwan VCM Corporation; Deputy General Manager, USI	(Note 6)	None	None	None	
General Manager (Note 4)	Taiwan (R.O.C.)	Wu, Pei-Chi	Male	March 26, 2019	0	0%	0	0%	0	0%	General Manager, Thermosetting Materials Business Department, Asia Pacific, and Sales Director of Basic Plastics in Greater China, Dow Chemical; Sales Engineer, ExxonMobil Taiwan.	(Note 7)	None	None	None	
Assistant VP of Sales Department	Taiwan (R.O.C.)	Wu, Ming-Tsung	Male	January 21, 2016	0	0%	0	0%	0	0%	Master in Chemical Engineering, National Taiwan University	USI Corporation Senior Manager of Sales Division	None	None	None	
Director of Linyuan Plant (Note 4)	Taiwan (R.O.C.)	Chen, Jung-Hung	Male	February 16, 2016	0	0%	0	0%	0	0%	Department of Chemical Engineering, Tamkang University	USI Corporation Deputy Factory Manager, Kaohsiung Plant	None	None	None	
Director of Linyuan Plant (Note 4)	Taiwan (R.O.C.)	Chen, Chun-Hung	Male	November 11, 2019	0	0%	17,442	0%	0	0%	Master's Degree, Chemical Engineering, National Cheng Kung University	None	None	None	None	
Corporate Governance Officer	Taiwan (R.O.C.)	Chen,Yung-Chih	Male	May 9, 2019	0	0%	0	0%	0	0%	(Note 8)	(Note 9)	None	None	None	
Accounting Manager	Taiwan (R.O.C.)	Chen, Cheng-Shun	Male	September 1, 2015	0	0%	0	0%	0	0%	Dept. of Accounting, Fu Jen Catholic University	China General Terminal & Distribution Co. Accounting Manager	None	None	None	
Finance Manager	Taiwan (R.O.C.)	Shih, Ju-Hsuan	Female	September 1, 2014	0	0%	-	-	0	0%	Dept. of Accounting, Soochow University	None	None	None	None	

Sales Manager	Taiwan (R.O.C.)	Huang, Ko-Ming	Male	August 10, 2018	0	0%	0	0%	0	0%	Department of Fiber Engineering Technology, National Taiwan Institute of Technology; Senior Manager Special Assistant, Sales Division, USI/APC	Senior Manager, Sales Division, USI/APC Special Assistant	None	None	None	

Note 1: Information regarding General Manager, Deputy General Manager, senior managers, heads of departments and branches shall be included, whereas information regarding positions equivalent to General Manager, Deputy General Manager or senior managers shall be disclosed regardless of job title.

Note 2: Work experiences of anyone in the table above that are related to their current roles, such as previous employment at CPA firms or employment in affiliated companies, shall be disclosed along with job titles and responsibilities.

Note 3: When the General Manager or person holding an equivalent post (top-level manager) and the Chairman are the same person, spouses, or relatives within the first degree of kinship, the reasons, reasonableness, necessity, and response measures (such as increasing the number of independent directors and having more than half of the directors not serving as employees or managerial officers concurrently) shall be disclosed.

(1) The Chairman of the Company also serves as the CEO based on the consideration for the overall operation. With the Chairman's excellent business vision, he participates in the Company's operations in person to implement business decisions and improve the operating efficiency.

(2) More than half of the current Directors of the Company do not serve as employees or managerial officers concurrently, which is audited and certified by a large accounting firm. The Company has also established an Audit Committees, a Remuneration Committee, and a Corporate Social Responsibility Committee to strengthen corporate governance and to continue to reduce operational risks using rigorous internal control mechanisms.

Note 4: The previous General Manager Mr. Li, Kuo-Hung retired on March 26, 2019 and the Board of Directors resolved to appoint Mr. Wu, Pei-Chi to take over as General Manager; the former Director of Linyuan Plant Chen, Jung-Hung was transferred on November 11, 2019, and Mr. Chen, Chun-Hung took over as the Director of Linyuan Plant.

Note 5: Chairman: USI, CGPC, TTC, ACME, Union Polymer Int'l Investment Corp., USIO, SPC, SPC Advanced Energy, CL, USII, CGPCPOL, APC Investment, TUVC, UM, TUVM, Acme (Cayman), USI Education Foundation, and Fujian Gulei Petrochemical

Director: TVCM, INOMA, USI (Hong Kong), Swanlake, USI International, Acme Components (Malaysia), Forever Young, Curtana, Swanson (Singapore), Swanson (Malaysia), Swanson International, Swanson (India), SPC (Kunshan), Golden Amber Enterprises, Acme (BVI), Acme (Kunshan), Acme (Guangzhou), Forum Pacific, Taita (BVI), APC (BVI), CGPC (BVI), CGPC America, AS Holdings (UK), ASK -Swanson, Acme Ferrite, SPC (Tianjin), Cypress Epoch, Ever Conquest Global, Ever Victory Global, Dynamic Ever Investments, CIS (Shanghai), PT. Swanson Plastics Indonesia, Yutao Investment, Dasheng Ventures, Dasheng Yiyi Ventures, and CTCI

General Manager: Union Polymer Int'l Investment Corp. and UM

Chief Executive Officer: USI, CGPC, TTC, ACME, and USIO

Executive Director: Chinese National Federation of Industries

Note 6: Directors: TVCM, Ever Victory Global, Dynamic Ever Investments, CGTD, and Fujian Gulei Petrochemical

Note 7: Chairman: TTC (Zhongshan), TTC (Tianjin), USI Trading (Shanghai) Co., Ltd.

Director: Dynamic Ever Investments Ltd., Ever Victory Global Limited, Ever Conquest Global Limited, Taita (BVI) Holding Co., Ltd., APC (BVI) Holding Co., Ltd., USI International Corporation, TTC, CGTD, APC Investment, CL, SPC, Swanson Technologies Corporation, INOMA, USI Education Foundation, and TUVC

General Manager: TTC, USI Trading (Shanghai) Co., Ltd.

Supervisor: USIO

Note 8: PhD in law, Ludwig-Maximilians-Universität München, Master of Laws, National Taiwan University, and Bachelor of Laws, National Taiwan University

Independent Director: ChipSiP Technology Co., Ltd.

Director of Legal Department: LITE-ON Technology

Attorney: Winkler Partners

Note 9: Head of Corporate Governance: USI, APC, TTC, and ACME

Independent Director: Man Zai Industrial Co., Ltd. and RD&D Cold Logistics Co., Ltd.

Supervisor: TUVC, TUVM and Cerebra Technologies Co., Ltd.

(III) If the Chairman and General Manager or a person holding an equivalent position (top-level manager) are the same person, spouses, or relatives within the first degree of kinship, relevant information on the reasons, reasonability, necessity, and measures to be taken accordingly shall be specified.
The Chairman of the Company also serves as the CEO based on the consideration for the overall operation. With the Chairman's excellent business vision, he participates in the Company's operations in person to implement business decisions and improve the operating efficiency.
More than half of the current Directors of the Company do not serve as employees or managerial officers concurrently, which is audited and certified by a large accounting firm. The Company has also established an Audit Committees, a Remuneration Committee, and a Corporate Social Responsibility Committee to strengthen corporate governance and to continue to reduce operational risks using rigorous internal control mechanisms.

III. Remuneration of Directors, Supervisors, General Manager, and Deputy General Managers

Remuneration paid to Directors, Independent Directors, Supervisors, General Manager, and Deputy General Managers

(I) If the Company has any of the following circumstances, it shall disclose its individual Directors' or Supervisors' name and remuneration; it can choose to disclose a range table with name disclosed, or disclose the name and remuneration individually for the rest (where individual disclosure is adopted, please fill in the job title, name, and amount; there is no need to fill in the table of remuneration ranges): None.

(1) Where it was a loss after tax in the parent company only or individual financial statements in the last three years, the name and remuneration of individual "Directors and Supervisors" shall be disclosed; provided that it is net income after tax in the parent company only or individual financial statements in the most recent year, and the said net income is sufficient to make up for the accumulated losses [Note 1].

(2) A Company with Directors whose shareholding percentages have been insufficient for three (3) or more consecutive months during the most recent fiscal year shall disclose the remuneration of individual Directors. A Company with Supervisors whose shareholding percentages have been insufficient for three (3) or more consecutive months during the most recent fiscal year shall disclose the remuneration of individual Supervisors [Note 2].

(3) A Company with an average ratio of shares pledged by Directors or Supervisors that exceeds 50 percent in any three (3) months during the most recent fiscal year shall disclose the remuneration paid to each individual Director or Supervisor who owns a ratio of shares pledged that exceeds 50 percent for each of these three months [Note 3].

(4) If the total amount of remuneration received by all the Directors and Supervisors of a company from all the companies listed in its financial statements exceeds two (2) percent of its net income after tax, and the amount of remuneration received by any individual Director or Supervisor exceeds NT$15 million, the Company shall disclose the amount of remuneration paid to

individual Directors or Supervisors. (Description: The remuneration of Directors and Supervisors is calculated based on "Remuneration of Directors" plus "Remuneration of Supervisors" as in the Appendix without including the relevant remuneration received as concurrent employees.)

(5) Any result of evaluation made on corporate governance in the most recent year is in the last level, or any trading method changes, any trading or marketing stops, or any evaluation is rejected by the Corporate Governance Evaluation Committee in the most recent year as of the publication date of this Annual Report as a listed company.

(6) The average annual salary of a full-time employee of a listed company who does not hold a managerial position in the most recent year has not reached NT$500,000.

(II) If any of the foregoing events (1) or (5) occurs to a listed company, the remuneration information of the five highest paid individuals (such as general manager, deputy general manager, chief executive officer, or financial manager) shall be disclosed separately.

(I) Remuneration of Directors, Supervisors, General Manager and Deputy General Manager

1. Remuneration paid to Directors and Independent Directors (a remuneration range table with name disclosed)

Unit: NT$ thousands

Title	Name	Remuneration								Sum of items A, B, C and D to NIAT Ratio (Note 10)		Relevant Remuneration Received by Directors Who are Also Employees								Percentage of the total of 7 items A, B, C, D, E, F and G to net income after tax (Note 10)		Remuneration paid to Directors from investees other than the Company's subsidiaries or parent company (Note 11)
		Remuneration (A) (Note 2)		Severance Pay and Pension (B)		Directors' remuneration (C) (Note 3)		Costs incurred from performance of duty (D) (Note 4)				Salary, bonuses, and allowances (G) (Note 5)		Severance Pay and Pension (F)		Employee Compensation (G) (Note 6)						
		The Company	All the Companies Included in the Financial Statements (Note 7)	The Company	All the Companies Included in the Financial Statements	The Company	All the Companies Included in the Financial Statements (Note 7)	The Company	All the Companies Included in the Financial Statements (Note 7)	The Company	All the Companies Included in the Financial Statements	The Company	All the Companies Included in the Financial Statements (Note 7)	The Company	All the Companies Included in the Financial Statements	The Company		All the Companies Included in the Financial Statements		The Company	All the Companies Included in the Financial Statements (Note 7)	
																Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chairman	Wu, Quintin	0	0	0	0	0	0	1,464	1,464	0.178%	0.178%	9,318	9,318	27	27	125	0	125	0	1.332%	1.332%	31,246
Director	Li, Kuo-Hung																					
Director	Wu, Pei-Chi (Newly appointed on June 24, 2019)																					
Director	Liu, Chen-Tu																					
Director	Wu, Hung-Chu (Newly appointed on June 24, 2019)																					
Director	Huang, Kuang-Che (Dismissed on June 24, 2019)																					
Director	Liu, Han-Tai (Dismissed on June 24, 2019)																					
Director	Ko, I-Shao																					
Independent Director	Shen, Shang-Hung	3,600	3,600	0	0	0	0	540	540	0.504%	0.504%	0	0	0	0	0	0	0	0	0.504%	0.504%	0
Independent Director	Chen, Ta-Hsiung																					
Independent Director	Tun-Chien Cheng																					

1. Please state the policies, systems, standards, and structure of independent directors 'remuneration payment, and describe the relevance to the amount of remuneration according to their responsibilities, risks, and time of investment:
The remuneration of Independent Directors is paid based on the Company's Articles of Incorporation and the remuneration policies and measures and depends on the degree of participation and the value of their contribution to the Company's operations, with reference to the median level in the industry, and it shall be distributed after submitted to and approved by the Remuneration Committee and adopted by the Board of Directors. Except for the fixed remuneration, no other consideration is paid each year.
2. Unless disclosed above, the Directors of the current year received remuneration for providing services (such as serving as a non-employee consultant) to the companies listed in the consolidated financial statements: None.

Please list the relevant information of the Directors (non-independent general directors) and Independent Directors, respectively. Range of Remuneration

Range of Remuneration Paid to the Directors of the Company	Name of Director			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies in the Financial Report (Note 9) H	The Company (Note 8)	All the Investees Included in the Financial Statements (Note 9) I
Less than NT$1,000,000	Wu, Quintin, Huang, Kuang-Che, Liu, Chen-Tu, Ko, I-Shao, Liu, Han-Tai, Li, Kuo-Hung, Wu, Pei-Chi, and Wu, Hung-Chu	Wu, Quintin, Huang, Kuang-Che, Liu, Chen-Tu, and Wu, Pei-Chi Ko, I-Shao, Liu, Han-Tai, Li, Kuo-Hung, and Wu, Hung-Chu	Huang, Kuang-Che, Liu, Chen-Tu, and Liu, Han-Tai Ko, I-Shao, Li, Kuo-Hung, and Wu, Hung-Chu	Huang, Kuang-Che, Liu, Chen-Tu, and Ko, I-Shao Wu, Hung-Chu and Li, Kuo-Hung
NT$1,000,000 (inclusive) - NT$2,000,000 (exclusive)	Chen, Ta-Hsiung, Cheng, Tun-Chien, and Shen, Shang-Hung	Chen, Ta-Hsiung, Cheng, Tun-Chien, and Shen, Shang-Hung	Chen, Ta-Hsiung, Cheng, Tun-Chien, and Shen, Shang-Hung	Chen, Ta-Hsiung, Cheng, Tun-Chien, and Shen, Shang-Hung
NT$2,000,000 (inclusive) - NT$3,500,000 (exclusive)				
NT$3,500,000 (inclusive) - NT$5,000,000 (exclusive)			Wu, Quintin and Wu, Pei-Chi	Wu, Pei-Chi
NT$5,000,000 (inclusive) - NT$10,000,000 (exclusive)				Han-Tai Liu
NT$10,000,000 (inclusive) - NT$15,000,000 (exclusive)				
NT$15,000,000 (inclusive) - NT$30,000,000 (exclusive)				Wu, Quintin
NT$30,000,000 (inclusive) - NT$50,000,000 (exclusive)				
NT$50,000,000 (inclusive) - NT$100,000,000 (exclusive)				
Over NT$10,000,000 (inclusive)				
Total	NT$5,604 thousand	NT$5,604 thousand	NT$15,074 thousand	NT$46,320 thousand

Note 1: The name of Directors shall be listed, respectively (for institutional shareholders, the name of institutional shareholders and their representatives shall be listed, respectively), and the name of Directors and Independent Directors shall be listed respectively; the payment amount shall be disclosed in aggregation. This table and table (3-1), or tables (3-2-1) and (3-2-2) below shall be filled out if a Director concurrently serves as the General Manager or Deputy General Manager.

Note 2: Remuneration received by Directors in the most recent year (including salaries, job-related allowances, severance, bonuses, and rewards).

Note 3: The amount of compensation approved by the Board of Directors and distributed to the Directors in the most recent fiscal year.

Note 4: Business expenses paid to the Directors in the most recent fiscal year (including services and goods provided such as honoraria, special allowances, various allowances, accommodation, and vehicle). If housing, vehicle and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rental fees and fuel costs calculated based on the actual amount or fair market value, and other payments shall be disclosed. If a driver is provided, please indicate the amount of compensation paid to the driver by the Company in a separate note (not included in the remuneration).

Note 5: Salary, job-related allowances, separation pay, various bonuses, incentives, honoraria, special allowance, various allowances, accommodation allowance and vehicle received by directors who concurrently serve as employees (including general manager, deputy general manager, other managerial officers and employees) in the most recent fiscal year. If housing, vehicle and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rental fees and fuel costs calculated based on the actual amount or fair market value, and other payments shall be disclosed. If a driver is provided, please indicate the amount of compensation paid to the driver by the Company in a separate note (not included in the remuneration). Furthermore, any compensation recognized in the IFRS 2 section of "Share-Based Payment," including issuance of employee stock options, new restricted employee shares and capital increase by stock subscription, shall be included in the calculation of remuneration.

Note 6: For Directors who concurrently serve as employees (including General Manager, Deputy General Manager, other managerial officers, and employees) and receive remuneration of employees (including stock and cash) for the past year, disclose the amount of remuneration distributed to employees after being approved by the Board for the past year. For amounts that are unable to estimate, propose the distribution amount for the year based on the actual distribution made last year, and fill out the Table 1-3.

Note 7: The total amount of all the remuneration paid to the Company's Directors by all the companies (including the Company) listed in its consolidated financial statements shall be disclosed.

Note 8: The name of each Director shall be disclosed in the range of remuneration corresponding to the amount of all the remuneration paid to each Director by the Company.

Note 9: The total amount of all the remuneration paid to each Director of the Company by all the companies (including the Company) listed in its consolidated financial statements shall be disclosed. The name of each Director shall be disclosed in the range of remuneration corresponding to the amount of all the remuneration paid to each Director by the Company.

Note 10: Net income after tax refers to the net income after tax in the most recent parent company only or individual financial statements.

Note 11:

a. This field shall clearly indicate the amount of remuneration received by the Company's Directors from investees other than a subsidiary or the parent company (if not, please fill in “none”).

b. If a Director of the Company receives remuneration from investees other than subsidiaries or the parent company, the amount of remuneration received by the Director from investees other than subsidiaries shall be combined into Column I of the table for range of remuneration, and this column shall be renamed "Parent Company and All Investees."

c. Remuneration refers to the compensation, rewards (including rewards distributed to employees, Directors, and supervisors) and remuneration related to business expenses that are received by the Company's Directors who serve as Directors, supervisors or managerial officers at investees other than subsidiaries or the parent company.

* A different concept is used for the content of remuneration disclosed in this table compared to that in the Income Tax Act. This table is used for information disclosure, but not for taxation.

2. Remuneration paid to supervisors: Not applicable as the Company has an Audit Committee that replaces the functions of Supervisors.

3. Remuneration paid to General Manager and Deputy General Managers (range of remuneration with name disclosed)

Unit: NT$ thousands

Title	Name	Salary (A) (Note 2)		Severance Pay and Pension (B)		Bonuses and special allowances (C) (Note 3)		Employees' Remuneration (D) (Note 4)				Proportion of the sum of A, B, C, and D (%) to NIAT (Note 8)		Remuneration received from investees other than the Company's subsidiaries or parent company (Note 9)
		The Company	All the Companies Included in the Financial Statements (Note 5)	The Company	All the Companies Included in the Financial Statements (Note 5)	The Company	All the Companies Included in the Financial Statements (Note 5)	The Company		All companies in the consolidated financial statements (Note 5)		The Company	All the Companies Included in the Financial Statements	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chief Executive Officer	Wu, Quintin	5,302	5,302	27 (Note 10)	27 (Note 10)	4,016 (Note 11)	4,016 (Note 11)	125	0	125	0	1.153%	1.153%	20,574
General Manager (Note 12)	Li, Kuo-Hung													
General Manager (Note 12)	Wu, Pei-Chi													

*Regardless of titles, remunerations of employees with position equivalent to General Manager and Deputy General Manager (such as president, CEO, director) shall be disclosed.

Range of Remuneration

Range of Remuneration Paid to the General Manager and Deputy General Manager	Name of General Manager and Deputy General Managers	
	The Company (Note 6)	Companies in the Consolidated Financial Statements (Note 7) E
Less than NT$1,000,000	Li, Kuo-Hung	Li, Kuo-Hung
NT$1,000,000 (inclusive) - NT$2,000,000 (exclusive)		
NT$2,000,000 (inclusive) - NT$3,500,000 (exclusive)		
NT$3,500,000 (inclusive) - NT$5,000,000 (exclusive)	Wu, Quintin and Wu, Pei-Chi	Wu, Pei-Chi
NT$5,000,000 (inclusive) - NT$10,000,000 (exclusive)		
NT$10,000,000 (inclusive) - NT$15,000,000 (exclusive)		
NT$15,000,000 (inclusive) - NT$30,000,000 (exclusive)		Wu, Quintin
NT$30,000,000 (inclusive) - NT$50,000,000 (exclusive)		
NT$50,000,000 (inclusive) - NT$100,000,000 (exclusive)		
Over NT$10,000,000 (inclusive)		
Total	NT$9,470 thousand	NT$30,044 thousand

Note 1: The name of the General Manager and Deputy General Managers shall be listed separately, and the amount of remuneration paid to them shall be disclosed collectively. If a Director concurrently serves as a General Manager or Deputy General Manager, this table, Table (1-1) or Table (1-2-1) and (1-2-2) above shall be filled in.

Note 2: Fill the salary, job-related allowances and severance pay received by the General Manager and Deputy General Managers in the most recent fiscal year.

Note 3: Fill the amount of various bonuses, incentives, transportation allowances, special allowance, various allowances, accommodation, and vehicle received by the General Manager and Deputy General Managers in the most recent fiscal year. If housing, vehicle and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rental fees and fuel costs calculated based on the actual amount or fair market value, and other payments shall be disclosed. If a driver is provided, please indicate the amount of compensation paid to the driver by the Company in a separate note (not included in the remuneration). Furthermore, any compensation recognized in the IFRS 2 section of "Share-Based Payment," including issuance of employee stock options, new restricted employee shares and capital increase by stock subscription, shall be included in the calculation of remuneration.

Note 4: Fill in the amount of employee compensation (including shares and cash) that have been approved by the Board of Directors and are distributed to the General Manager and Deputy General Managers in the most recent fiscal year. If the amount of bonuses cannot be estimated, the calculation shall be made based on the ratio of the amount distributed in the previous fiscal year, and this amount shall also be entered in Table 1-3.

Note 5: The total amount of the remuneration of all the companies (including the Company) in the consolidated report to the General Manager and Deputy General Managers of the Company shall be disclosed.

Note 6: The name of each General Manager and Deputy General Manager shall be disclosed in the range of remuneration corresponding to the total amount paid to the General Manager and Deputy General Managers by the Company.

Note 7: The total amount of all the remuneration paid to each General Manager and Deputy General Manager of the Company by all companies listed in its consolidated financial statements (including the Company) shall be disclosed. The name of each General Manager and Deputy General Manager shall be disclosed in the range of remuneration corresponding to the total amount.

Note 8: Net income after tax refers to net income after tax listed in the parent company only or individual financial statements in the most recent year.

Note 9:

a. This field shall clearly indicate the amount of remuneration received by the Company's General Manager or Deputy General Manager from investees other than subsidiaries or the parent company (if not, please fill in "none").

b. If the General Manager or Deputy General Managers of the Company receive remuneration from investees other than subsidiaries or the parent company, the remuneration received by the General Manager or Deputy General Managers of the Company from investees other than subsidiaries or the parent company shall be included in Column E in the Range of Remuneration Table, and the column shall be renamed "Parent Company and All Investees."

c. Remuneration in this case refers to remuneration, bonuses (including employee, Director, or supervisor compensation), and allowances received by the General Manager or Deputy General Managers of the Company as the Directors, supervisors, or managerial officers of investees other than subsidiaries or the parent company.

Note 10: The severance pay and pension received by the General Manager is the amount contributed for expensing severance pay and pension.

Note 11: Remuneration received by the General Manager (including salary and bonus): The Company provides company vehicles with a driver; the annual remuneration was NT$210,000 for 2019, plus NT$15,000 for relevant fuel costs.

Note 12: The previous General Manager Mr. Li, Kuo-Hung retired on March 26, 2019 and the Board of Directors resolved to appoint Mr. Wu, Pei-Chi to take over as General Manager.

* A different concept is used for the content of remuneration disclosed in this table compared to that in the Income Tax Act. This table is used for information disclosure, but not for taxation.

4. The remuneration of the top five executives with the highest remuneration at a listed company (name and remuneration shall be disclosed individually): Not applicable.
5. Name of managerial officers who distribute employee bonuses and the situation of distribution
   Collective disclosure

Unit: NT$ thousands

<table>
<tr><th></th><th>Title
(Note 1)</th><th>Name
(Note 1)</th><th>Stock Amount</th><th>Cash Amount</th><th>Total</th><th>Percentage of Total Compensations on NIAT (%)</th></tr>
<tr><td rowspan="10">Managerial Officer</td><td>Chief Executive Officer</td><td>Wu, Quintin</td><td rowspan="10">0</td><td rowspan="10">417</td><td rowspan="10">417</td><td rowspan="10">0.05%</td></tr>
<tr><td>President (Note 5)</td><td>Li, Kuo-Hung</td></tr>
<tr><td>President (Note 5)</td><td>Wu, Pei-Chi</td></tr>
<tr><td>Assistant VP of Sales Department</td><td>Wu, Ming-Tsung</td></tr>
<tr><td>Director, Linyuan Plant (Note 5)</td><td>Chen, Jung-Hung</td></tr>
<tr><td>Director, Linyuan Plant (Note 5)</td><td>Chen, Chun-Hung</td></tr>
<tr><td>Corporate Governance Officer</td><td>Yung-Chih Chen</td></tr>
<tr><td>Accounting Manager</td><td>Chen, Cheng-Shun</td></tr>
<tr><td>Finance Manager</td><td>Shih, Ju-Hsuan</td></tr>
<tr><td>Sales Manager</td><td>Huang, Ko-Ming</td></tr>
</table>

Note 1: Names and positions shall be listed individually, and the amount of profit distributed shall be disclosed collectively.

Note 2: Fill in the amount of employee compensation (including shares and cash) that has been approved by the Board of Directors and proposed by the managerial officers in the most recent fiscal year. If this amount cannot be estimated, the calculation should based on the ratio of the amount distributed in the previous fiscal year. Net income after tax (NIAT) refers to net income after taxes in the most recent fiscal year. Where IFRS is adopted, net income after tax refers to net income after tax recorded in the parent company only or standalone financial statements in the most recent fiscal year.

Note 3: The scope of application for the term "managerial officer" shall follow the official document with reference number 0920001301 dated March 27th, 2003. Its scope of application shall be as follows:
(1) General Manager and Equivalent
(2) Deputy General Manager and Equivalent
(3) Senior Manager and Equivalent
(4) Head of the Finance Department
(5) Head of the Accounting Department
(6) Other Personnel Authorized to Manage the Company's Affairs and Sign for Approval

Note 4: Directors, General Manager and Deputy General Managers who receive employee compensation (including shares and cash) shall be listed not only in Table 1-2, but also in this table.

Note 5: The previous General Manager Mr. Li, Kuo-Hung retired on March 26, 2019 and the Board of Directors resolved to appoint Mr. Wu, Pei-Chi to take over as General Manager; the former Director of Linyuan Plant Chen, Jung-Hung was transferred on November 11, 2019, and Mr. Chen, Chun-Hung took over as the Director of Linyuan Plant on November 11, 2019.

(II) Separate comparison and description of total remuneration, as a percentage of net income stated in the parent company-only or individual financial statements, as paid by the Company and all other companies included in the consolidated financial statements during the past 2 fiscal years to Directors, supervisors, General Manager, and Deputy General Managers, with analysis and description of remuneration policies, standards, and packages, procedure for determining remuneration, and the correlation with business performance and future risks.

1. Analysis of total remuneration paid to general Directors, Independent Directors, General Manager, and Deputy General Managers as a percentage of NIAT:

Year / Category	2019		2018	
	The Company	All the Companies Included in the Financial Statements	The Company	All the Companies Included in the Financial Statements
General Directors' remuneration as a percentage of NIAT (%) (excluding the remuneration to those who work as employees concurrently)	0.178%	0.178%	1.924%	1.924%
Independent Directors' remuneration as a percentage of NIAT (%) (excluding the remuneration to those who work as employees concurrently)	0.504%	0.504%		
General Directors' remuneration as a percentage of NIAT (%) (including remuneration too those who work as employees concurrently)	1.332%	1.332%	5.857%	5.857%
Independent Directors' remuneration as a percentage of NIAT (%) (including remuneration too those who work as employees concurrently)	0.504%	0.504%		
General Manager's and Deputy General Managers' remuneration as a percentage of NIAT (%)	1.153%	1.153%	3.933%	3.933%

2. Remuneration Policies, Standards and Packages, Procedures for Determining Remuneration and Correlation of Remuneration with Business Performance and Future Risks:
   (1) According to Article 18 of the Company's Articles of Incorporation, the Directors' compensation shall not exceed one (1) percent of the profit for the year. The Remuneration Committee shall submit suggestions to the Board of Directors for approval after evaluating the Company's overall business performance, future in the industry, operating risks, and development trends. The transportation allowances shall be approved by the shareholders' meeting. In addition to the transportation allowances and fixed remuneration, the Directors did not receive any variable remuneration this year.
   (2) Directors' remuneration shall be set in accordance with Article 15-1 of the Company's Articles of Incorporation, the value of their degree of participation and contribution to the Company's business operations, regardless of whether the Company records a profit or a loss, and taking into consideration the pay levels of the industry. Directors' remuneration shall be approved by the Board of Directors, and shall correlate with the

Company's business performance.

(3) Managerial officers' remuneration shall be determined in accordance with the Company's personnel-related rules and regulations. Salary levels shall first be proposed by the Remuneration Committee before submission to the Board of Directors for approval, and shall correlate with the Company's business performance.

(4) Correlation with future risk exposure: None

IV. Implementation of Corporate Governance

Implementation by the Board of Directors

A total of six (6) meetings (A) were held by the Board of Directors in the most recent fiscal year (2019). The attendance of the members of the Board are as follows:

Title	Name (Note 1)	2019 1st Meeting February 13, 2019	2019 2nd Meeting March 6, 2019	2019 3rd Meeting May 9, 2019	2019 4th Meeting July 5, 2019	2019 5th Meeting August 7, 2019	2019 6th Meeting November 12, 2019	Number of Attendance In Person (B)	Number of Attendance by Proxy	Actual attendance rate (%) (B/A) (Note 2)	Notes
Chairman	Wu, Quintin (Representative of Union Polymer Int'l Investment Corp.)	◎	◎	◎	◎	◎	◎	6	0	100	Re-elected
Director	Li, Kuo-Hung (representative of Union Polymer Int'l Investment Corp.)	◎	◎	◎	☆	◎	◎	5	1	83.33	Re-elected
Director and General Manager	Wu, Pei-Chi (Representative of Union Polymer Int'l Investment Corp.)	-	-	-	◎	◎	◎	3	0	100	Newly elected, required to attend 3 meetings
Director	Liu, Chen-Tu (representative of Union Polymer Int'l Investment Corp.)	◎	◎	◎	◎	◎	◎	6	0	100	Re-elected
Director	Wu, Hung-Chu (Representative of Union Polymer Int'l Investment Corp.)	-	-	-	◎	◎	◎	3	0	100	Newly elected, required to attend 3 meetings
Director	Ko, I-Shao (representative of Taiwan Union International Investment Corp.)	◎	◎	◎	◎	◎	◎	6	0	100	Re-elected
Independent Director	Chen, Ta-Hsiung	◎	◎	☆	☆	◎	◎	4	2	66.67	Re-elected
Independent Director	Shen, Shang-Hung	◎	☆	◎	◎	◎	◎	5	1	83.33	Re-elected
Independent Director	Cheng, Tun-Chien	◎	◎	◎	◎	◎	◎	6	0	100	Re-elected
Director	Huang, Kuang-Che (representative of Union Polymer Int'l Investment Corp.)	◎	◎	☆	-	-	-	2	1	66.67	Outgoing Director, required to attend three meetings
Director	Liu, Han-Tai (representative of Union Polymer Int'l Investment Corp.)	◎	◎	◎	-	-	-	3	0	100	Outgoing Director, required to attend three meetings

Note: Attendance in person: ◎ Attendance by proxy: ☆

Note: Directors (including three Independent Directors) were re-elected at the Annual General Meeting held on June 24, 2019.

Other matters to be noted:

I. If any of the following applies to the operations of the Board of Directors, the date and session of the Board of Directors' meeting, as well as the resolutions, opinions of Independent Directors and the Company's actions in response to the opinions of Independent Directors shall be stated:

(I) Items listed in Article 14-3 of the Securities and Exchange Act.

<table>
<tr><th>Term of the Board meeting Date</th><th>Resolution and Subsequent Actions</th><th>Items listed in Article 14-3 of the Securities and Exchange Act</th><th>Dissenting or qualified opinion expressed by Independent Directors</th></tr>
<tr><td rowspan="4">1st meeting of 2019
2019.02.13</td><td>Investment in the construction of ethylene storage tanks.</td><td>Yes</td><td>None</td></tr>
<tr><td colspan="3">Independent Director's opinions:
(1) Considering that the owner of the storage tanks and the investor are not the same person, the accounting affairs of the relevant investors shall be confirmed by CPAs.
(2) Rights and obligations of the owner and the investor of the storage tanks shall be specified in the contract to safeguard the Company’s interests.</td></tr>
<tr><td colspan="3">The Company's actions in response to CPAs' opinions: The Company shall conduct relevant operations based on the Audit Committee's suggestions.</td></tr>
<tr><td colspan="3">Voting results: All the Directors present voted in favor of the resolution without any dissenting opinion.</td></tr>
<tr><td rowspan="6">2nd meeting of 2019
2019.03.06</td><td>1. Approved the amendment to certain articles of the Procedures Governing the Acquisition and Disposal of Assets.</td><td>Yes</td><td>None</td></tr>
<tr><td>2. Approved CPAs' remuneration for 2018</td><td>Yes</td><td>None</td></tr>
<tr><td>3. Approved the appointment of CPAs for 2019</td><td>Yes</td><td>None</td></tr>
<tr><td colspan="3">Opinions of Independent Directors: None</td></tr>
<tr><td colspan="3">The Company's actions in response to the opinions of Independent Directors: None</td></tr>
<tr><td colspan="3">Voting results: All the Directors present voted in favor of the resolution without any dissenting opinion.</td></tr>
<tr><td rowspan="4">3rd meeting of 2019
2019.05.09</td><td>Approved the amendment to the internal control system</td><td>Yes</td><td>None</td></tr>
<tr><td colspan="3">Opinions of Independent Directors: None</td></tr>
<tr><td colspan="3">The Company's actions in response to the opinions of Independent Directors: None</td></tr>
<tr><td colspan="3">Voting results: All the Directors present voted in favor of the resolution without any dissenting opinion.</td></tr>
<tr><td rowspan="4">4th meeting of 2019
2019.07.05</td><td>Approved the issuance of a supporting letter for the project financing of Fujian Gulei Petrochemical.</td><td>Yes</td><td>None</td></tr>
<tr><td colspan="3">Opinions of Independent Directors: None</td></tr>
<tr><td colspan="3">The Company's actions in response to the opinions of Independent Directors: None</td></tr>
<tr><td colspan="3">Voting results: The Chair consulted all Directors present, except for the Chairman Wu, Quintin who had to recuse himself from voting due to a conflict of interest, and they voted unanimously in favor of the resolution.</td></tr>
<tr><td rowspan="4">5th meeting of 2019
2019.08.07</td><td>Approved the amendment to certain articles of the Audit Committee Charter</td><td>Yes</td><td>None</td></tr>
<tr><td colspan="3">Opinions of Independent Directors: None</td></tr>
<tr><td colspan="3">The Company's actions in response to the opinions of Independent Directors: None</td></tr>
<tr><td colspan="3">Voting results: All the Directors present voted in favor of the resolution without any dissenting opinion.</td></tr>
<tr><td rowspan="4">6th meeting of 2019
2019.11.12</td><td>Approved the change of the chief auditor</td><td>Yes</td><td>None</td></tr>
<tr><td colspan="3">Opinions of Independent Directors: None</td></tr>
<tr><td colspan="3">The Company's actions in response to the opinions of Independent Directors: None</td></tr>
<tr><td colspan="3">Voting results: All the Directors present voted in favor of the resolution without any dissenting opinion.</td></tr>
</table>

(II) Other resolutions of the Board, which the Independent Director(s) dissenting or qualified opinions that are recorded or issued through a written statement in addition to the above: None.

II. In regard to the recusal of Independent Directors from voting due to conflicts of interest, the name of the Independent Directors, the resolutions, as well as reasons for recusal due to conflicts of interest and voting outcomes shall be stated:

Name of Director	Proposal	Reason for Recusal	Participation in Voting	Notes
Wu, Quintin	Donations to the USI Education Foundation	The Director who recused himself had a conflict of interest with the proposal as the chairman of the foundation.	He did not participate in voting.	2nd meeting of 2019 March 6, 2019
Chen, Ta-Hsiung Shen, Shang-Hung Cheng, Tun-Chien	Appointment of the three Independent Directors, namely Chen, Ta-Hsiung, Shen, Shang-Hung, and Cheng, Tun-Chien, to be the members of the Remuneration Committee.	They had a conflict of interest with this proposal as Directors.	They did not participate in voting.	4th meeting of 2019 July 5, 2019
Wu, Quintin Li, Kuo-Hung	The issuance of a supporting letter for the project financing of Fujian Gulei Petrochemical.	The Director who recused himself had a conflict of interest with the proposal as a Director of Fujian Gulei Petrochemical.	They did not participate in voting.	4th meeting of 2019 July 5, 2019

III. Information regarding cycle, period, scope, and method of self- (or peer) evaluation of the Board of Directors of a listed company shall be disclosed.
Evaluation of the Board of Directors' performance

Evaluation cycle (Note 1)	Period of evaluation (Note 2)	Scope (Note 3)	Method (Note 4)	Evaluation Content (Note 5)
Once a year	January 1, 2019 to December 31, 2019	Evaluation of Board of Directors' performance	Board of Directors Internal self-evaluation	I. Evaluation of Board of Directors' performance 1. Degree of participation in corporate operations. 2. Improvement of Board of Directors' decision-making. 3. Composition and structure of the Board of Directors. 4. The election of Directors and their continuing education. 5. Internal control.
		Evaluation of functional committees' performance	Self-evaluation of functional committees' members	II. Evaluation of the Audit Committee's Performance 1. Degree of participation in corporate operations. 2. Understanding of the Audit Committee's duties. 3. Improvement of the decision-making quality of the Audit Committee. 4. Composition of the Audit Committee and selection of committee members 5. Internal control.
				III. Evaluation of the Remuneration Committee's performance 1. Degree of participation in corporate operations. 2. Understanding of the Remuneration Committee's duties. 3. Improvement of the decision-making quality of the Remuneration Committee. 4. Composition of the Remuneration Committee and selection of committee members.

Note 1: Fill in the cycle of the evaluation of Board of Directors; for example: once a year.

Note 2: Fill in the period covered by the evaluation of the Board of Directors. For example, the performance evaluation of the Board of Directors from January 1, 2019 to December 31, 2019.

Note 3: The scope of the evaluation includes the performance evaluation of the Board of Directors, individual Board members, and functional committees.

Note 4: The evaluation methods include self-evaluation of the Board of Directors, self-evaluation of the Directors, peer evaluation, appointment of external professional institutions or experts, or other appropriate methods.

Note 5: The evaluation content includes at least the following items according to the evaluation scope:

(1) Performance evaluation of the Board of Directors: It shall at least include the degree of participation in the Company's operations, the quality of decision-making of the Board of Directors, the composition and structure of the Board of Directors, the selection and continuous learning of directors, and internal control.

(2) Evaluation of individual Directors' performance: It shall at least include the knowledge about the Company's objectives and tasks, the understanding of Director duties, the participation in the Company's operations, the internal relationship management and communication, Directors' specialties and continuous learning, and internal control.

(3) Performance evaluation of functional committees: It shall include the degree of participation in the Company's operations, the understanding of the functional committee's responsibilities, the quality of decision-making of the functional committee, the composition and selection of members of the functional committee, and internal control.

IV. Targets for strengthening the functions of the Board of Directors in the current fiscal year and the most recent fiscal year (e.g. establishing an audit committee and enhancing information transparency) and evaluation of implementation:

1. The Board of Directors operates in compliance with laws, regulations, the Articles of Incorporation, and the resolutions adopted by the shareholders' meeting. In addition to possess necessary professional knowledge to carry out their duties, all Directors shall act in accordance with the principles of honesty and good faith and their due obligations, to create the maximum interests for all shareholders.
2. The Company constantly pays attention to changes in laws and regulations of the competent authority, reviews its Rules of Procedure for Board of Directors' Meetings and the Rules Governing the Scope of Powers of Independent Directors, and evaluates its Audit Committee Charter in due course. The Company seeks to improve information transparency in accordance with the amended laws, and the implementation of these regulations has been effective.
3. To have a corporate governance officer to safeguard shareholders' interests and to strengthen the functions of the Board of Directors, the Board of Directors engaged a corporate governance office to support operations of the Board on May 9, 2019.
4. The Audit Committee was established after the Independent Directors were appointed at the 2016 Annual General Meeting. The results of performance evaluation of the Board of Directors and the functional committees in 2019 have been disclosed on the Company's website in January 2020 and have been reported at the first Board of Directors' Meeting in 2020 (March 5, 2020).
5. The Company's website and MOPS have disclosed relevant information regarding the Company's compliance with relevant laws and regulations and major resolutions adopted by the Board of Directors, so as to facilitate shareholders's understanding of the its development and to improve its information transparency.
6. The Company has held training courses for Directors and encourage Directors and managerial officers to attend corporate governance-related courses.

The status of continuing education among the Directors and managerial officers of the Company is as follows:

Title	Name	Date of Training	Organizer	Course Title	Training Hours
Chairman	Wu, Quintin	July 15, 2019	Securities & Futures Institute	Impact of US-China Trade Disputes on Overseas Taiwanese Businesspeople and Response	3
		October 8, 2019	Securities & Futures Institute	Countermeasures of Enterprises and Individuals with the Enforcement of the International Tax Co-operation Economic Substance Law and Global Anti-tax Evasion	3
Director	Li, Kuo-Hung	July 26, 2019	Securities & Futures Institute	2019 Promotion Seminar on Legal Compliance for Equity Trading by Internal Staff in Listed Companies	3
		October 8, 2019	Securities & Futures Institute	Countermeasures of Enterprises and Individuals with the Enforcement of the International Tax Co-operation Economic Substance Law and Global Anti-tax Evasion	3
Director and General Manager	Wu, Pei-Chi	July 15, 2019	Securities & Futures Institute	Impact of US-China Trade Disputes on Overseas Taiwanese Businesspeople and Response	3
		October 8, 2019	Securities & Futures Institute	Countermeasures of Enterprises and Individuals with the Enforcement of the International Tax Co-operation Economic Substance Law and Global Anti-tax Evasion	3
Director	Chen-Tu Liu	February 19, 2019	Taiwan Corporate Governance Association	2019 Global Trend Analysis—Risk and Opportunity	1
		May 8, 2019	Taiwan Corporate Governance Association	The Materiality of Environment, Society, and Governance (ESG) for Investment—Perspective from Aberdeen Standard Investments	1
		July 15, 2019	Securities & Futures Institute	Impact of US-China Trade Disputes on Overseas Taiwanese Businesspeople and Response	3
		August 27, 2019	Taiwan Corporate Governance Association	Artificial Intelligence in Taiwan: Opportunities and Challenges for Industrial Transformation	1
		October 8, 2019	Securities & Futures Institute	Countermeasures of Enterprises and Individuals with the Enforcement of the International Tax Co-operation Economic Substance Law and Global Anti-tax Evasion	3
		November 26, 2019	Taiwan Corporate Governance Association	Compliance and Monitoring	1
		November 27, 2019	Taiwan Corporate Governance Association	The 15th International Forum on Corporate Governance – Strengthening Corporate Governance Ecology and Implementation of Independent Directors System (whole-day forum)	6
Director	Wu, Hung-Chu	July 15, 2019	Securities & Futures Institute	Impact of US-China Trade Disputes on Overseas Taiwanese Businesspeople and Response	3
		October 8, 2019	Securities & Futures Institute	Countermeasures of Enterprises and Individuals with the Enforcement of the International Tax Co-operation Economic Substance Law and Global Anti-tax Evasion	3
		October 23, 2019	Securities & Futures Institute	Case study on financial statement fraud	3

Title	Name	Date of Training	Organizer	Course Title	Training Hours
		November 20, 2019	Securities & Futures Institute	Principles and Applications of Artificial Intelligence	3
Director	Ko, I-Shao	May 10, 2019	Securities & Futures Institute	2019 Insider Trading Prevention Seminar	3
		November 1, 2019	Taiwan Stock Exchange (TWSE)	Advocacy of Effective Performance of Board Functions	3
Independent Director	Chen, Ta-Hsiung	October 8, 2019	Securities & Futures Institute	Countermeasures of Enterprises and Individuals with the Enforcement of the International Tax Co-operation Economic Substance Law and Global Anti-tax Evasion	3
		November 21, 2019	Taiwan Stock Exchange (TWSE)	Advocacy of Effective Performance of Board Functions	3
Independent Director	Shen, Shang-Hung	January 18, 2019	Taiwan Corporate Governance Association	Evaluation of the effectiveness of the Board	3
		April 30, 2019	Taiwan Corporate Governance Association	Corporate Social Responsibility and Sustainable Competitiveness	3
		July 4, 2019	Securities & Futures Institute	The Focus of the Investee Business and the Supervision of Subsidiaries from the Internal Control and Financial Perspective	3
		July 15, 2019	Securities & Futures Institute	Impact of US-China Trade Disputes on Overseas Taiwanese Businesspeople and Response	3
Independent Director	Cheng, Tun-Chien	May 10, 2019	Taiwan Corporate Governance Association	Key Points and Practices Exploration for the Latest Amendment to the Company Act	3
		May 14, 2019	Taiwan Corporate Governance Association	Board Supervision on the Company's Corporate Risk Management and Crisis Management	3
		May 14, 2019	Taiwan Corporate Governance Association	How Does the Board of Directors Supervises Post-Merger Integration and Establish Management Mechanism	3
Director	Kuang-Che Huang	May 10, 2019	Securities & Futures Institute	2019 Insider Trading Prevention Seminar	3
		July 26, 2019	Securities & Futures Institute	2019 Seminar on Legal Compliance for Stock Transactions by Internal Personnel of Listed Companies and Non-Listed Companies	3
Director	Han-Tai Liu	July 15, 2019	Securities & Futures Institute	Impact of US-China Trade Disputes on Overseas Taiwanese Businesspeople and Response	3
		November 6, 2019	Taiwan Stock Exchange (TWSE)	Advocacy of Effective Performance of Board Functions	3

Title	Name	Date of Training	Organizer	Course Title	Training Hours
Corporate Governance Officer	Chen, Yung-Chih	July 24, 2019	Securities & Futures Institute	2019 Seminar on Legal Compliance for Stock Transactions by Internal Personnel of Listed Companies and Non-Listed Companies	3
		October 8, 2019	Securities & Futures Institute	Countermeasures of Enterprises and Individuals with the Enforcement of the International Tax Co-operation Economic Substance Law and Global Anti-tax Evasion	3
		October 25, 2019	Securities & Futures Institute	2019 Insider Trading Prevention Seminar	3
		November 21, 2019	Taiwan Stock Exchange (TWSE)	Advocacy of Effective Performance of Board Functions	3
		November 27, 2019	Taiwan Corporate Governance Association	The 15th International Forum on Corporate Governance—Strengthening the Corporate Governance Ecology and Implementing the Independent Director System	6
Accounting Manager	Chen, Cheng-Shun	March 20, 2019	Organized by the Company	Successful Performance Interview Skills	3
		July 11, 2019	Organized by the Company	Fair Trade Regulations and Practices	2
		July 15, 2019	Organized by the Company	Impact of US-China Trade Disputes on Overseas Taiwanese Businesspeople and Response	3
		August 15, 2019 to August 16, 2019	Accounting Research and Development Foundation	Ongoing Education for Securities Issuers, Securities Firms, and TWSE Chief Accounting Officer (Accounting, Auditing, Finance, and Ethics)	12
		October 8, 2019	Organized by the Company	Countermeasures of Enterprises and Individuals with the Enforcement of the International Tax Co-operation Economic Substance Law and Global Anti-tax Evasion	3
		October 15, 2019	Organized by the Company	Artificial Intelligence in Taiwan: Opportunities and Challenges for Industrial Transformation	3
Finance Manager	Shih, Ju-Hsuan	March 20, 2019	Organized by the Company	Successful Performance Interview Skills	3
		March 27, 2019	Organized by the Company	Seminar on Employee Improvement Program for Supervisors	1
		May 22, 2019	Organized by the Company	Common Disputes of Business Secrets through Case Study	3
		July 11, 2019	Organized by the Company	Fair Trade Regulations and Practices	2
		October 02, 2019	Yuanta Financial Holdings	Seminar on Returning of Overseas Funds to Taiwan	3
		October 8, 2019	Organized by the Company	Countermeasures of Enterprises and Individuals with the Enforcement of the International Tax Co-operation Economic Substance Law and Global Anti-tax Evasion	3
Auditor	Lin, Chia-Huei	March 14, 2019	Organized by the Company	Meeting Challenges and Seizing Opportunities— Application of CBC	3
		May 22, 2019	Organized by the Company	Common Disputes of Business Secrets through Case Study	2
		July 11, 2019	Organized by the Company	Fair Trade Regulations and Practices	6
		August 2, 2019	Computer Audit	When IA meets AI	6

Title	Name	Date of Training	Organizer	Course Title	Training Hours
			Association		
		October 4, 2019	Computer Audit Association	Security Incident Response Mechanism and Key Audit Matters	3
		October 15, 2019	Organized by the Company	Artificial Intelligence in Taiwan: Opportunities and Challenges for Industrial Transformation	3
		November 8, 2019	Organized by the Company	Green and Environmental Cooling Water Tower Technology Seminar	2
Auditor	Chia-Fang Chuang	May 15, 2019	Organized by the Company	Double the Efficiency of Expression at Work	3
		June 4, 2019	Internal Audit Association of the Republic of China	Strengthening the Functions of the Three Lines of Defense and the Analysis of Board Operation Mechanisms (Including Reporting Mechanisms)	6
		July 10, 2019	Internal Audit Association of the Republic of China	Auditing Practice for Industrial Data and Material System of Manufacturing Industry	6
		July 11, 2019	Organized by the Company	Fair Trade Regulations and Practices	2
		August 28, 2019	Organized by the Company	The Most Trendy Topic in Technology—Relevant Applications In The Digital Age	2
		October 15, 2019	Organized by the Company	Artificial Intelligence in Taiwan: Opportunities and Challenges for Industrial Transformation	3

The number of learning hours, scope of learning, learning systems, arrangements and information on the above-mentioned training sessions which comply with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies shall be disclosed.

Note 1: For Directors and Supervisors who are institutions, the name of institutional shareholders and their representatives shall be disclosed.

Note 2: (1) Where a Director or a Supervisor resigns before the end of the fiscal year, the Remarks column shall be filled with the Director's or Supervisor's resignation date, whereas his/her rate of attendance in person (%) shall be calculated based on the number of Board of Directors' meetings held and the actual attendance in person during the period during his/her term of office.

(2) If Directors or Supervisors are re-elected before the end of the fiscal year, incoming and outgoing Directors or Supervisors shall be listed accordingly, and the Remarks column shall indicate whether the status of a Director is "outgoing," "incoming," or "re-elected," and the date of re-election. The Director's rate of attendance in person (%) shall be calculated based on the number of Board of Directors' Meetings held and the actual attendance in person during his/her term of office.

(II) Information Regarding the Implementation of the Audit Committee or the Participation of Supervisors in the Operations of the Board of Directors

1. Operations of the Audit Committee:

(1) The duties and responsibilities as set out in Article 6 of the Company's Audit Committee Charter are as follows:

- Adoption of or amendment to internal control systems in accordance with Article 14-1 of the Securities and Exchange Act.
- Evaluation of the effectiveness of internal control systems.
- Adoption of or amendment to, pursuant to Article 36-1 of the Act, the handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.
- Items involving the interests of Directors
- Major assets or derivative trading.

- Major loaning of funds, making of endorsements or provision of guarantees.
- Offering, issuance, or private placement of any equity-type securities.
- Appointment, dismissal, and compensation of CPAs.
- Appointments and dismissal of finance, accounting, and internal audit managers.
- Annual financial reports signed and sealed by the Chairman, a managerial officer, and the accounting manager.
- Accept and deal with whistleblowing cases in accordance with the functions listed in this article.
- Other major items required by other companies or the competent authority.

(2) The Audit Committee met 6 times (A) in the most recent year. The attendance of Independent Directors was as follows:

Title	Name	Number of Attendance in Person (B)	Number of Attendance by Proxy	Attendance Rate (%) (B/A) (Note)	Notes
Independent Director	Shen, Shang-Hung	5	1	83.33	Elected as an Independent Director during a re-election at the Annual General Meeting held on June 24, 2019
Independent Director	Chen, Ta-Hsiung	4	2	66.67	
Independent Director	Cheng, Tun-Chien	6	0	100	

(3) The key work items reviewed in the most recent year mainly included:
- Annual accounts review and earnings distribution.
- Modification of the internal control system
- CPA fees.
- CPA appointment and independence evaluation.
- Assessing the effectiveness of the internal control system.
- Interim financial report.
- Audit plan.

Review the annual financial statements and earnings distribution proposal and issue audit reports.

The Company revised its internal control system in order to revise the procedures for handling the acquisition or disposal of assets, the internal control system standard for the stock affairs unit, the Audit Committee Charter, and the measures for handling cases of illegal and unethical or dishonest conduct.

Assess the effectiveness of the internal control system and issue the Internal Control System Statement.

Other matters to be noted:

I. If any of the following applies to the operations of the Audit Committee, the date and session of the Board of Directors' Meeting, as well as the resolutions, resolutions of the Audit Committee and the Company's actions in response to the opinions of the Audit Committee shall be stated.

(I) Items listed in Article 14-5 of the Securities and Exchange Act

Audit Committee	Resolution and Subsequent Actions	Items Listed in Article 14-5 of the Securities and Exchange Act	Other resolutions passed by two thirds of all Directors but yet to be approved by the Audit Committee
14th meeting of the 1st Audit Committee February 13, 2019	Investment in the construction of ethylene storage tanks and ethylene underground pipelines	Yes	No
	Audit Committee's suggestions: (1) Considering that the owner of the storage tanks and the investor are not the same person, the accounting affairs of the relevant investors shall be confirmed by CPAs. (2) Rights and obligations of the owner and the investor of the storage tanks shall be specified in the contract to safeguard the Company's interests.		
	Audit Committee's resolution: All members in attendance unanimously passed the proposal and submitted it to the Board of Directors for discussion.		
	The Company's actions in response to the opinions of the Audit Committee: All Directors present voted in favor of the resolution.		
15th meeting of the 1st Audit Committee March 6, 2019	1. 2018 Account Book	Yes	No
	2. 2018 earnings distribution proposal	Yes	No
	3. Proposal for compensation paid to the CPAs for 2018	Yes	No
	4. Change of appointment of CPAs and assessment of their independence	Yes	No
	5. Issuance of the 2018 "Statement on Internal Control System"	Yes	No
	6. Amend certain articles in the Procedures for Handling Acquisitions or Disposal of Assets.	Yes	No
	Audit Committee's resolution: All members in attendance unanimously passed the proposal and submitted it to the Board of Directors for discussion.		
	The Company's actions in response to the opinions of the Audit Committee: All Directors present voted in favor of the resolution.		
16th meeting of the 1st Audit Committee May 9, 2019	Amendment to the Company's internal control system.	Yes	No
	Audit Committee's resolution: All members in attendance unanimously passed the proposal and submitted it to the Board of Directors for discussion.		
	The Company's actions in response to the opinions of the Audit Committee: All Directors present voted in favor of the resolution.		
2nd meeting of the 2nd Audit Committee August 7, 2019	1. Review of the 2019 Q2 Consolidated Financial Report	Yes	No
	2. Amendment to certain articles of the Audit Committee Charter	Yes	No
	Audit Committee Resolution: All members in attendance unanimously passed the proposals and submitted it to the Board of Directors for discussion.		
	The Company's actions in response to the opinions of the Audit Committee: All Directors present voted in favor of the resolution.		
3rd meeting of the 2nd Audit Committee November 12, 2019	1. Amendment to the certain clauses of "Handling Cases of Illegal and Unethical or Dishonest Conduct"	Yes	No
	2. Review of the 2020 audit plan.	Yes	No
	3. Change of chief internal auditor.	Yes	No
	Audit Committee Resolution: All members in attendance unanimously passed the proposals and submitted it to the Board of Directors for discussion.		
	The Company's actions in response to the opinions of the Audit Committee: All Directors present voted in favor of the resolution.		

(II) In addition to the items in the preceding items, other resolutions passed by two-thirds of all the Directors but yet to be approved by the Audit Committee: None.

II. Any recusals of Independent Directors due to conflicts of interest, the name of the Independent Director, the content of proposal, the reason of recusal, and the participation in the voting shall be stated: None.

III. Communication between the Independent Directors, the Company's chief internal auditor, and CPAs (e.g. the material items, methods, and results of audits of corporate finance or operations, etc.)

(I) Besides submitting the monthly audit reports to Independent Directors for review, the head of the internal audit department also reports major audit findings to each Independent Director in the Audit Committee meeting.
Both the Company's Audit Committee and the chief internal auditor have maintained good communication.

Summary of communication between Independent Directors and the Company's chief internal auditor in 2019:

Audit Committee	Key Communications Points	Suggestions and Results
14th meeting of the 1st Audit Committee February 13, 2019	1. 14th internal audit execution report for the 1st term.	No dissenting opinions
15th meeting of the 1st Audit Committee March 6, 2019	1. 15th internal audit execution report for the 1st term. 2. Review of the 2018 Internal Control System Statement.	No dissenting opinions
16th meeting of the 1st Audit Committee May 9, 2019	1. 16th internal audit execution report for the 1st term. 2. The Company’s internal control system was revised in response to changes in its organization and various operations,and in accordance with the Standard Regulations on Interal Control System for Stock Affairs Unit annuounced and amended by the Taiwan Depository & Clearing Corporation.	No dissenting opinions
1st meeting of the 2nd Audit Committee July 5, 2019	1st internal audit execution report for the 2nd term.	No dissenting opinions
2nd meeting of the 2nd Audit Committee August 7, 2019	2nd internal audit execution report for the 2nd term.	No dissenting opinions
3rd meeting of the 2nd Audit Committee November 12, 2019	1. 3rd internal audit execution report for the 2nd term 2. Review of 2020 annual internal audit plan. 3. Because of the job adjustment of Chuang, Chia-Fang, the chief internal auditor, the Company planned to have Lin, Chia-Huei, a senior auditor, take over as the chief internal auditor, which would be effective from the date of approval by the Board of Directors.	No dissenting opinions

(II) CPAs compile information on the audit of the Company's consolidated financial statements (annual financial statements including parent company-only financial statements) and review of governance-related matters, and report them to the Audit Committee; In case of major anomalies, they may call a meeting at any time, in accordance with the Auditing Standards Bulletin No. 39 - Communication with Those Charged with Governance and the letter with the Ref No. Tai Tsai Cheng Liu Tzu 0930105373 issued by SFB on March 11, 2004. Both the Company's Audit Committee and CPAs have maintained good communication.

Summary of meetings between the Independent Directors and CPAs in 2019:

Audit Committee	Key Communications Points	Suggestions and Results
15th meeting of the 1st Audit Committee March 6, 2019	1. The CPAs' audit status and report on the 2018 Consolidated and Parent Company Only Financial Statements reports (including key audit matters (KAM)). 2. The CPAs and the members of the audit team have stated compliance to the No. 10 Statement on Professional Ethics Standards for ROC Accountants published by the ROC Certified Public Accountants Association and the Certified Public Accountant Act of the Republic of China and have not violated independence requirements. 3. The CPAs have discussed and communicated with attendees on the questions they raised with regard to major legal amendments and their impact.	No dissenting opinions
2nd meeting of the 2nd Audit Committee August 7, 2019	1. CPAs' audit report for the consolidated financial statements for Q2 2019. 2. The CPAs have discussed and communicated with attendees on the questions they raised with regard to major legal amendments and their impact.	No dissenting opinions
3rd meeting of the 2nd Audit Committee November 12, 2019	1. CPAs' audit report for the consolidated financial statements for Q3 2019. 2. Communication on the 2019 audit plan report and key audit matters in the audit report. 3. The CPA have discussed and communicated with attendees on the questions they raised with regard to major legal amendments and their impact.	No dissenting opinions

Note:

* Where an Independent Director resigns before the end of the fiscal year, the Remark column shall be filled with the Independent Director's resignation date, whereas his/her percentage of attendance in person (%) shall be calculated based on the number of meetings held by the Audit Committee and the actual number of meetings attended during his/her term of office.

* If Independent Directors are re-elected before the end of the fiscal year, incoming and outgoing independent directors shall be listed accordingly, and the Remark column shall indicate whether the status of an Independent Director is "outgoing," "incoming," or “re-elected”and the date of re-election. The rate of attendance in person (%) is calculated based on the number of meetings held by the Audit Committee and the actual number of meetings attended during the member's term of office.

2. Participation of Supervisors in the operations of the Board of Directors:
Not applicable as the Company has an Audit Committee that replaces the functions of supervisors.

(III) Implementation of Corporate Governance, Discrepancies Between its Implementation and the Corporate Governance Best Practice Principles for TWSE or TPEx Listed Companies, and Reasons for such Discrepancies

Evaluation Item	Implementation Status (Note 1)			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
I. Has the company formulated and disclosed its corporate governance best practice principles in accordance with the "Corporate Governance Best Practice Principles for TWSE or TPEx Listed Companies"?	V		The Company has established its "Corporate Governance Best Practice Principles" in compliance with the "Corporate Governance Best-Practice Principles for TWSE or TPEx Listed Companies" to promote the implementation of corporate governance and disclosed the information on its website.	No significant deviation
II. Shareholding Structure and Shareholders' Rights				
(I) Has the company established an internal operating procedure for handling matters related to shareholders' recommendations, doubts, disputes and lawsuits, and implemented them accordingly?	V		(I) The Company has appointed dedicated personnel to take change of such matters.	No significant deviation
(II) Does the company maintain a list of major shareholders who have actual control over the Company and persons who have ultimate control over the major shareholders?	V		(II) The Company has maintained contact with its major shareholders and persons who have ultimate control over the major shareholders.	No significant deviation
(III) Has the company established and implemented risk control and firewall mechanisms among its affiliated companies?	V		(III) The Company has established and implemented a system to supervise its subsidiaries.	No significant deviation
(IV) Has the company formulated internal regulations that prohibit insiders of the Company from trading securities using undisclosed information in the market?	V		(IV) The Company has formulated its Procedures for Ethical Management and Guidelines for Conduct, in which Article 14 stipulates the prevention of insider trading.	No significant deviation
III. Composition and Responsibilities of the Board of Directors				
(I) Has the Board of Directors drawn up policies on diversity of its members and implemented them?	V		(I) According to Article 20 of the Company's Corporate Governance Best Practice Principles, diversity shall be considered in the composition of the Company's Board of Directors, and members of the Board of Directors shall possess the knowledge, skills, and qualities required to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities: 1. Ability to make sound business judgment; 2. Ability to conduct accounting and financial analysis; 3. Business management ability; 4. Crisis management ability; 5. Knowledge of the industry; 6. An understanding of international markets; 7. Leadership; 8. Ability to make decisions. In addition to the eight competencies above, the Company has added two professional abilities, namely legal capability and environmental protection, for the diversification of the Board members by taking into consideration the growing importance of the current global issues concerning corporate governance and environmental protection. At present, existing members of the Board of Directors possess the knowledge, skills, and qualities required to perform their duties, and specialize in professional areas including accounting and finance, international markets, law and environmental protection. As for Board diversity, it is planned to engage one more Director with legal professional experience, particularly those with legal licenses and practice experience in technology law, so as to strengthen the protection of the Company's patent rights in the future; it is also planned to engage another Director with risk management expertise to enhance the Company's sustainable competitiveness. To have Directors with legal, risk control, or other specialties on the Board of Directors is the goal in Board diversity, which will further improve the functions of the Company's board of directors.	No significant deviation

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status (Note 1)</th><th rowspan="2">Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td></td><td></td><td></td><td>

For details on the diversity of Board members, please refer to the table below:

Name of Director	Gender	Diversified Core Competences: Business judgment	Accounting and Finance	Business management	Crisis management	Knowledge of the industry	International markets	Leadership	Decision-making ability	Law	Environmental protection
Wu, Quintin	Male	V	V	V	V	V	V	V	V		
Li, Kuo-Hung	Male	V	V	V	V	V	V	V	V		V
Wu, Pei-Chi	Male	V		V	V	V	V	V	V		
Chen-Tu Liu	Male	V	V	V	V			V	V	V	
Wu, Hung-Chu	Male	V		V	V			V	V		
Ko, I-Shao	Male	V		V	V	V	V	V	V		
Chen, Ta-Hsiung	Male	V	V	V	V		V	V	V	V	
Shen, Shang-Hung	Male	V	V	V	V		V	V	V		V
Cheng, Tun-Chien	Male	V	V	V	V		V	V	V		

Evaluation Period: January 1 to December 31, 2019.
The Company's Directors with employee status accounted for 22% and Independent Directors with employee status 33%; all three Independent Directors have served for three years; three Directors are among 70-79 years old, another three among 60-69 years old, another two among 50-60 years old, and the remaining one director is 50 years old or under.

</td><td></td></tr>
<tr><td>(II) Has the company voluntarily established functional committees other than the Remuneration Committee and Audit Committee that are established in accordance with the law?</td><td>V</td><td></td><td>(II) The Company has established a Remuneration Committee and an Audit Committee, and exercises its authority in accordance with its "Remuneration Committee Charter" and "Audit Committee Charter" with positive performance. The Company has voluntarily established a Corporate Social Responsibility Committee which exercises its authority in accordance with the "Corporate Social Responsibility Committee Charter" with positive performance.</td><td>No significant deviation</td></tr>
<tr><td>(III) Does the company formulate the performance evaluation methods for the Board of Directors, conduct performance evaluations annually and regularly, and report the results of the performance evaluations to the Board of Directors, and use them as a reference for individual Directors' remuneration and nomination and renewal?</td><td>V</td><td></td><td>

(III) The Company has formulated rules and procedures for evaluating the performance of the Board of Directors and conducts it annually.

I. Performance Evaluation of the Board of Directors

1. The Company's Board of Directors of the passed the amendment to the Board of Directors Assessment Regulations on November 12, 2019, and conducts performance assessment of the Board of Directors, the Audit Committee, and the Remuneration Committee regularly each year. An internal assessment shall be conducted at the end of each year in accordance with these Regulations.
2. The performance assessment of the Board of Directors of the Company includes the following five aspects:
   (1) Their degree of participation in the Company's operations.
   (2) Improvement in the quality of decision making by the Board of Directors.
   (3) The composition and structure of the Board of Directors.
   (4) The election of the Directors and their continuing professional education.
   (5) Internal control.
3. The performance assessment of the Board of Directors is performed by the Secretariat of the Board using internal self-assessment. The results of performance assessment will be adopted as reference for the Company’s review and improvement.

</td><td>No significant deviation</td></tr>
</table>

Evaluation Item	Implementation Status (Note 1)			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			(continued below)	

4. The Company completed the performance assessment of the Board of Directors in January 2020 with an evaluation period from January 1, 2019 to December 31, 2019. The results of this year's assessment were all positive.
   Suggestions and improvements to the Board of Directors are as follows:
   It is advised that , relevant units provide the Directors with information on the Company's latest major operating conditions, changes in the management team, and the opportunities and challenges faced by the industry when necessary, so that they can understand the Company's existing risks, and thus make more specific suggestions on the Company's operational strategies.
   The Company has engaged a Corporate Governance Officer in May 2019. In the future, the Company will assist in compiling the latest relevant laws and regulations within the Company's business scope, put them forward at Board meetings for discussion, and keep the Board members informed accordingly from time to time. When necessary, Directors shall be provided with the necessary corporate information and assistance in communication and interaction with supervisors in charge of various business categories.
5. The results of the performance assessment of the Board of Directors were reported to the Board of Directors meeting in the first quarter of 2020.

II. Evaluation of the Audit Committee's performance

The Audit Committee's performance evaluation cover the following items:
1. Degree of participation in corporate operations.
2. Understanding of the Audit Committee's duties.
3. Improvement of the decision-making quality of the Audit Committee.
4. Composition of the Audit Committee and selection of committee members
5. Internal control.

The performance evaluation of the Audit Committee is conducted by the Accounting Division using an internal questionnaire to evaluate the operation of the Audit Committee. The results of performance evaluation will be adopted as reference for the Company's review and improvement.

Upon full collection of the questionnaires in January each year, the Company's Accounting Division will report the results to the Board of Directors in accordance with the Board of Directors Assessment Regulations.

The performance evaluation of the Audit Committee of the Company (evaluation period from January 1, 2019 to December 31, 2019) was completed in January 2020. The results of the performance evaluation of the Audit Committee was reported to the Board of Directors for review and improvement in March 2020 with a view to fulfilling the duties of the Audit Committee as a priority.

The evaluation results for each item are as follows:

Evaluation Item	Results
Degree of participation in the Company's operations	Excellent
Understanding of duties of the Audit Committee	Excellent
Improvement of the decision-making quality of the Audit Committee	Excellent
Composition of the Audit Committee and selection of committee members	Excellent
Internal control	Excellent

III. Evaluation of the Remuneration Committee's performance
1. The Remuneration Committee's performance evaluation covers the following four items:

Evaluation Item	Implementation Status (Note 1)			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			(1) Their degree of participation in the Company's operations. (2) Understanding of duties of the Remuneration Committee. (3) Improvement of the decision-making quality of the Remuneration Committee. (4) Composition of the Remuneration Committee and selection of committee members 2. The performance evaluation of the Remuneration Committee is conducted by the Human Resources Division using an internal questionnaire for members to perform self-evaluation by themeselves. The results of performance evaluation will be adopted as reference for the Company's review and improvement. 3. The Company completed the performance evaluation of the Remuneration Committee in January 2020 with an evaluation period from January 1, 2019 to December 31, 2019. The results of the 2019 evaluation, which covered all major aspects, were reported to the Board of Directors for review in the first quarter of 2020 and adopted as a reference for lean management. 4. The results of performance assessment results for the Board of Directors (Audit Committee) for 2019 have been disclosed on the Company's website in January 2020 as well as reported to the first Board of Directors meeting in 2019 (March 5, 2020).	
(IV) Does the company regularly evaluate the independence of CPAs?	V		(IV) In accordance with Article 30 of the Corporate Governance Best Practice Principles, the Company shall assess the independence of CPAs regularly. The Company has approved the independent assessment standards as in Note 2 and the statement issued by the CPAs as in Note 3 at the Board of Directors meeting on March 5, 2019 (first meeting in 2020).	No significant deviation
IV. Has the TWSE/TPEx listed company designated an appropriate number of qualified corporate governance personnel and appointed a corporate governance officer responsible for matters related to corporate governance (including but not limited to providing directors and supervisors with the necessary information for operation, assisting directors and supervisors in following regulations, handling matters related to Board meetings and the shareholders' meetings in accordance with the regulations, preparing minutes for Board meetings and the shareholders' meetings, etc.)?	V		In order to safeguard the interests of the shareholders and strengthen the functions of the Board of Directors, the Company has appointed Chen, Yung-Chih, Head of Legal Division, as the Corporate Governance Officer, the top-level manager in charge of corporate governance, as approved by the Board of Directors on May 9, 2019. Chen, Yung-Chih has over three years of experience holding the position as the head of a legal unit in a listed company. His main duties are to handle matters related to Board of Directors meetings and the shareholders' meetings in accordance with the laws, prepare minutes of the said meetings, assist Directors with their appointment and continuing education, provide information required by the Directors to perform their duties, and assist them with compliance. Key points for business execution in 2019: I. Assist Directors in performing their duties and provide them with necessary information, as well as arrange continuing education and purchase liability insurance for Directors: 1. Compile the latest laws and regulations related to the business areas and corporate governance of the Company, put them forward at the Board of Directors meeting for discussion, and keep members of the Board informed accordingly from time to time. 2. Assist Directors, upon request, in understanding the regulations to be complied with in the execution of their business. 3. Provide corporate information required by the Directors and assist them with communication and interaction with supervisors in various business categories. 4. Assist Independent Directors in arranging meetings with the chief internal auditor or CPAs to understand the financial and business needs of the Company. 5. Assist the Company in arranging at least six hours of continuing education for Board members.	No significant deviation

6. Confirm that the Company has purchased the "Directors and Supervisors and Important Staff Liability Insurance" for the members of the Board and reported to the Board of Directors.

II. Procedures for Board of Directors meetings and the shareholders’ meetings and compliance regarding confirmation of resolutions:

1. Prepare notice and agenda of Board of Directors meetings in accordance with laws; where Directors have to recuse themselves from the agenda items, they shall be reminded beforehand; the minutes shall be prepared within the statutory period.
2. Registered the date of the shareholders' meeting in advance according to the law and prepared the meeting notice, handbook, and meeting minutes within the statutory time limit.
3. Confirm that the convening of the Board of Directors' meetings and shareholders’ meetings, procedures for resolutions, and minutes of the said meetings are in compliance with relevant laws and regulations and the Corporate Governance Best Practice Principles.
4. Change registration

III. Maintain investor relations:

The Company’s website is updated from time to time to keep investors abreast of the Company’s financial, business, and corporate governance information in order to protect shareholders' rights and interests.

Directors' continuing education in 2019 is as follows:

Pursuant to Article 24 of the "Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers," a listed company shall arrange continuing professional education for its corporate governance officer.

The Corporate Governance Officer shall receive at least 12 hours of continuing education each year, except for at least 18 hours within one year for the first term commencing from the date of his/her appointment.

Date of Training	Organizer	Course Title	Training Hours	Total training hours during the year
July 24, 2019	Securities & Futures Institute	2019 Seminar on Legal Compliance for Stock Transactions by Internal Personnel of Listed Companies and Non-Listed Companies	3	18
October 8, 2019	Securities & Futures Institute	Countermeasures of Enterprises and Individuals with the Enforcement of the International Tax Co-operation Economic Substance Law and Global Anti-tax Evasion	3	
October 25, 2019	Securities & Futures Institute	2019 Insider Trading Prevention Seminar	3	
November 21, 2019	Taiwan Stock Exchange (TWSE)	Advocacy of Effective Performance of Board Functions	3	
November 27, 2019	Taiwan Corporate Governance Association	The 15th International Forum on Corporate Governance—Strengthening the Corporate Governance Ecology and Implementing the Independent Director System	6	

V. Has the Company established channels of communication with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), dedicated a section of the Company's website for stakeholder affairs, and adequately responded to stakeholders' inquiries on significant corporate social responsibility issues?	V		The Company has set up a stakeholders' section under Corporate Social Responsibility on its website featuring contact information and channels of communication, as well as disclosing information regarding the quality, environment, occupational safety and health policies, employee rights, as well as social and product liabilities.	No significant deviation

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status (Note 1)</th><th rowspan="2">Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td>VI. Does the Company commission a professional shareholder services agency to arrange shareholders' meetings and other relevant affairs?</td><td></td><td>V</td><td>The Company takes charge of its own stockholder affairs and handles matters related to shareholders' meetings in accordance with the law.</td><td>The Company handles its own shareholder services to ensure quality and efficiency.</td></tr>
<tr><td>VII. Information Disclosure
(I) Has the Company established a website to disclose information on financial operations and corporate governance?
(II) Has the Company adopted other means of information disclosure (such as establishing a website in English, appointing specific personnel to collect and disclose Company information, implementing a spokesperson system, and disclosing the process of investor conferences on the Company’s website)?
(III) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?</td><td>V
V</td><td>

V</td><td>(I) The Company has set up a website and regularly discloses company information.
(II) The Company has designated dedicated personnel in charge of the collection and disclosure of company information and has implemented a spokesperson system.
(III) The Company has not announced and declared its annual financial report within two months after the end of the fiscal year but has announced and declared its quarterly financial reports, monthly revenue, and endorsement and guarantee information in advance of the specified period.</td><td>No significant deviation
No significant deviation
No significant deviation</td></tr>
<tr><td>VIII. Has the company provided important information to better understand the state of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders’ rights, progress of training of Directors and Supervisors, risk management policy and implementation of risk impact standards, implementation of customer policies and the Company’s purchase of liability insurance for its Directors and Supervisors)?</td><td>V</td><td></td><td>(I) The Company provides its employees with comprehensive health care. In addition to the formulation of guidelines related to employee assistance services and gender equality in the workplace, the Company provides annual health checkups, sports and fitness equipment, organizes various outdoor recreational activities and talks on mental, emotional and spiritual health, purchases group insurance and issues LOHAS e-newsletters . Furthermore, the Company's employees have voluntarily set up the Employee Assistance Program Center (EAPC) to help their colleagues solve work, life and psychological problems.
(II) The Company has always been committed to the principle of equal opportunities, and recognizes the contribution of employees from different backgrounds. The Company adopts an open selection process and hires the right talent for the right position, instead of restricting employees' career development based on their race, gender, age, religion, nationality or political affiliation.
(III) The Company has appointed a spokesperson to answer various types of questions raised by shareholders and serves as the bridge to connect the Company with its shareholders. Additionally, the Company maintains contact with its major shareholders.
(IV) The Company maintains a good relationship with major suppliers, and the supply status is normal.
(V) The Company maintains a good and stable relationship with its customers in order to generate profits.
(VI) The Company encourages its directors to participate in continuing education. In addition to providing its directors with various information on continuing education, the Company organizes such courses from time to time and invites its directors to attend courses related to corporate governance.
(VII) Purchase of liability insurance for the Company's Directors and Supervisors: The Group has purchased liability insurance for its Directors, Supervisors, and key employees. In 2018, the total amount of co-insurance was US$35 million and the insurance policy was for the period from May 1, 2019 to May 1, 2020. Relevant information can be obtained from MOPS. Matters related to liability insurance have been included in the Board of Directors' report on May 9, 2019.</td><td>No significant deviation</td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status (Note 1)</th><th rowspan="2">Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td colspan="5">IX. Improvements made in the most recent fiscal year in response to the results of corporate governance evaluation conducted by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and improvement measures and plans for items yet to be improved (Leave this section blank if the Company is not included in the evaluation process)
Parts that have been improved are as follows:
No. Contents
Number 1.4 The Chairman of the Company attends the shareholders’ meeting in person.
Number 2.20 For every Board of Directors' meeting, the Company has arranged at least two Independent Director to attend in person.
Number 2.21 In 2019, the Board of Directors resolved to appoint a Corporate Governance Officer to be responsible for related corporate governance affairs and disclosed the scope of duties, key business implementation items, and continuing education on the company website and Annual Report.
Number 2.22 A self-assessment of the performance of the Board of Directors and functional committees for the period of 2019 was conducted. The results of the performance assessment were published on the Company’s website
Number 4.5 in January 2020 and reported to the first meeting of the Board of Directors in 2020 (March 5, 2020).
Obtain third-party assurance for the CSR Report.

Parts prioritized for improvement are as follows:
No. Contents
Number 3.10 It is planned that the financial reports shall be approved by the Board of Directors or reported to the Board of Directors seven days before the announcement period, and that the financial reports shall be announced within one day after the date of approval or the reporting date.</td></tr>
</table>

Note: Regardless of whether "Yes" or "No" is selected, provide a brief description in the Summary column.

Note 2: CPA independence evaluation criteria

Item	Evaluation results	Meet independence criteria
1. As of the most recent assurance operation, no CPA has yet to be replaced for seven (7) years.	Yes	Yes
2. The CPA does not have significant financial interest in his/her client.	Yes	Yes
3. The CPA avoids any inappropriate relationship with his/her trustor.	Yes	Yes
4. The CPA shall ensure that his/her assistants are honest, fair, and independent.	Yes	Yes
5. The CPA may not perform audit and assurance services on the financial statements of companies he/she has served within two (2) years before practicing.	Yes	Yes
6. The CPA may not permit others to practice under his/her name.	Yes	Yes
7. The CPA does not own any shares of the Company and its affiliated companies.	Yes	Yes
8. The CPA has not engaged in lending and borrowing of money with the Company and its affiliated companies.	Yes	Yes
9. The CPA has not engaged in joint investments or benefit sharing with the Company or its affiliated companies.	Yes	Yes
10. The CPA does not concurrently serve as a regular employee of the Company or its affiliated companies and does not receive a fixed salary from them.	Yes	Yes
11. The CPA is not involved in the decision-making process of the Company and its affiliated companies.	Yes	Yes
12. The CPA does not concurrently engage in other businesses that may lead to loss of independence.	Yes	Yes
13. The CPA does not have a spouse, immediate family members or relatives within the second degree of kinship who serve in the senior management of the Company.	Yes	Yes
14. The CPA has not collected any commission related to his/her service.	Yes	Yes
15. As of now, the CPA has not engaged in any matter that may result in disciplinary actions taken against him/her or cause damage to the principle of independence.	Yes	Yes

Note 3: Letter of Declaration issued by CPA

Chin Shen No. 10901054 dated February 11, 2020

Attn: Asia Polymer Corporation

Subject: The firm intends to accept the offer to audit your company's financial statements for 2020. In accordance with the No. 10 Bulletin-"Integrity, Objectivity and Independence" in the Norm of Professional Ethics for Certified Public Accountant of the Republic of China set forth by the National Federation of Certified Public Accountant Associations of the Republic of China, the members of the audit team declare that they have complied with the following regulations without committing violations of independence.

Explanation:

I. Members of the audit team and their spouses and dependents are not involved in the following:
   1. Directly or indirectly hold significant financial interests in your company
   2. Have business relations with your company or directors, supervisors and managerial officers at your company, where such relations may affect our independence

II. During the audit, members of the audit team, their spouses and dependents do not serve as directors, supervisors or managerial officers at your company or do not assume positions that may directly and significantly affect the auditing process.

III. Members of the audit team do not have spouses, immediate family members or relatives within the second degree of kinship who serve as directors, supervisors or managerial officers at your company.

IV. Members of the audit team have not received gifts or presents of significant value (where their values have not exceeded the general etiquette standards) from your company or directors, supervisors, managerial officers or major shareholders at your company.

V. Members of the audit team have performed the necessary procedures for evaluating independence or conflict of interests and have not been found to commit independence violations or be involved in unresolved conflicts of interest.

Deloitte, Taiwan

CPA Cheng-Chun Chiu

(IV) If the company has established a remuneration committee, the composition and operations of the committee shall be disclosed:

1. Information regarding the members of the Remuneration Committee

Title (Note 1)	Criteria / Name	Does the individual have over 5 years of professional experience and the following professional qualifications?			Independence criteria (Note 2)										Number of other public companies in which the individual is concurrently serving as an remuneration committee member	Notes
		Serve as an instructor or higher positions in a private or public college or university in the field of business, law, finance, accounting, or other departments relevant to the business of the Company	Serve as a judge, prosecutor, lawyer, certified public accountant or other professional or technical specialists who have passed the relevant national examinations and successfully obtained certificates in professions necessary for the business of the Company	Work experience in business, law, finance, accounting or other areas relevant to the business of the Company	1	2	3	4	5	6	7	8	9	10		
Independent Director	Shen, Shang-Hung			V	V	V	V	V	V	V	V	V	V	V	1	
Independent Director	Chen, Ta-Hsiung			V	V	V	V	V	V	V	V	V	V	V	0	
Independent Director	Cheng, Tun-Chien			V	V	V	V	V	V	V	V	V	V	V	3	

Note 1: Fill "Director", "Independent Director" or "Others" in the Title column.

Note 2: Please check the corresponding boxes that apply to a member during the two years prior to being elected or during the term(s) of office.

(1) Not an employee of the Company or any of its affiliates.

(2) Not a director or supervisor of the company or any of its affiliates. (however, if an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with this Act or local laws and regulations, this requirement shall not apply).

(3) Not a natural person shareholder who holds more than one (1) percent of total shares issued by the Company or is one of the top 10 shareholders by number of shares held, including shares held in the name of the person's spouse and minors, or in the name of others

(4) Not a manager listed in (1) or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship listed in (2) and (3).

(5) Not a director, supervisor, or employee of a corporate shareholder who directly holds more than 5% of the Company's total issued shares, who are among the top five shareholders, or who designates its representative to serve as a director or supervisor of the Company in accordance with Paragraph 1 or 2, Article 27 of the Company Act (however, if an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with this Act or local laws and regulations, this requirement shall not apply).

(6) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person (however, if an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with this Act or local laws and regulations, this requirement shall not apply).

(7) Not a director (or a managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses (however, if an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with this Act or local laws and regulations, this requirement shall not apply).

(8) Not a director, supervisor, manager, or shareholder holding 5% or more of the shares of a specific company or institution which has a financial or business relationship with the Company (however, if a specific company or institution holds more than 20% and no more than 50% of the total issued shares of the Company and if the independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with this Act or local laws and regulations, this requirement shall not apply).

(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Security and Exchanges Act or to the Business Mergers and Acquisitions Act or relevant laws or regulations.

(10) Where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.

2. Responsibilities of the Remuneration Committee:

The Remuneration Committee shall exercise the care of a good administrator to faithfully fulfill the following functions and powers, and submit the recommendations to the Board of Directors for deliberation:

(1) Regularly review the Committee Charter and propose recommendations to amend it when necessary.

(2) Establish and regularly review the annual and long-term performance targets, as well as remuneration policies, systems, standards and structure of the Company's Directors and managerial officers.

(3) Regularly evaluate the performance targets of the Company's managerial officers, and formulate the package and amount of their remuneration individually

3. Operations of the Remuneration Committee

(1) The Company's Remuneration Committee consists of three (3) members.

(2) The term of office of the current members of the Remuneration Committee: July 5, 2019 to June 23, 2022. A total of three (3) meetings (A) were held by the Remuneration Committee in the most recent fiscal year (2019), and the attendance of the members are as follows:

Title	Name	Number of Attendance in Person (B)	Number of Attendance by Proxy	Attendance Rate (%) (B/A) (Note)	Notes
Convener	Shen, Shang-Hung	2	1	66.67%	
Committee Member	Chen, Ta-Hsiung	3	0	100%	
Committee Member	Cheng, Tun-Chien	3	0	100%	
Other matters to be noted: I. If the Board of Directors does not adopt or amend the recommendations made by the Audit Committee, the date and session of the Board of Directors' meeting, resolutions, voting results and handling of opinions of the Remuneration Committee by the Company shall be disclosed (if the remuneration approved by the Board of Directors is better than that of the Remuneration Committee, the discrepancies and related reasons shall be stated): No such occurrences. II. If the members of the Remuneration Committee have any dissenting opinion or qualified opinions on the resolutions of the Remuneration Committee, where such opinions are documented or issued through written statements, the date and session of the meeting of the Remuneration Committee, resolutions, all the members' opinions and handling of these opinions shall be stated: No such occurrences.					

Note: 1. Where a member of the Remuneration Committee resigns before the end of the fiscal year, the Remark column shall be filled with the member's resignation date, whereas his/her percentage of attendance in person (%) shall be calculated based on the number of meetings held by the Remuneration Committee and the actual number of meetings attended during his/her term of office.

2. If members of the Remuneration Committee are re-elected before the end of the fiscal year, incoming and outgoing members shall be listed accordingly, and the Remark column shall indicate whether the status of a member is "outgoing", "incoming" or "re-elected", and the date of re-election. Rate of attendance in person (%) is calculated based on the number of meetings held by the Remuneration Committee and the actual number of meetings attended during his/her term of office.

Remuneration Committee	Resolution and Subsequent Actions	Dissenting or Qualified Opinions Expressed by the Remuneration Committee
3rd Term 7th Meeting 2019.03.06	1. The Company’s 2018 compensation distribution proposal for Directors and employees.	None
	2. Proposal for the 2018 special bonus for managerial officers.	None
	3. Review of the remuneration policy and the performance evaluation system for Directors and managerial officers.	None
	Opinion of the Remuneration Committee: None	
	Resolution of the Remuneration Committee: All members in attendance unanimously passed the proposals and submitted them to the Board meeting for discussion.	
	The Company's actions in response to the opinions of the Remuneration Committee: All the Directors in attendance voted in favor of the resolution.	
4th Term 1st Meeting 2019.08.07	Annual salary adjustment report.	None
	Opinion of the Remuneration Committee: None	
	Resolutions of the Remuneration Committee: None.	
	The Company's actions in response to the opinions of the Remuneration Committee: None.	
4th Term 2nd Meeting 2019.11.12	1. Amendments to some articles of the Company’s Directors’ and Managerial Officers' Remuneration Policy and Regulations.”	None
	2. Amendment to the Company's "Board of Directors Assessment Regulations."	None
	3. Review of the Company's Remuneration Committee Charter.	None
	4. Establishment of the work plan of the Committee for 2020.	None
	Opinion of the Remuneration Committee: None	
	Resolution of the Remuneration Committee: All members in attendance unanimously passed the proposals and submitted them to the Board meeting for discussion.	
	The Company's actions in response to the opinions of the Remuneration Committee: All the Directors in attendance voted in favor of the resolution.	

(V) Fulfillment of Corporate Social Responsibility and Its Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies:

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status (Note 1)</th><th rowspan="2">Discrepancies between its Implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies and Reasons for such Discrepancies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary (Note 2)</th></tr>
<tr><td>I. Does the company conduct risk assessments on environmental, social and corporate governance issues related to the company’s operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note 3)</td><td>V</td><td></td><td>(I) The Company published the “2018 Corporate Social Responsibility Report” in June 2019, which can be downloaded from the Company’s website (http:// www.apc.com.tw/). How much each was concerned and the impact of each issue for department heads were investigated using online questionnaires, to determine the material issues, such as environmental, social, and corporate governance issues, while the management approach and implementation performance were disclosed to the stakeholders in the Corporate Social Responsibility Report.
(II) According to the principles of materiality of corporate social responsibility, the Company conducts risk assessment on the material issues and formulates relevant risk management policies or strategies based on the risks after assessment as follows:
<table>
<tr><th>Material Issues</th><th>Assessment Item</th><th>Relevant Risk Management Policies or Strategies</th></tr>
<tr><td>Environment</td><td>Environmental Quality
Environmental Performance
Living Environment</td><td>Continuous improvement environmental quality (EQ)
Regular assessment of environmental performance (EP)
Provision of a healthy environmental life (EL)
EQ + EP = EL</td></tr>
<tr><td rowspan="2">Social</td><td>Social Responsibility</td><td>1. Provide effective social assistance through the establishment of scholarships, donation to charity platforms, and sponsorship of education and charity activities, particularly for the disadvantaged, rural areas, and environmental ecology.
2. Cooperate and comply with various environmental protection regulations and labor laws and regulations promulgated by the government and contribute the Company's share with the aim of achieving social harmony and security.</td></tr>
<tr><td>Product responsibility</td><td>1. The Company produces products in accordance with public product specifications to provide clients with the products they require, and a market development service section is in place to provide clients with technical support at any time.
2. The Company’s products are in compliance with domestic various safety standards, US food regulations, and RoHS regulations in the European Union, and clients can use them without worry.
3. The Company has material safety data sheets for its products; clients are welcome to request them for reference and application.</td></tr>
<tr><td>Corporate Governance</td><td>Legal Compliance</td><td>To safeguard shareholders' rights and interests and strengthen the functions of the Board of Directors</td></tr>
</table></td><td>Consistent with the Corporate Social Responsibility Best-Practice Principles for TWSE or TPEx Listed Companies</td></tr>
<tr><td>II. Does the Company establish an exclusively (or part-time) dedicated unit for promoting Corporate Social Responsibility? Is the unit authorized by the Board of Directors to implement CSR activities at the executive level? Does the unit report the progress of such activities to the Board of Directors?</td><td>V</td><td></td><td>The Company has established the Corporate Social Responsibility Committee, which is a functional committee under the Board of Directors. An Independent Director serves as the chief commissioner and the General Manager serves as the deputy chief commissioner. A secretary and three teams have been established under the Committee, namely the Corporate Governance Team, Environmental Protection Team, and Social Relations Team, responsible for the establishment of the CSR strategy and guidelines according to the Company's vision of sustainable development. The Committee meets at least twice a year to report to the Board of Directors on CSR-related goals, performance of implementation of action plans, and implementation of CSR policies. (Note 4)</td><td>Consistent with the Corporate Social Responsibility Best-Practice Principles for TWSE or TPEx Listed Companies</td></tr>
<tr><td>III. Environmental Issues
(I) Has the company established a suitable environmental management system based on its industrial characteristics?

(II) Is the company committed to improving the efficiency of utilizing various resources and using recycled materials with low impacts on the environment?</td><td>
V

V</td><td></td><td>(I) The Company established the ISO 14001 environmental management system in 1998 and obtained the latest version of the 2015 certificate on April 26, 2018 while formulating energy conservation, carbon reduction, and air pollution improvement management plans. The occupational safety and health department conducts regular inspections and follow-ups to implement disaster prevention and air pollution prevention, while complying with the EU Restriction of Hazardous Substances (RoHS) regulations and strengthening environmental protection education and training.
(II) The Company attaches great importance to environmental protection, promotes clean production and green production process, sets energy conservation and waste reduction targets, enhances energy and resource utilization efficiency, and responds to circular economy activities to reduce environmental impact. The recycling rate of big bags in 2019 was 78.1%.</td><td>Consistent with the Corporate Social Responsibility Best-Practice Principles for TWSE or TPEx Listed Companies</td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status (Note 1)</th><th rowspan="2">Discrepancies between its Implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies and Reasons for such Discrepancies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary (Note 2)</th></tr>
<tr><td>(III) Has the company assessed the present and future potential risks and opportunities of climate change for the entity, and taken measures to respond to climate-related issues?</td><td>V</td><td></td><td>(III) In recent years, the Company has actively implemented energy conservation and carbon reduction improvement plans, improved production efficiency, replaced old equipment with high efficiency energy-saving equipment, and spared no effort to seize any possible new business opportunities.
In 2019, the Company adopted the method of Task Force on Climate-related Financial Disclosures (TCFD) to identify operational transformation risks and physical risks, identify eight major risk items and emerging opportunities arising from climate change, and identify nine major opportunities. In the future, the Company will conduct annual review of response measures year by year to establish a resilient climate change culture. In addition, the Company's climate change risk management and response measures are detailed in Evaluation Item VII. Other to help to understand the operation of corporate social responsibility.</td><td rowspan="2"></td></tr>
<tr><td>(IV) Has the company calculated its GHG emissions, water consumption and total waste weight in the past two years, and formulated policies for energy conservation, reductions of carbon, GHG and water consumption, or other waste management?</td><td>V</td><td></td><td>(IV) Statistics of greenhouse gas emissions, water consumption, and total waste weight of the Company for 2019 and 2018 are as follows:
<table><tr><td>Year</td><td>2018</td><td>2019</td></tr><tr><td>Greenhouse gas emissions (tons CO2e)</td><td>111,461</td><td>114,598</td></tr><tr><td>Water consumption (metric tons)</td><td>522,316</td><td>525,131</td></tr><tr><td>Total weight of waste (metric tons)</td><td>152</td><td>157</td></tr></table>In response to the "Energy User Establishment of Energy Conservation Targets and Implementation Plan Regulations" established by the Bureau of Energy, Ministry of Economic Affairs, requiring energy users to achieve average annual electricity consumption reduction by 1% from 2015 to 2019 and the "Greenhouse Gases Reduction and Management Act" promulgated by the Environmental Protection Administration, Executive Yuan, on July 1, 2015, the Group has set energy saving and carbon reduction commitments since 2016 and revised the Group ’s energy conservation management goals in November 2019, setting performance targets of "1.2% for annual average energy conservation and 1.2% for carbon reduction" from 2020 to 2025. A review will be conducted every three years, to examine the implementation status of energy conservation programs and external resource exchanges.</td></tr>
<tr><td>IV. Social Issues
(I) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and the International Bill of Human Rights?</td><td>V</td><td></td><td>(I) The Company has made reference to internationally recognized human rights standards, including the International Bill of Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work to fully exercise CSR and implement human rights protection. Besides, the Company has established human rights policy to eliminate human rights violations; as such, the Company's current employees, in addition to enjoying a reasonable and safe workplace, can be treated with in a reasonable and dignified manner.
Methods of implementation:
1. Comply with relevant laws and regulations to provide a safe and healthy workplace.
2. Committed to maintaining a workplace which is free of violence, harassment and intimidation, as well as respecting the privacy and dignity of employees.
3. Prohibit child labor.
4. Prohibit forced labor.
5. Eliminate unlawful discrimination and ensure equal employment opportunities and promotion.
6. Respect employees' rights to organize and participate in legally recognized labor unions to protect their right to work.</td><td rowspan="3">Consistent with the Corporate Social Responsibility Best-Practice Principles for TWSE or TPEx Listed Companies</td></tr>
<tr><td>(II) Does the company establish and deliver reasonable employee welfare programs (including salary, compensated absences, and other benefits) and adjust employee compensation in relation to business performance?</td><td>V</td><td></td><td>(II) The Company has established the Remuneration Committee to regularly review its remuneration policies and report rewards and disciplinary actions based on outcomes of performance appraisal so as to ensure that its reward and disciplinary action system is effective.</td></tr>
<tr><td>(III) Does the company provide a safe and healthy work environment to its employees, and regularly offer safety and health education to its employees?</td><td>V</td><td></td><td>(III) The Company has implemented education and training related to the ISO 45001 occupational safety and health management system, and has performed internal audit and management review In addition, it passed SGS verification in April 2019 and obtained ISO 45001 occupational safety and health management system certificate on April 26, 2019; the certificate is valid from April 23, 2019 to April 23 2022.
The occupational safety and health department and the unit in charge of work operations perform health audit and conduct daily inspection rounds for occupational safety so as to manage work environment safety and sanitation at the Linyuan Plant. The Company is also a member of the Taipei Responsible Care Association (TRCA) and Linyuan Industrial Park Safety and Health Promotion Association to hold fire drills and occupational safety education and training every year to</td></tr>
</table>

Evaluation Item	Implementation Status (Note 1) Yes	No	Summary (Note 2)	Discrepancies between its Implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies and Reasons for such Discrepancies
			cultivate employees' emergency response and safety self-management capabilities. The Company holds health checkups every year and equips its plants with qualified registered professional nurses to provide its employees with health care and medical assistance. The Company has set up the "Asia Polymer Corporation Linyuan Plant Enterprise Union" and set up an Occupational Health And Safety Committee in accordance with the Regulations Governing the Occupational Safety and Health Management. With the Director of the Linyuan Plant chairing the committee, the enterprise union elects six labor representatives, accounting for 2.8% of all employees and 35% of the committee. The Occupational Health And Safety Committee meets each quarter to discuss issues related to occupational safety and health. The Company's occupational safety and health management goal is "zero-accident occupational safety." Low occupational injury and low absentee rates are key indicators for evaluating employees' health and safety. The Linyuan Plant logged 3,936,988 hours of total hours worked without disabling injuries from October 14, 2010 to December 31, 2019, and it continues to maintain the records.	
(IV) Has the company established effective career development and training plans for its employees?	V		(IV) The Company has always paid serious attention to employee education and training. Thus, the Company has formulated a set of standards for employee training procedures, as well as implemented various learning methods including pre-employment training, on-the-job training, work instructions, classroom lectures, educational CDs or online learning based on the training needs of employees and departments in order to enhance the qualities and skills of employees.	
(V) Has the company complied with relevant laws and regulations and international standards for its products and services respecting customer health and safety, customer privacy, marketing and labeling, and formulated relevant consumer protection policies and grievance procedures?	V		(V) The Company focuses on quality, capability, and environmental protection policies, cooperates with high-quality suppliers on a long-term basis to fulfill its corporate social responsibility, conveys environmental policies to contractors and carriers, complies with the EU's RoHS regulations, strengthens education and training on environmental protection, pays attention to suppliers' safety in the plant area, and ensures the safety of various operations, so as to ensure life safety and health of personnel and to conduct risk management collectively.	
(VI) Does the company formulate a supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights? And, how well are those policies implemented?	V		(VI) The Company has established long-term strategic partnerships with major raw material suppliers and set up safety stock according to the preparation schedule, to ensure a smooth supply chain. To encourage continuous supplier optimization so that the Company can obtain raw materials and services at the right time, in the right quantity and at the right price, the Company regularly performs annual evaluation of suppliers according to aspects including quality, delivery dates, environmental protection and occupational safety and health, packaging, quality certification and services in coordination with production operations and environmental protection policies. The Company will continuously strengthen self-evaluation of supply chain sustainability, and gradually incorporate CSR performance into the process of selection, evaluation, and audit. The Company jointly fulfills corporate social responsibilities with its suppliers using its influence. Excellent CSR experience sharing and collaboration with suppliers serve as a vital foundation for the Company to establish sustainable businesses.	
V. Does the company, following internationally recognized guidelines, prepare and publish reports, such as its Corporate Social Responsibility report, to disclose non-financial information of the company? Has the company received assurance or certification of the aforesaid reports from a third-party accreditation institution?			(5) The Company prepares a CSR report based on the core options of the GRI Standard and publishes it every June to disclose non-financial information as a communication bridge with all stakeholders who care about the Company, and to shed light on its philosophy of sustainable business and social responsibility and relevant information, as well as efforts at various relevant issues. The Company's CSR Report has been verified by the third-party certification agency BIS, which has issued a statement on independent assurance opinion.	Consistent with the Corporate Social Responsibility Best-Practice Principles for TWSE or TPEx Listed Companies

VI. <u>If the company has established its own Corporate Social Responsibility Best Practice Principles in accordance with the Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies, state the discrepancies between these principles and its implementation:</u>
The Company added its Corporate Social Responsibility Best Practice Principles on March 11, 2015. There was no material discrepancy between these principles and its implementation.

VII. <u>Other important information to facilitate better understanding of the company's Corporate Social Responsibility practices:</u>

(I) Implementation of environmental protection, energy conservation, and carbon emissions reduction:

1. Environmental Protection Policies:

Continuous improvement environmental quality (EQ)
Regular assessment of environmental performance (EP)
Provision of a healthy environmental life (EL)
EQ＋EP＝EL

Taking into account our commitment to environmental protection and obligations, all employees of the Company acknowledge that it is our duty to carry out environmental protection work so that the sustainable development of the Earth can be achieved. As a responsible organization, we are committed to and implement the following strategies to achieve the vision:

Evaluation Item	Implementation Status (Note 1)			Discrepancies between its Implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies and Reasons for such Discrepancies
	Yes	No	Summary (Note 2)	

(1) Abide by the government's environmental protection and safety and health regulations.
(2) Pay attention to international treaties and environmental protection requirements of customers and stakeholders.
(3) Comply with SONY GP and RoHS product environmental protection assurance requirements.
(4) Implement continuous improvements to pollution prevention tasks and energy and resource management.
(5) Reduce potential environmental risks in operations.
(6) Set environmental goals and continue to improve the environmental management system through education and training and environmental audits to improve environmental performance and ensure the effective implementation of the environmental management system.

2. Outcomes of energy conservation and carbon reduction:
In 2019, the Company implemented a series of energy conservation and carbon reduction projects, including "replacement of boiler feedwater pumps (P-7201A) and office ice water dispensers, air compressors (C-7301B) variable frequency drive replacement, as well as modification of pipelines to allow first-stage compressors (C-1402) on Line 3 and Line 4 to be supplied by booster compressor (C-1400) on Line 4. A total of 2,219,864 kWh of electricity and 90 tons of steam were saved, and greenhouse gas emissions were reduced by 1,203 tons of CO2e.
Total energy consumption and greenhouse gas emissions; energy savings and carbon emissions reduction in the most recent three years

Category	Total energy consumption (GJ)	Total greenhouse gas emissions (tons CO2e)	Energy saved (GJ)	Carbon Reduction (Metric tons of CO2e)	Energy conservation rate (%)	Carbon emissions reduction rate (%)
2017	787,587	110,863	32,321	4,659	3.94	4.03
2018	756,709	111,461	11,390	1,636	1.43	1.45
2019	800,288	114,598	8,246	1,203	1.04	1.07

Note: 2017 is the base year for energy use and greenhouse gas emissions.

3. Energy conservation and carbon reduction projects:
In 2020, the Company plans to implement energy conservation and carbon reduction projects, including air compressor (C-7301B) variable frequency drive replacement, saving steam consumption of E-1413, cold energy recycling on Line 1/2, electricity conservation on Line 1/2 primary reflow, electricity conservation on Line 4 primary reflow, energy efficiency improvement of softened water circulation pump (P- 1419), energy efficiency improvement of process water pump (P-7101A/B/C), and Line 3/4 cooling water sharing. It is expected to save 2,739,900 kWh of electricity, 440 metric tons of steam, and reduce greenhouse gas emissions by 1,559 metric tons of CO2e.

(II) Climate change risk management and response measures:

1. Identification of risks and opportunities arising from climate change
As the operational impact caused by climate change is increasing day by day, the Company faces any possible risks prudently and seizes any possible new business opportunities. In recent years, the Company has actively implemented energy conservation and carbon-reduction improvement projects to improve production efficiency and replacement with high-efficiency energy-saving equipment. This year, the TCFD method was adopted to identify the transformation risks and physical risks in the operational process, identify eight major risk items, and emerging opportunities brought by climate change, and identify nine major opportunity items. In the future, the Company will conduct annual review of response measures year by year to establish a resilient climate change culture.

Potential Financial Impact of Risks and Opportunities

Risk		
Type	Climate Related Risks	-
Low-carbon transformation	Rising cost of raw materials	Increased operational costs
	Increasing pricing of greenhouse gas emissions	Increased operational costs
	Stigmatization of sector	Increase in capital expenditure and decrease in revenue
	Increased stakeholders' concerns and negative feedback	Increase in operating costs and capital expenditure
Entities	Intensified weather events, such as typhoon and flood.	Increase in capital expenditure, decrease in asset value, and decrease in revenue
	Changes in rainfall (water) patterns and extreme changes in climate patterns	Reduced revenue
	Rising sea levels	Increase in capital expenditure
	Rising average temperatures	Increase in capital expenditure

Evaluation Item	Implementation Status (Note 1)			Discrepancies between its Implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies and Reasons for such Discrepancies
	Yes	No	Summary (Note 2)	

Opportunities		
Type	Climate Related opportunities	-
Resource efficiency	Utilization of more efficient transportation	Lower working costs
	Use of more efficient production and distribution processes	Lower working costs
	Reduction of water use and water consumption	Lower working costs
Energy source	Use of low-carbon energy	Lower working costs
	Participation in the carbon trading market	Lower working costs
Products and services	Development of new products as well as R&D and innovation of services	Increase in revenue
	Changes in consumer preferences	Increase in revenue
Resilience	Energy alternation/diversification	Lower working costs
	Participation in renewable energy programs and adoption of energy conservation measures	Lower working costs

2. Response measures

(1) Plan to establish the ISO 50001 Energy Management System

The Linyuan Plant started the establishment of ISO 50001 Energy Management System in February 2019, participated in the "2019 Counseling Demonstration Program for Energy Management in the Manufacturing Industry," launched by the Industrial Development Bureau, Ministry of Economic Affairs, and commissioned the Industrial Sustainable Development Center, National Cheng Kung University, to guide the establishment of the energy management system. Through the process of explanation of relevant management system provisions, establishment of document forms, personnel education and training, internal audits, and management reviews, the plant passed the SGS' verification of the ISO 50001: 2018 Energy Management System on October 21, 2019 and obtained the certificate of the ISO 50001: 2018 Energy Management System on November 19, 2019; the certificate is valid from November 19, 2019 to November 19, 2022.

(2) Establishment of energy conservation and carbon reduction commitments

The Group has set energy saving and carbon reduction commitments since 2019 and revised the Group ’s energy conservation management goals in November 2019, setting performance targets of "1.2% for annual average energy conservation and 1.2% for carbon reduction" from 2020 to 2025. A review will be conducted every three years.

In 2019, six energy saving and carbon reduction management projects were implemented, which saved a total of 2,219,864 kWh of electricity, 90 metric tons of steam, and reduced greenhouse gas emissions by 1,203 metric tons of CO2e.

(3) Greenhouse gas inspection

The Company is not the first batch of businesses with fixed pollution sources that shall inspect and register their greenhouse gas emissions, but it still performs inspection of its greenhouse gas emissions voluntarily in accordance with the Environmental Protection Agency's "Greenhouse Gas Inspection and Registration Management Regulations" and identifies the inspection boundary using operation control method. The inspection is performed within the Linyuan Plant.

Greenhouse gas emissions from the Linyuan Plant in the past three years

Year	2017	2018	2019
Greenhouse gas emissions (tons CO2e)	110,863	111,461	114,598

(III) Implementation of Social Services and Public Welfare:

USI Group upholds the business philosophy of "Solid Operation, Professional Management, Seeking Excellence and Serving the Society". On December 30, 2011, USI Corporation and Asia Polymer Corporation jointly established the USI Education Foundation with a fund of NT$50 million. The USI Education Foundation aims to engage in education-related charitable activities, and focuses on care for the disadvantaged, people in rural areas, and the ecology. The foundation has carried out the following activities in accordance with the relevant laws:

1. Sponsor education in rural areas
2. Establish scholarships
3. Hold speeches, seminars, or other education-related charitable activities
4. Sponsor schools at various levels or educational groups to engage in activities, such as literature, sports, music, dance, arts and drama
5. Conduct industry-academia collaboration
6. Engage in other education-related charitable services that are consistent with the objectives of the Foundation

In 2018, the total sponsorship expenses of the USI Education Foundation amounted to NT$8.98 million, including the scholarships of NT$1.25 million; sponsorship of service club activities at colleges and universities in the amount of NT$500,000; sponsorship of music education at Wang Gung Elementary School in the amount of NT$750,000; sponsorship of Yingguang Education Support for Taiwan in the amount of NT$500,000; sponsorship of the Alliance Cultural Foundation in the amount of NT$1 million, and sponsorship of Junyi Experimental High School in Taitung in the amount of NT$4 million, as well as sponsorship of various education and charitable activities in the amount of NT$ 980,000.

Evaluation Item	Implementation Status (Note 1)			Discrepancies between its Implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies and Reasons for such Discrepancies
	Yes	No	Summary (Note 2)	
			Establishment of scholarships: The foundation has offered scholarships to outstanding students from underprivileged backgrounds, who pursue studies in areas, including chemical engineering, materials engineering, and applied chemistry at 13 public and private universities to promote education related to the afore-mentioned areas and talent cultivation, as well as motivate students at university and graduate school to work hard, thereby cultivating outstanding talents for the society. In 2019, the Foundation awarded NT$1.25 million worth of scholarships to 25 students from 18 departments in 13 public and private universities, including three students in doctoral programs, 16 in master's programs, and six undergraduate students, 13 of whom were from underprivileged backgrounds. A total of NT$9.60 million has been awarded since its establishment, and the Foundation will continue to offer scholarships in 2020 to motivate and cultivate more outstanding students from disadvantaged families. Sponsorship of service club activities at colleges and universities: The USI Education Foundation also provides sponsorships to societies and clubs registered at various colleges and universities in order to encourage societies and clubs at colleges and universities to engage in services, such as education-related charitable activities for the disadvantaged, public welfare activities associated with rural education, as well as ecology and environmental protection education. The main types of activities sponsored by the foundation include education services activities in the following areas: languages, mathematics, nature, society, arts, life counseling, health, moral education, information education, environmental education and environmental protection education. The foundation hopes to provide the disadvantaged and rural people with diversified education through high-quality resources and manpower at colleges and universities. In 2019, the sponsorship offered amounted to NT$500,000. In the past eight years, the cumulative sponsorship amounted to NT$3.49 million. Because of the active application over the years and the remarkable results of motivating young students to engage in service club activities, this sponsorship program will continue in 2020. The Alliance Cultural Foundation and Junyi Experimental High School: Mr. Stanley Yen, Chairman of the Alliance Cultural Foundation, took over as the Chairman of Junyi Elementary and Secondary School (currently known as Junyi Experimental High School) in Taitung since 2011, and he hopes to provide students in rural areas with equal opportunities for learning through heuristic education to create new value for education in Taiwan. The Alliance Cultural Foundation has also gradually shifted its manpower, time, and resources to education. The USI Education Foundation recognizes Mr. Stanley Yen's care for rural education in Taiwan and his idea on sustainable development. Therefore, the foundation supports his efforts to implement various projects related to implementing and fostering rural education by sponsoring the Alliance Cultural Foundation and Junyi Experimental High School. In 2019, the USI Education Foundation awarded sponsorship of NT$1 million to the Alliance Cultural Foundation and sponsorship of NT$4 million to Junyi Experimental High School in Taitung, where the cumulative amount of sponsorship provided in the past seven years was NT$17.9 million. It is expected to continue this sponsorship program in 2020. Sponsorship of other education and charitable activities: In terms of other education and charitable activities, in 2019, the foundation sponsored NT$300,000 to the Boyo Social Welfare Foundation and the other NT$300,000 to Teach For Taiwan. To enable these socially recognized units to receive stable support, the foundation plans to continuously provide sponsorships to them in 2020 in order to assist more schoolchildren.	

Note 1: If "Yes" is checked in the operating status column, please explain the important policies, strategies, measures and implementation situations; if "No" is checked in the operating status column, please explain the reasons, as well as give relevant policies, strategies and measures to counter the situation.

Note 2: Companies that have already prepared their own CSR reports may specify ways to access the report and indicate the page numbers of the cited content in place of the Implementation Status.

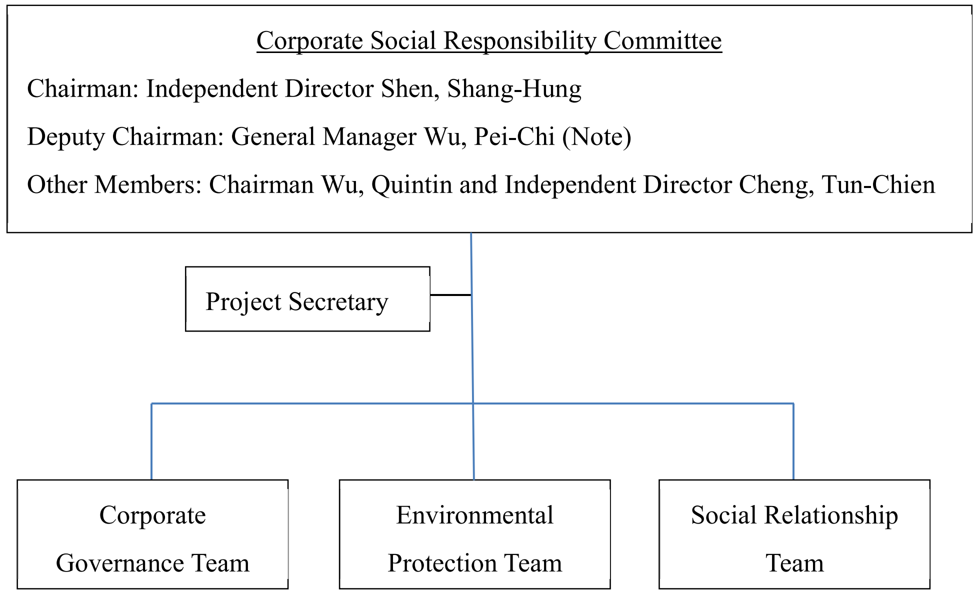
Note 3: The principle of materiality refers to environmental, social, and corporate governance issues that have significant impacts on the Company's investors and other stakeholders.

[Description of Revision]

In line with the plan to strengthen the disclosure of non-financial information in the annual report as in the new corporate governance blueprint (2018-2020), and with reference to the important international development trends, the items that shall be disclosed for fulfilling social responsibility are revised.

Note 4: CSR Committee

The organizational chart and members are as follows:



Committee	Organization Rules	Members	Primary Functions	State of Operations
Corporate Social Responsibility Committee	The Committee is composed of the Chairman of the Board, General Manager, and two Independent Directors decided by the Board of Directors. One Independent Director shall serve as Chairman and the General Manager shall serve as the Deputy Chairman.	Chairman: Independent Director Shen, Shang-Hung Deputy Chairman: General Manager Wu, Pei-Chi Other Members: Chairman Wu, Quintin and Independent Director Cheng, Tun-Chien	The responsibilities of the Committee shall include the following items: I. Determining the CSR policy; II. Outlining the CSR strategy, annual plan, and project plans; III. Supervising the plans of SCR strategies, the implementation of the annual plan and project plans, and evaluate the implementation. IV. Reviewing and approving the corporate social responsibility report; V. Reporting the implementation of CSR activities to the Board of Directors each year; VI. Other matters to be conducted by the committees based on resolutions of the Board of Directors.	The first meeting was convened on March 6, 2019. According to Article 8 of the Organization Charter, at least two meetings shall be convened each year. Please refer to the Company's website for the detailed status of operations.

Note: The previous General Manager Mr. Li, Kuo-Hung retired on March 26, 2019, and the Board of Directors resolved to appoint Mr. Wu, Pei-Chi to take over as General Manager.

(VI) Ethical Corporate Management and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof:

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status (Note 1)</th><th rowspan="2">Discrepancies between its Implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies and Reasons for such Discrepancies</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td>I. Establishment of ethical corporate management policies and programs
(I) Does the company formulate its ethical corporate management policies that have been approved by the Board of Directors? Has the company declared its ethical corporate management policies and procedures in its guidelines and external documents, and does the Board of Directors and management work proactively to implement their commitment to those management policies?
(II) Does the company establish an assessment mechanism for unethical risks, according to which it analyzes and assesses operating activities with high potential unethical risks? Does the mechanism include any precautionary measures against all the conducts as stated in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?
(III) Has the company established policies to prevent unethical conduct, with clear statements regarding relevant procedures, conduct guidelines, punishments for violation, and rules for appeal, and does the company implement them accordingly, and regularly review and correct such measures?</td><td>V
V
V</td><td></td><td>(I) In line with the Group's business philosophy of "robust operation, professional management, pursuit of excellence, and service to the society" and the corporate culture of "seeking truth from facts as well as integrity and discreetness," the Company has established the "Ethical Corporate Management Principles," the "Procedures for Ethical Management and Guidelines for Conduct," and the "Codes of Ethical Conduct for Directors and Managerial Officers" to stipulate its the ethical corporate management policy explicitly. Both the Directors and the General Manager of the Company have signed a statement on compliance with the ethical corporate management policy to implement the commitments of the management policy.
(II)
1. Preventive measures are as follows:
1.1. All employees may not directly or indirectly induce the suppliers, clients, employees, or consultants in performing any action that damage Company interests for their own or others' benefit when performing their duties.
1.2. The Company's "Employee Work Rules" specifically require employees to remain honest and ethical in their work and they may not use their powers for fraudulent personal gains.
1.3. We periodically organize training courses to promote the ideals.
1.4. The Company organizes internal control self-assessments each year for each unit to perform internal control assessments. Discrepancies are immediately rectified.
2. The Company has effectively prevented unethical conduct such as bribery by establishing the Audit Committee mailbox, reporting channels for reports of any illegal or unethical conduct or violation of the Ethical Corporate Management Best Practice Principles, authorization regulations, internal control systems, routine audits, and ad-hoc audits.
(III)
1. The Company has established the “Ethical Corporate Management Best Practice Principles” and the Procedures for Ethical Management and Guidelines for Conduct, which have been approved by the Board of Directors, to specifically regulate matters to be noted for the Directors, managerial officers, employees, and substantive controllers when performing their duties, as well as the disciplinary and grievance systems for non-compliance; the Company has implemented them as required.
2. Pursuant to the amended "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" announced by the competent authority, the amendments to the "Ethical Corporate Management Principles," the "Procedures for Ethical Management and Guidelines for Conduct," and the "Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct" have been approved by the Board of Directors on November 12, 2019.</td><td>Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies</td></tr>
<tr><td>II. Implementing Ethical Corporate Management
(I) Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?
(II) Has the company established an exclusively (or concurrently) dedicated unit under the Board to implement ethical corporate management, and report to the Board on a regular basis (at least annually) about the ethical corporate management policies, precautionary measures against unethical conducts, as well as the implementation and supervision thereof?
(III) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?
(IV) Has the company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of</td><td>V
V
V
V</td><td></td><td>(I) The Company has requested for terms of ethical conduct to be clearly defined in commercial contracts in accordance with its "Ethical Corporate Management Best Practice Principles" and the “Procedures for Ethical Management and Guidelines for Conduct.“
(II) To strengthen ethical corporate management, the corporate governance team is responsible for establishing the ethical corporate management policy and prevention programs while supervising such implementation; the Corporate Governance Officer reports to the Board of Directors regularly at least once a year.
(III) The Company has formulated the "Code of Ethical Conduct for Directors and Managerial Officers" to prevent conflict of interest and provide suitable channels for Directors, managerial officers, and employees to explain any potential conflict of interest with the Company.
(IV) The Company's accounting systems and internal control systems can run independently and objectively. Internal control personnel regularly report to the Audit Committee and the Board of Directors. CPAs appointed by the Company regularly perform internal audits and hold discussions with the management. The internal audit unit has</td><td>Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies</td></tr>
</table>

Evaluation Item	Implementation Status (Note 1)			Discrepancies between its Implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies and Reasons for such Discrepancies
	Yes	No	Abstract Illustration	
involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit? (V) Does the company regularly hold internal and external educational trainings on operational integrity?	 V		drafted the 2020 audit plan after risk assessment and included the item of "management of reporting illegal and unethical or dishonest behavior" in the audit. (V) In order to keep our employees informed of the code of ethics, the Company, in addition to publishing the relevant regulations on its official website, continuously invites well-known scholars, experts, or attorneys to offer education and training to increase Directors', managerial officers', employees', and substantive controllers' awareness, so as to allow them to fully understand the Company's determination, policies, prevention programs, and consequences of violation of the code of ethics. (1) In 2019, APC's Taipei Office/Linyuan Plant held seminars on integrity in 2019, with a total of 125 participants/324 hours. The statistics are as follows: (1) Fair Trade Law and Practices: 2 hours/50 persons, totaling 100 hours. (2) Common Disputes Regarding Business Secrets from Case to Case: 3 hours/74 persons, totaling 222 hours. (3) Copyright Protection and Reasonable Use: 2 hours/1 person, totaling 2 hours.	
III. Implementation of the Company's Whistleblowing System (I) Has the company established a specific whistleblowing and reward system, set up convenient whistleblowing channels and designated appropriate personnel to handle investigations against wrongdoers? (II) Has the company established standard operating procedures for the investigation of reports, follow-up measures to be taken after the investigation is completed, and the relevant confidentiality mechanism? (III) Has the company set up protection for whistleblowers to prevent them from being subject to inappropriate measures as a result of reporting such incidents?	 V V V		(I) The Company's Board of Directors passed the amendments to the "Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct" on November 12, 2019 (Website: https://www.apc.com.tw/OthersPDF/APC_HandlingForIllegalImmoral.pdf). The specific whistleblowing channels, incentive system, dedicated personnel, and whistleblower protection are as follows: 1. Whistleblowing channels: (1) Personal report: Face-to-face explanation. (2) Report via telephone: (3) Written report: Auditing Office, 7F., No. 37, Jihu Rd., Neihu Dist., Taipei City. 2. Incentive system: Where a report is verified as true and its contribution generates significant economic benefits, the incident may be submitted to the General Manager to provide the reporter with appropriate rewards. 3. Dedicated personnel: (1) Audit Committee: Accept reports from shareholders, investors, and other stakeholders. (2) Auditing Office: Accept reports from clients, suppliers, and contractors. (3) Human Resources Division: Accept reports from employees. 4. Whistleblower protection: Whistleblowers or persons involved in investigations shall be fully protected and the confidentiality of their identities and information provided shall be fully maintained, so that they will not be subjected to unfair treatment or retaliation. Where the whistleblower is an employee, the Company shall guarantee that the employee shall not sustain inappropriate treatment that may arise from the report. (II) The measures mentioned in the preceding paragraph specify the standard operating procedures for investigating the case being exposed by the whistleblower and the relevant confidentiality mechanism; where whistleblower is anonymous or did not use his/her true name, or the content stated or the proof of origin provided is deemed necessary for investigation, the case may still be reported to the Chairman/General Manager before the case is handled and recorded as a reference for internal review. After a report is accepted, an investigation will be conducted for internal evidence. If it is proved to be true, the Company will handle it based on its illegal violation or the severity of violation in accordance with the disciplinary regulations and relevant laws. (III) The procedures above also specify that whistleblowers or persons involved in investigations shall be fully protected and the confidentiality of their identities fully maintained, so that they will not be subject to unfair treatment or retaliation.	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies
IV. Strengthening Information Disclosure Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	V		The Company has disclosed relevant regulations and information on ethical corporate management on the Company's website, which is available for employees at any time. The information related to ethical corporate management and the effectiveness of implementation is disclosed on the website (https://www.apc.com.tw/OthersPDF/APC_FaithManageRule.pdf) and in the annual report (and MOPS	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies

Evaluation Item	Implementation Status (Note 1)			Discrepancies between its Implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies and Reasons for such Discrepancies
	Yes	No	Abstract Illustration	
			simultaneously)	
V. If the company has established its own Ethical Corporate Management Best Practice Principles in accordance with the Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies, state the discrepancies between these principles and its implementation: The Company has established its Code of Ethical Conduct for Directors and Managerial Officers, the Ethical Corporate Management Best Practice Principles, the Procedures for Ethical Management and Guidelines for Conduct, the Code of Conduct for Employees Regarding Concurrent and Part-time Work, and the Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct. There is no material discrepancy during the implementation of these rules and regulations.				
VI. Other important information that facilitate the understanding of the implementation of ethical corporate management (such as review and amendment of the Company's Ethical Corporate Management Best Practice Principles): Pursuant to the amended "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" announced by the competent authority in May 2019, the amendments to the the Ethical Corporate Management Best Practice Principles, the Procedures for Ethical Management and Guidelines for Conduct, and the Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct have been approved by the Board of Directors on November 12, 2019. The Corporate Governance Officer also reported to the Board of Directors on matters related to ethical corporate management on November 12, 2019.				

Note: Regardless of whether "Yes" or "No" is selected, provide a brief description in the Summary column.

[Description of Revision]

In line with the amendments to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, the items that the Company shall disclose when implementing ethical corporate management have been revised.

(VII) Methods of inquiry on the Corporate Governance Best Practice Principles and related regulations established by the Company:

1. The Company has established the following operating procedures:
   (1) Articles of Incorporation
   (2) Regulations Governing the Acquisition and Disposal of Assets
   (3) Regulations Governing the Making of Endorsements / Guarantees
   (4) Regulations Governing the Loaning of Funds to Others
   (5) Rules of Procedure for Board of Directors' Meetings
   (6) Regulations Governing the Evaluation of the Performance of the Board of Directors
   (7) Codes of Ethical Conduct for Directors and Managerial Officers
   (8) Regulations Governing the Election of Directors
   (9) Employee Work Rules
   (10) Procedures for Handling Material Inside Information
   (11) Procedures for Ethical Management and Guidelines for Conduct
   (12) Ethical Corporate Management Best Practice Principles
   (13) Rules of Procedure for Shareholders' Meetings
   (14) Rules Governing the Scope of Powers of Independent Directors
   (15) Remuneration Committee Charter
   (16) Audit Committee Charter
   (17) Corporate Social Responsibility Best Practice Principles
   (18) Corporate Social Responsibility Committee Charter
   (19) Corporate Governance Best Practice Principles
   (20) Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct
   (21) Management Guidelines for Employee Complaint and Feedback Mailboxes
   (22) Standard Operating Procedures for Handling Requests by Directors
   (23) Human Rights Policy and Management Plan
   (24) Corporate Governance Self-Evaluation Report
2. As of the publication date of this annual report, refer to the following for the Company's Corporate Governance Best Practice Principles and other relevant regulations:
   (1) Corporate Governance section of the Market Observation Post System (http://mops.twse.com.tw/mops/web/index).
   (2) Corporate Governance section under Investor Relations on the Company's official website (https://www.apc.com.tw)

(VIII) Other important information that can promote understanding of the Company's corporate governance operations:

The Company regularly performs audits of its subsidiaries, as well as analyzing and reviewing the financial and business information of its subsidiaries in accordance with the requirements for supervision and monitoring of subsidiaries stipulated in the Regulations Governing Establishment of Internal Control Systems by Public Companies.

(IX) Implementation of Internal Control System

1. Internal Control System Statement

Asia Polymer Corporation
Statement on Internal Control System

March 5, 2020

According to the results from our self-evaluation, the Company shall make the following statements on our internal control system for 2019:

I. The Company acknowledges that the establishment, implementation and maintenance of the internal control system are the responsibilities of the Company's Board of Directors and managerial officers, and thus the Company has established such a system. The objectives of the internal control system include achieving various objectives in business benefits and efficiency (including profitability, performance, and protection of assets and safety); ensuring the reliability, timeliness, transparency, and regulatory compliance of reporting; and providing reasonable assurance.

II. An internal control system has inherent constraints. No matter how comprehensive its design may be, an effective internal control system is only capable of providing adequate assurance for achieving the abovementioned objectives. In addition, the effectiveness of the internal control system may change with the environment and under different situations. Nevertheless, the Company's internal control systems are equipped with self-monitoring mechanisms, thereby allowing the Company to take immediate remedial actions in response to any identified deficiency.

III. The Company determines whether or not the design and implementation of its internal control system is effective according to the items for determining the effectiveness of internal control systems as stated in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). The items for the determination of internal control systems adopted in the Regulations has identified five key components based on management control processes: (1) control environment, (2) risk assessment, (3) control operations, (4) information and communication, and (5) monitoring operations. Each component includes a number of items. For more information on the aforementioned items, please refer to the Regulations.

IV. The Company has adopted the items for determining internal control systems in order to evaluate the effectiveness of its internal control system design and implementation.

V. Based on the aforementioned audit findings, the Company holds that within the aforementioned period, its internal control procedures (including the procedures to monitor subsidiaries), effectiveness and efficiency of operations, reliability, timeliness, transparency of reporting, and compliance with relevant legal regulations, and design and enforcement of internal controls, are effective. The aforementioned goals can be achieved with reasonable assurance.

VI. The Statement shall become the main content of the Company's annual report and prospectus and shall be made public. Should the abovementioned content contain illegalities such as fraudulent and hidden information, the Company shall assume legal liabilities involving Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.

VII. The Statement was approved by the Board on March 5, 2020, where zero out of the nine Directors present voted against the resolution and the remaining Directors agreed with the content of the Statement.

Asia Polymer Corporation

Chairman of the Board: Wu, Quintin

General Manager: Wu, Pei-Chi

2. Where CPAs are commissioned to audit the Company's internal control systems, the audit report prepared by the CPAs shall be disclosed: Not applicable

(X) Any penalties imposed upon the Company or internal personnel by laws, or punishment imposed by the Company on internal personnel for violation of the Company's internal control system regulations, details on the punishment if it might have significant impact on the shareholders' equity or securities prices, major defects and corrective action thereof in the most recent fiscal year and as of the date of this annual report: None.

(XI) Key resolutions adopted by the Shareholders' Meeting and the Board of Directors in the most recent fiscal year up to the publication date of this annual report

1. Shareholders' Meeting

Year of Meeting	Date of Meeting	Key Resolutions and Implementation
2019	June 24, 2019	The minutes of the Shareholders' Meeting were posted onto MOPS on July 12, 2019. The resolutions and their status of implementation are as follows: 1. Approve the 2018 Account Book. Implementation status: Resolution passed 2. Approve the 2018 earnings distribution plan. Implementation status: Resolution passed The distribution of cash dividends of NT$166,314,823 to the shareholders, with August 2, 2019 as the base date, was completed on August 23, 2019. 3. Discussed the amendment to Articles of Incorporation Implementation status: The resolution was passed and has been implemented. 4. Discussed the amendment to the Rules of Procedure for Shareholders' Meetings Implementation status: The resolution was passed and has been implemented. 5. Discussed the amendment to the Regulations Governing the Election of Board Members Implementation status: The resolution was passed and has been implemented. 6. Discussed the amendment to the Regulations Governing the Acquisition and Disposal of Assets Implementation status: The resolution was passed and has been implemented. 7. Re-election of nine Directors:

Year of Meeting	Date of Meeting	Key Resolutions and Implementation
		Six Directors were elected—Wu, Quintin, Li, Kuo-Hung, Wu, Pei-Chi, Liu, Chen-Tu, Wu, Hung-Chu, and Ko, I-Shao Three Independent Directors were elected—Chen, Ta-Hsiung, Shen Shang-Hung, and Cheng, Tun-Chien. Implementation status: In this Annual General Meeting, nine directors (including three Independent Directors) were elected with a term of office for three years, from June 24, 2019 to June 23, 2022. The nine Directors took office after this Annual General Meeting. 8. Discussed the removal of the non-compete clause for newly appointed Directors Implementation status: Resolution passed

2. Board of Directors Meeting

Session (Year) of Meeting	Date of Meeting	Key Resolutions
1st meeting in 2019	February 13, 2019	1. Ratified the renewal of the three-year medium-term loan limit signed with E.SUN Commercial Bank. 2. Approved the investment in the construction of ethylene storage tanks.
2nd Meeting in 2019	March 6, 2019	1. 1. Ratified the three-year comprehensive credit line signed with Far Eastern International Bank. 2. Approved the 2018 Account Book 3. Approved the 2018 compensation distribution plan for Directors and employees 4. Approved the 2018 earnings distribution plan 5. Approve the amendment to certain articles in the Articles of Incorporation 6. Approved the amendment to certain articles in the Rules of Procedure for Board of Directors' Meetings 7. Approve the amendment to certain articles in the Rules of Procedure for Shareholders' Meetings 8. Approved the amendment to certain articles in the Regulations Governing the Election of Board Members 9. Approved the amendment of certain articles in the Regulations Governing the Acquisition and Disposal of Assets 10. Approved the re-election of Directors at the Annual General Meeting in this fiscal year 11. Approved the recommendation to lift competition restrictions against newly elected Directors at the Annual General Meeting 12. Approved matters related to the convening of the 2019 Annual General Meeting 13. Accepted and handled shareholders' proposals from April 17th to April 27th, 2019

Session (Year) of Meeting	Date of Meeting	Key Resolutions
		14. Approved CPA fees for 2018 15. Approved the replacement of CPAs and evaluation of the independence and performance of the CPAs 16. Approved the issuance of the 2018 Statement on the Internal Control System 17. Approved the appointment of the Company's General Manager 18. Permitted managerial officers to engage in competitions 19. Authorized the Chairman to sign and deliver short-term credit loan contracts and related documents with financial institutions 20. Approved donations to the USI Education Foundation
3rd meeting in 2019	May 9, 2019	1. Approve the amendment to certain articles of the Corporate Governance Best Practice Principles 2. Approved the appointment of the Corporate Governance Officer 3. Permitted managerial officers to engage in competitions 4. Approved the establishment of the "Standard Operating Procedures for Handling Requests by Directors" 5. Approved the list of Director (including Independent Director) candidates with shareholding percentage exceeding one (1) percent at the Company 6. Approved the amendment to the internal control system
4th meeting in 2019	July 5, 2019	1. Nominated Mr. Wu, Quintin as the Chairman of the Company 2. Ratified three-year medium-term loan limit signed with Hua Nan Commercial Bank, Ltd. 3. Approved the appointment of three Independent Directors, namely Shen, Shang-Hung, Chen, Ta-Hsiung, and Cheng, Tun-Chien as the members of the Remuneration Committee 4. Approved the appointment of two Independent Directors, namely Shen, Shang-Hung and Cheng, Tun-Chien, as the members of the Corporate Social Responsibility Committee of the Company 5. Approved the issuance of a supporting letter for the project financing of Fujian Gulei Petrochemical.
5th meeting in 2019	August 7, 2019	1. Ratified the renewal of the three-year medium-term loan limit signed with Taishin International Bank. 2. Ratified the renewal of the three-year medium-term loan limit signed with Chang Hwa Commercial Bank 3. Approved the 2019 Q2 Consolidated Financial Statements. 4. Approved the amendment to certain articles of the Audit Committee Charter
6th meeting in 2019	November 12, 2019	1. Ratified the renewal of the three-year medium-term loan limit signed with EnTie Commercial Bank 2. Ratified the renewal of the three-year medium-term loan limit signed with Bank SinoPac 3. Approved the 2020 budget 4. Approved the 2020 audit plan 5. Approved the amendment to certain articles of the Remuneration Policy and Regulations for Directors and Managerial Officers 6. Approved the amendment to the certain articles of the Board of Directors Assessment Regulations

Session (Year) of Meeting	Date of Meeting	Key Resolutions
		7. Approve the amendment of certain articles in the Ethical Corporate Management Best Practice Principles 8. Approve the amendment of certain articles in the Procedures for Ethical Management and Guidelines for Conduct 9. Approved the amendment of the certain certain articles in the Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct 10. Approved the change of the chief auditor
1st meeting in 2020	March 5, 2020	1. Ratified the renewal of the three-year medium-term loan limit signed with Taipei Fubon Bank 2. Ratified the renewal of the three-year medium-term loan limit signed with Bank of China, Taipei Branch 3. Ratified the change of the custodians of the "Company Seal" and "Responsible Person Seal" registered with the Ministry of Economic Affairs 4. Approved the 2019 Account Book. 5. Approved the 2019 remuneration distribution plan for Directors and employees 6. Approved the 2019 earnings distribution plan 7. Approved capital increase by retained earnings 8. Approved the amendment to certain articles of the Rules of Procedure for Shareholders' Meetings 9. Approved the amendment to certain provisions in the Operational Procedures Governing the Making of Endorsements/Guarantees 10. Approved the amendment of certain articles in the Procedures for Loaning of Funds to Others 11. Approved the recommendation to lift the non-compete clause for Directors 12. Approved matters related to the convening of the 2020 general shareholders' meeting. 13. Established the period for acceptance of shareholders' proposals: April 5, 2020 to April 15, 2020 14. Approved remuneration of CPAs for 2019 15. Approved the 2020 evaluation of the independence of appointed CPAs 16. Approved the appointment of CPAs for 2020 17. Approved the issuance of the 2019 Internal Control System Statement 18. Approved the shutdown of the Kaohsiung branch 19. Permitted managerial officers to engage in competitions 20. Permitted Accounting Manager to engage in competitions. 21. Authorized the Chairman to sign and deliver short-term credit loan contracts and related documents with financial institutions 22. Approved donations to the USI Education Foundation

(XII) Dissenting opinions or qualified opinions on resolutions passed by the Board of Directors that are made by directors or supervisors, and are documented or issued through written statements, in the most recent fiscal year up to the publication date of this annual report: No such situation at the Company in the most recent fiscal year up to the publication date of the Annual Report.

(XIII) Summary of the resignation and dismissal of the Company's Chairman, General Manager, Accounting Manager, Finance Manager, Head of Internal Audit, Head of Corporate Governance, and Head of Research and Development in the most recent fiscal year up to the publication date of this annual report:

1. Summary of the resignation and dismissal of persons associated with financial statements

Title	Name	Date Appointed	Date Dismissed	Reasons for resignation or dismissal
General Manager	Li, Kuo-Hung	May 2, 2007	March 26, 2019	Retirement
General Manager	Wu, Pei-Chi	March 26, 2019		Newly appointed

Title	Name	Date Appointed	Date Dismissed	Reasons for resignation or dismissal
Corporate Governance Officer	Yung-Chih Chen	May 9, 2019		Newly appointed

Title	Name	Date Appointed	Date Dismissed	Reasons for resignation or dismissal
Chief Internal Auditor	Chia-Fang Chuang	March 14, 2017	November 12, 2019	Work adjustment or reassignment
Chief Internal Auditor	Chia-Huei Lin	November 12, 2019		Newly appointed

Note: The relevant personnel in this context refers to the Chairman, General Manager, Accounting Manager, Finance Manager, Chief Internal Auditor, Corporate Governance Officer, and R&D Manager, etc.

2. Other individuals did not resign and were not dismissed.

V. Information Regarding CPA Fees:

The Company may choose to disclose CPA fees by range or individual amount:

Name of the CPA Firm	Name of CPAs		Audit Period	Notes
Deloitte, Taiwan	CPA Chiu, Cheng-Chun	CPA Huang, Hsiu-Chun	2019	

Note: If the Company has replaced the CPAs or accounting firm in the current fiscal year, the audit period shall be listed separately, and the reason for replacement shall be stated in the Remark column.

Unit: NT$ thousands

Range of Fees \ Fee Items		Audit Fees	Non-Audit Fees	Subtotal
1	Under NT$2,000	0	40	40
2	NT$ 2,000 (inclusive) to NT$4,000	2,950	0	2,950
3	NT$ 4,000 (inclusive) to NT$6,000	0	0	0
4	NT$ 6,000 (inclusive) to NT$8,000	0	0	0
5	NT$ 8,000 (inclusive) to NT$10,000	0	0	0
6	Over NT$ 10,000 (inclusive)	0	0	0

(I) If the non-audit fees paid to the CPAs, accounting firm and its affiliated companies exceeds one-fourth of the audit fees, the amount of audit and non-audit fees and the content of non-audit services shall be disclosed:

Unit: NT$ thousands

Name of the CPA Firm	Name of CPAs	Audit Fees	Non-Audit Fees					Audit Period	Notes
			System Design	Business Registration	Human Resources	Others (Note 2)	Subtotal		
Deloitte, Taiwan	CPA Chiu, Cheng-Chun CPA Huang, Hsiu-Chun	2,950	0	0	0	40	40	2019	Services to be provided: Review of Investment Projects in Mainland China

Note 1: If the Company has replaced the CPAs or accounting firm in the current fiscal year, the audit period shall be listed separately, and the reason for replacement shall be stated in the Remark column. Information regarding the audit and non-audit fees paid shall also be disclosed in order.

Note 2: Non-audit fees shall be listed by service item. If the Others column under Non-Audit Fees reaches 25 percent of the total non-audit fees, the service items associated with this column shall be listed in the Remark column.

(II) Where the CPA firm was replaced, and the audit fees in the fiscal year, when the replacement was made, were less than that in the previous fiscal year before replacement, the amount of audit fees paid before/after replacement and reasons for paying this amount shall be disclosed:
The Company did not replace the CPA firm in 2019. Therefore, this section is not applicable.

(III) Where accounting fee paid for the year was 10% (or more) less than that of the previous year, the sum, proportion, and cause of the reduction shall be disclosed:

The audit fees incurred to the Company in 2019 were not reduced by 10 percent or more compared to that in 2018. Therefore, this section is not applicable.

VI. Information on Replacement of Certified Public Accountants

(I) Regarding the former CPA

<table>
<tr><td>Replacement Date</td><td colspan="4">Starting from 2019 Q1</td></tr>
<tr><td>Reason for Replacement and Explanation</td><td colspan="4">Due to the internal rotations of CPAs at Deloitte, Taiwan, the Company’s financial statements, previously certified by the CPAs Huang, Hsiu-Chun and Wu, Shih-Tsung, are audited by the CPAs Chiu Cheng-Chun and Huang, Hsiu-Chun starting from Q1 2019.</td></tr>
<tr><td rowspan="3">Describe whether the Company terminated or the CPA did not accept the appointment</td><td colspan="2">Contracting Party
Status</td><td>CPA</td><td>The Company</td></tr>
<tr><td colspan="2">Termination of appointment</td><td colspan="2" rowspan="2">N/A</td></tr>
<tr><td colspan="2">No longer accepted (continued) appointment</td></tr>
<tr><td>Other issues (except for unqualified issues) in the audit reports within the last two years</td><td colspan="4">The CPAs have issued audit reports for both 2018 and 2017 with unqualified opinion. N/A</td></tr>
<tr><td rowspan="7">Differences with the Company</td><td rowspan="5">Yes</td><td colspan="2"></td><td>Accounting principles or practices</td></tr>
<tr><td colspan="2"></td><td>Disclosure of financial statements</td></tr>
<tr><td colspan="2"></td><td>Audit scope or procedures</td></tr>
<tr><td colspan="2"></td><td>Others</td></tr>
<tr><td colspan="2"></td><td></td></tr>
<tr><td>None</td><td colspan="3">☐</td></tr>
<tr><td colspan="4">Description: None.</td></tr>
<tr><td>Other items for disclosure (where Article 10, Subparagraph 6, Item 1-4 to Item 1-7 of the Regulations shall be disclosed)</td><td colspan="4">None.</td></tr>
</table>

(II) Information on the succeeding CPA:

Name of accounting firm	Deloitte, Taiwan
Name of CPAs	Alex Chiu and CPA Wong <unk> Chun
Date of Appointment	Starting from 2019 Q1
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement	None
Written opinions from successor CPAs with regards to matters with which former CPAs disagreed	None

(III) Former CPAs' reply to Item 1 and 2-3, Subparagraph 6, Article 10, Article 10 of the Regulations Governing Information to be Published in Annual Reports of Public Companies: Not applicable

VII. Where the Company's directors, general manager, managerial officer in charge of finance or accounting who has served in a CPA's accounting firm or its affiliated companies in the most recent fiscal year, the name, job title, and the accounting firm, or the affiliated company shall be disclosed: Not applicable

VIII. Equity transfer or changes in equity pledged by the Company's directors, supervisors, managerial officers or shareholders with shareholding percentage exceeding ten (10) percent in the most recent fiscal year up to the publication date of this Annual Report:

(I) Changes in Shareholding of Directors, Supervisors, Managerial Officers and Major Shareholders

Title	Name	2019		Current fiscal year up to April 30, 2020	
		Number of Shares Held Increase (decrease)	in number of pledged shares Increase (decrease)	Number of Shares Held Increase (decrease)	in number of pledged shares Increase (decrease)
Major Shareholder	Union Polymer Int'l Investment Corp.	0	(26,500,000)	0	0
Director	Wu, Quintin (Representative of Union Polymer Int'l Investment Corp.)	0	0	0	0
	Li, Kuo-Hung (representative of Union Polymer Int'l Investment Corp.)	0	0	0	0
	Wu, Pei-Chi (representative of Union Polymer Int'l Investment Corp.)(Newly elected on June 24, 2019)	0	0	0	0
	Liu, Chen-Tu (representative of Union Polymer Int'l Investment Corp.)	0	0	0	0
	Wu, Hung-Chu (representative of Union Polymer Int'l Investment Corp.) (Newly elected on June 24, 2019)	0	0	0	0
	Huang, Kuang-Che (representative of Union Polymer Int'l Investment Corp.) (Dismissed on June 24, 2019)	0	0	N/A	
	Liu, Han-Tai (representative of Union Polymer Int'l Investment Corp.) (Dismissed on June 24, 2019)	0	0	N/A	
Shareholder	Taiwan Union International Investment Co., Ltd.	0	0	0	0
Director	Ko, I-Shao (representative of Taiwan Union International Investment Corp.)	0	0	0	0
Independent Director	Shen, Shang-Hung	0	0	0	0
	Chen, Ta-Hsiung	0	0	0	0
	Cheng, Tun-Chien	0	0	0	0
Chief Executive Officer	Wu, Quintin	0	0	0	0
General Manager	Li, Kuo-Hung (Dismissed on March 26, 2019)	0	0	N/A	
General Manager	Wu, Pei-Chi (appointed on March 26, 2019)	0	0	0	0

Assistant VP of Sales Department	Wu, Ming-Tsung	0	0	0	0
Corporate Governance Officer	Chen, Yung-Chih (appointed on May 9, 2019)	0	0	0	0
Director of Linyuan Plant	Chen, Jung-Hung (November 11, 2019)	0	0	N/A	
Director of Linyuan Plant	Chen, Chun-Hung (appointed on November 11, 2019)	N/A		0	0
Accounting Manager	Chen, Cheng-Shun	0	0	0	0
Finance Manager	Shih, Ju-Hsuan	0	0	0	0
Sales Manager	Huang, Ko-Ming	0	0	0	0

Note 1: Shareholders who hold more than ten (10) percent of the Company's shares shall be noted as major shareholders and listed separately.

Note 2: Counterparties involved in equity transfer or pledging of equity are related parties and shall be listed in the following table.

(II) Transfer of equity: N/A

(III) Equity pledge: Not applicable, as the counterparty of the equity pledged by the major shareholder is not a related party and the remaining directors and managers do not have equity pledge.

IX. Information on the top 10 holders of the Company's shares who are identified as related parties, spouse or relative within second-degree of kinship:

April 14, 2020

Name (Note 1)	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Title or name and relationship of top 10 shareholders who are related parties or each other's spouses and relatives within the second degree of kinship (Note 3)		Notes
	Number of Shares	Shares holding %	Number of Shares	Shares holding %	Number of Shares	Shares holding %	Name (or name)	Relationship	
Union Polymer Int'l Investment Corp.	200,042,785	36.08%	-	-	0	0%	China General Terminal & Distribution Corporation	Same ultimate parent company as the Company	
Representative: Wu, Quintin	0	0%	-	-	0	0%	None	None	
Taiwan Union International Investment Co., Ltd.	20,932,787	3.78%	-	-	0	0%	None	None	
Representative: I-Shao Ko	0	0%	-	-	0	0%	China General Terminal & Distribution Corporation	Director	
TransGlobe Life Insurance Inc.	7,500,025	1.35%	-	-	No information has been provided by the shareholder		None	None	
Representative: Peng, Teng-Te	No information has been provided by the shareholder								
JP Morgan Chase Bank Taipei Branch as custodian of Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds Investment Account	5,120,752	0.92%	-	-	0	0%	None	None	
China General Terminal & Distribution Corporation	4,939,760	0.89%	-	-	0	0%	Union Polymer Int'l Investment Corp. Ko, I-Shao	Same ultimate parent company as the Company Director of China General Terminal & Distribution Co.	
Representative: Chang, Hung-Chiang	0	0%	0	0%	0	0%	None	None	
JP Morgan Chase Bank Taipei Branch as custodian of Vanguard Group's Vanguard Emerging Markets Stock Index Fund Investment Account	4,534,854	0.82%	-	-	0	0%	None	None	
Norges Bank Investment Account is under custody of Citibank (Taiwan) Limited	3,969,864	0.72%	-	-	0	0%	None	None	
Citibank (Taiwan) as custodian of Dimension Emerging Market Assessment Fund Investment Account	3,767,830	0.68%	-	-	0	0%	None	None	
Citibank (Taiwan) as custodian of Dimensional Fund Advisors' Emerging Markets Core Securities Portfolio Investment Account	3,420,260	0.62%	-	-	0	0%	None	None	
Investment account of Ya-Fei Co., Ltd. under custody of First Bank	2,800,000	0.51%	-	-	0	0%	None	None	

Note 1: All the top 10 shareholders shall be listed. For corporate shareholders, their names and the name of their representatives shall be listed separately.
Note 2: Shareholding percentage is calculated separately based on the number of shares held in the name of the person, his/her spouse and minors, and other persons.
Note 3: Relationships between the aforementioned shareholders, including corporate shareholders and natural person shareholders shall be disclosed based on the financial reporting standards used by the issuer.

X. The Total Number of Shares and Total Equity Stake Held in Any Single Enterprise by the Company, its Directors and Supervisors, Managers, and Any Companies Controlled either Directly or Indirectly by the Company

Unit: shares; %; as of December 31, 2019

Ownership of Shares in Affiliated Enterprises (Note)	Ownership by the Company		Direct or Indirect Ownership by Directors/ Supervisors/ Managerial Officers		Total Ownership	
	Number of Shares	Percentage of Shares Held	Number of Shares	Percentage of Shares Held	Number of Shares	Percentage of Shares Held
APC (BVI) Holding Co., Ltd.	11,342,594	100.00%	0	0.00%	11,342,594	100.00%
USI International Corp.	2,800,000	70.00%	1,200,000	30.00%	4,000,000	100.00%
APC Investment Corporation	20,000,000	100.00%	0	0.00%	20,000,000	100.00%
China General Plastics Corporation	42,527,153	8.07%	127,537,351	24.20%	170,064,504	32.27%
China General Terminal & Distribution Corporation	18,667,464	33.33%	0	0.00%	18,667,464	33.33%
Acme Electronics Corporation	6,056,623	3.31%	3,148,492	1.72%	9,205,115	5.03%
Taiwan United Venture Capital Corp.	3,913,533	8.33%	0	0.00%	3,913,533	8.33%
Swanson Plastics Corp.	12,266,779	7.95%	146,884	0.10%	12,413,663	8.05%
Thintec Materials Corporation	1,825,000	30.42%	0	0.00%	1,825,000	30.42%
USI Optronics Corporation	5,972,464	9.20%	61,745	0.10%	6,034,209	9.30%
Ever Conquest Global Ltd.	144,160,000	36.89%	0	0.00%	144,160,000	36.89%

Note: Invested by the Company using the equity method

Chapter 4 Funding Status

I. Capital and Shares

(I) Source of Share Capital

Year Month	Issue price	Authorized Capital		Paid-in Capital		Notes		
		Number of Shares	Amount	Number of Shares	Amount	Sources of share capital	Capital Increase by Assets Other than Cash	Others
2018.8	10	569,676,935 shares	NT$5,696,769,350	554,382,745 shares	NT$5,543,827,450	–	–	–

(Note): Approved in the MOEA Shou-Shang Tzu 10701105960 Letter dated August 29, 2018.
Note 1: Information for the current year shall be added as of the publication date of this annual report.
Note 2: For any capital increase, the effective (approval) date and the document number shall be added.
Note 3: Shares traded below par value shall be indicated in a clear manner.
Note 4: Capital increase by currency debts or technology shall be stated, and the type and amount of assets involved in such capital increase shall be noted.
Note 5: Shares traded via private placement shall be indicated in a clear manner.

Type of Shares	Authorized Capital			Notes
	Outstanding shares	Unissued Shares	Subtotal	
Registered common stocks	554,382,745 shares	15,294,190 shares	569,676,935 shares	Listed

Note: Indicate whether the shares are issued by the Company listed on the Taiwan Stock Exchange (TWSE) or the Taipei Exchange (TPEx) (shares of which trading is restricted on the TWSE or TPEx shall be noted).

Information regarding shelf registration: Not applicable.

(II) Shareholder Structure

April 14, 2020

Shareholder Structure / Quantity	Government Agencies	Financial Institutions	Other Juristic Persons	Individuals	Foreign Institutions and Individuals	Subtotal
Number of Shareholders	-	3	184	46,889	79	47,155
Number of Shares Held	-	7,560,410	238,265,042	273,164,133	35,393,160	554,382,745
Percentage of Shares Held	-	1.36%	42.98%	49.28%	6.38%	100.00%

Note: Companies primarily listed on the TWSE or the TPEx shall disclose the proportion of their shares held by investors from Mainland China. Investors from Mainland China refer to natural persons, corporations, organizations, other institutions or companies invested in areas other than Taiwan and Mainland China as defined in Article 3 of the Regulations Governing Investment of Mainland Chinese in Taiwan.

(III) Distribution of Equity Ownership

Common stocks:

April 14, 2020

Shareholding Range	Number of Shareholders	Number of Shares Held	Percentage of Shares Held
1 to 999	23,415	3,907,497	0.70%
1,000 to 5,000	13,973	32,827,866	5.91%
5,001 to 10,000	4,093	29,560,402	5.33%
10,001 to 15,000	2,037	24,939,964	4.50%
15,001 to 20,000	875	15,408,490	2.78%
20,001 to 30,000	1,074	25,948,586	4.68%
30,001 to 50,000	734	28,627,027	5.17%
50,001 to 100,000	554	38,229,125	6.90%
100,001 to 200,000	247	33,916,393	6.12%
200,001 to 400,000	99	26,928,434	4.86%
400,001 to 600,000	18	8,569,053	1.55%
600,001 to 800,000	10	6,929,706	1.25%
800,001 to 1,000,000	3	2,813,709	0.51%
1,000,001 and above (This range can be further classified where necessary)	23	275,776,493	49.74%
Subtotal	47,155	554,382,745	100.00%

Preferred shares: None.

(IV) List of Major Shareholders

April 14, 2020

Shares / Name of Major Shareholder	Number of Shares Held	Percentage of Shares Held
Union Polymer Int'l Investment Corp.	200,042,785	36.08%
Taiwan Union International Investment Co., Ltd.	20,932,787	3.78%
TransGlobe Life Insurance Inc.	7,500,025	1.35%
JP Morgan Chase Bank Taipei Branch as custodian of Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds Investment Account	5,120,752	0.92%
China General Terminal & Distribution Corporation	4,939,760	0.89%
JP Morgan Chase Bank Taipei Branch as custodian of Vanguard Group's Vanguard Emerging Markets Stock Index Fund Investment Account	4,534,854	0.82%
Citibank (Taiwan) Limited as custodian of Norges Bank Investment Account	3,969,864	0.72%
Citibank (Taiwan) as custodian of Dimension Emerging Market Evaluation Fund Investment Account	3,767,830	0.68%
Citibank (Taiwan) as custodian of Dimensional Fund Advisors' Emerging Markets Core Portfolio Investment Account	3,420,260	0.62%
Investment account of Ya-Fei Co., Ltd. under custody of First Bank	2,800,000	0.51%

(V) Market price, net value, earnings, and dividends per share in the past two years

Item		Year	2019	2018	Current fiscal year up to April 30, 2020 (Note 8)
Market price per share (Note 1)	Highest		16.40	19.35	17.20
	Lowest		12.80	12.65	12.25
	Average		14.87	16.01	14.79
Net value per share (Note 2)	Before distribution		18.45	17.32	17.63
	After distribution		-*	17.02	-*
Earnings per share (Note 3)	Weighted average number of shares		554,382,745	554,382,745	554,382,745
	Earnings per share before retrospective adjustment		1.48	0.52	0.26
	Earnings per share after retrospective adjustment		1.48	0.52	-
Dividends per share	Cash dividends		0.6 cents	0.30	-
	Stock dividends	Dividends from surplus earnings	0.5※	-	-
		Dividends from capital reserve	-*	-	-
	Accumulated unpaid dividends (Note 4)		0	0	-
Return on investment	Price/earnings ratio (Note 5)		9.89	32.21	-
	Price/dividend ratio (Note 6)		24.38	55.83	-
	Cash dividend yield (Note 7)		4.10%	1.79%	-

* Based on the profit distribution plan which has been approved by the Board of Directors but is yet to be acknowledged by the Shareholders' Meeting

* If retained earnings or capital reserves were used for capital increase, market prices and cash dividends that were retroactively adjusted based on the number of shares after distribution shall be disclosed.

Note 1: List the highest and lowest market price of common shares for each year and calculate the average market price for each year based on the trading value and volume in each year.

Note 2: Fill these rows based on the number of shares that have been issued at the end of the year and the distribution plan approved in the shareholders' meeting in the subsequent year.

Note 3: If there is any retrospective adjustment required due to stock dividends, earnings per share before and after such adjustment shall be listed.

Note 4: If there is any condition in issuing equity securities that allows for an undistributed dividend for the year to be accumulated to subsequent years in which there is a profit, the Company shall separately disclose accumulated undistributed dividends up to that year.

Note 5: Price/earnings ratio = Average closing price per share for the current fiscal year / earnings per share.

Note 6: Price/dividend ratio = Average closing price per share for the year / Cash dividends per share.

Note 7: Cash dividend yield = Cash dividends per share / Average closing price per share for the year.

Note 8: Net worth per share and earnings per share for the latest quarter up to the date of publication of the Annual Report as audited (reviewed) by CPAs shall be filled in. For all other columns, the Company shall fill information for the year up to the date of publication of the Annual Report.

(VI) Dividend Policy and Its Implementation

1. Dividend policy stipulated in the Company's Articles of Incorporation

   If the Company posts a net income after taxes (NIAT) as indicated in its final annual accounts for the current fiscal year, the Company shall use its NIAT to cover cumulative loss in the previous fiscal year. If there is remaining balance, ten (10) percent of this balance has to be set aside as statutory reserves, while the rest shall be regarded as distributable profit. This distributable profit shall then be combined with undistributed earnings that have been accumulated in previous fiscal years. Part of this combined amount shall be recognized as or transferred to special reserves as required by the law or the competent authority, while the remaining balance shall be regarded as cumulative distributable profit. The Board of Directors shall propose a profit distribution plan which is then submitted to the Shareholders' Meetings for approval. The Shareholders' Meeting shall retain all or part of the Company's profit based on its business performance.

   In regards to the resolution on earning distribution, it has been decided that, due to the fact that the industry to which the Company belongs is in the maturity stage and taking into account R&D needs and business diversification, dividends paid to shareholders shall not be less that ten (10) percent of distributable profit in the current fiscal year, where cash dividends shall not be less than ten (10) percent of the total dividends. However, no dividend shall be distributed if the distributable profit per share in the current fiscal year is less than NT$0.1.

2. Dividend distribution to be proposed to the shareholders' meeting:

   (1) Stock dividends: The allocation of NT$ 277,191,370 from retained earnings in 2019 for capital increase, in which 50 shares were distributed for every 1,000 shares held, has been proposed. The proposal is still pending approval at the Annual General Meeting before it is submitted to the competent authority for approval. The Board of Directors will set the base date for the distribution of stock dividends.

   (2) Cash dividends: The allocation of NT$332,629,647 from earnings in 2019 for the distribution of cash dividends, where a dividend of NT$0.6 will be paid for every share, has been proposed. The proposal is still pending approval at the Annual General Meeting before the Chairman of the Board is given the authority to set the base date for the distribution of cash dividends.

3. Any expected material changes to the dividend policy shall be further explained: Not applicable.

(VII) Effect of stock dividend distribution proposed at this shareholders' meeting on the Company's business performance and earnings per share:

No financial forecast was prepared for year 2020. Therefore, there is no need to disclose forecast information.

<table>
<tr><td colspan="3">Year
Item</td><td>2020
(Estimated)</td></tr>
<tr><td colspan="3">Beginning paid-in capital</td><td>NT$5,543,827,450</td></tr>
<tr><td rowspan="3">Distribution of dividends for the year</td><td colspan="2">Cash dividends per share</td><td>NT$0.60</td></tr>
<tr><td colspan="2">Number of shares distributed per share held due to capital increase from surplus earnings</td><td>0.05 shares</td></tr>
<tr><td colspan="2">Number of shares distributed per share held due to capital increase from capital reserve</td><td>0 share</td></tr>
<tr><td rowspan="7">Changes in operating performance</td><td colspan="2">Operating income</td><td rowspan="13">N/A</td></tr>
<tr><td colspan="2">Percentage of increase (decrease) in operating income YoY</td></tr>
<tr><td colspan="2">Net income after tax</td></tr>
<tr><td colspan="2">Percentage of increase (decrease) in net income after tax YoY</td></tr>
<tr><td colspan="2">Earnings per share</td></tr>
<tr><td colspan="2">Percentage of increase (decrease) in earnings per share YoY</td></tr>
<tr><td colspan="2">Annual average return on investment (reciprocal of average annual price/earnings ratio)</td></tr>
<tr><td rowspan="6">Pro forma earnings per share and price/earnings ratio</td><td rowspan="2">If capital increase from surplus earnings is entirely replaced by distribution of cash dividends</td><td>Pro forma earnings per share</td></tr>
<tr><td>Pro forma average annual return on investment</td></tr>
<tr><td rowspan="2">If capital reserve is not used for capital increase</td><td>Pro forma earnings per share</td></tr>
<tr><td>Pro forma average annual return on investment</td></tr>
<tr><td rowspan="2">If capital reserve is not used for capital increase and capital increase from surplus earnings is replaced by distribution of cash dividends</td><td>Pro forma earnings per share</td></tr>
<tr><td>Pro forma average annual return on investment</td></tr>
</table>

Note: Distribution of dividends in 2020 is based on the earnings distribution plan approved by the Board of Directors on March 5, 2020.

1. The Company shall describe the underlying assumptions on which the estimate or information prepared is based.
2. If capital increase from surplus earnings is fully replaced by distribution of cash dividends, dividends per share = [Net income after tax - Interest expenses arising from cash dividends* x (1 - Tax rate)] / (Total number of shares issued at the end of the year - Number of shares distributed from surplus earnings**).
   Interest expenses arising from cash dividends* = Amount of capital increase from surplus earnings x one-year general loan interest rate.
   Number of shares distributed from surplus earnings**: Number of shares added due to the distribution of shares from surplus earnings for the previous year.
3. Annual average price/earnings ratio = Annual average market price per share / Earnings per share reported in the annual financial statements.

(VIII) Remuneration of employees, Directors and Supervisors:

1. Percentage or range of remuneration distributed to employees and directors as stipulated in the Company's Articles of Incorporation:
   (1) Employee remuneration: Employee remuneration shall not be less than one (1) percent of the Company's profit in the current fiscal year. The abovementioned employee compensation can be distributed in the form of shares or cash. Compensation could be distributed to employees of the Company's subordinate companies when they meet certain conditions. Such conditions shall be set by the Board of Directors.
   (2) Directors' remuneration: Directors' remuneration shall not exceed one (1) percent of the Company's profit in the current fiscal year.
2. Basis for estimating the amount of remuneration to be distributed to employees and directors, basis for calculating the number of shares to be distributed as employee remuneration and accounting treatment for discrepancies between the actual and estimated amount of remuneration to be distributed for this period:
   (1) Basis for estimating employee compensation: To be calculated based on the condition that employee remuneration shall not be less than one (1) percent of the Company's profit in the current fiscal year.
   (2) Basis for calculating the number of shares to be distributed as employee remuneration: Not applicable.
   (3) Accounting treatment for discrepancies between the actual and estimated distribution amount: Handled according to changes in accounting estimates
3. Distribution of remuneration approved by the Board of Directors:
   (1) Remuneration for employees and directors shall be distributed in the form of cash or shares. If there is any discrepancy between the abovementioned amount and estimated amount of recognized expenses for the current fiscal year, the amount, causes and treatment of such discrepancy shall be disclosed:
   Employee rewards: NT$9,928,679, distributed in the form of cash
   Directors' rewards: None.
   There was no discrepancy between the amount of rewards to be distributed as approved by the Board of Directors and the recognized amount of rewards for employees and directors.
   (2) Amount of employee remuneration distributed in the form of shares and its proportion to NIAT provided in the parent company only or individual financial statements, as well as its proportion to the total amount of employee remuneration:
   Not applicable as employee rewards were not distributed in the form of shares.
4. If there is any discrepancy between the actual amount of rewards distributed to employees and directors (including number and dollar amount of shares distributed, as well as share price) and the recognized amount of rewards for employees and

directors in the previous fiscal year, the amount, causes and treatment of such discrepancies shall be stated:

(1) Employee rewards: The shareholders' meeting resolved to distribute a total of NT$3,180,448 in employee rewards in cash.

(2) Directors' remuneration: None.

(3) If there is any discrepancy between the actual amount and the recognized amount of remuneration for employees and directors in the previous fiscal year, the amount, causes and treatment of such discrepancy shall be noted:
There was no discrepancy between the actual amount and recognized amount of remuneration distributed to employees and directors.

(IX) Repurchase of the Company's Own Shares: None.

II. Issuance of Corporate Bonds: None.
III. Preferred Shares: None.
IV. Overseas Depository Receipt: None.
V. Issuance of Employee Stock Options: None.
VI. New Restricted Employee Shares: None.
VII. Status of New Share Issuance in Connection with Mergers and Acquisitions: None.
VIII. Capital Utilization Plan and Its Implementation: None.

Chapter 5 Operations Overview

I. Business Activities

(I) Scope of Business

1. Main content and proportion of businesses
   (1) Manufacture, processing and sale of low-density polyethylene (LDPE)
   (2) Manufacture, processing and sale of medium-density polyethylene (MDPE)
   (3) Sale of high-density polyethylene (HDPE)
   (4) Sale of linear low-density polyethylene (LLDPE)
   (5) Manufacture, processing and sale of ethylene vinyl acetate (EVA) copolymer resins
   (6) Manufacture and sale of degradable plastic materials
   (7) Machinery wholesaling
   (8) Investment industry
   (9) Trading of plastic raw materials

   In 2019, the Company's sales of low-density polyethylene resins accounted for 28% of its overall turnover while its sales of ethylene vinyl acetate resins accounted for approximately 70%. Other products accounted for approximately 2%.

   The main business of its subsidiary, USI Trading (Shanghai) Co., Ltd is plastic raw material trading, and the revenue of this subsidiary is included in the operating income reported in the consolidated financial statements. On the other hand, its other subsidiaries including APC (BVI) Holding Co., APC Investment Corporation and USI International Corp. engage mainly in investments, and their revenues are included in the non-operating income reported in the consolidated financial statements.

2. Current products:

   Low-density polyethylene resins: film-grade, injection molding-grade and laminating film-grade products, as well as products for other uses (low crystallization point, microfiber or foaming)

   Ethylene vinyl acetate resins: film-grade, foaming-grade, laminating film-grade, electric cable-grade and photovoltaic-grade products

3. Plans for new product development

   High-speed laminating film-grade, high-viscosity pre-coating film-grade, and other special-grade ethylene vinyl acetate resins products.

(II) Industry Overview

1. Current state and development of the industry:

   APC's production of LDPE / EVA in 2019 reached 135,492MT, an increase of 5,828MT from 129,664MT in 2018, and the total sales volume reached 147,828MT, an increase of 14,194MT from 133,634MT in 2018.

In 2019, the supply of ethylene in Asia was significantly lower than that in 2018. It is mainly because of the operation of new petrochemical plants in the US, China, and Southeast Asia, resulting in an oversupply of PE products in the downstream section of the ethylene supply chain and the declining of the PE prices. The naphtha cracking plants turned to sell ethylene, which led to an increase in the supply of ethylene, resulting in a drop in the spot price of ethylene.

Based on the overall operating conditions in 2019, the annual average selling price of LDPE/EVA fell by around 4% compared with last year. The material costs for the year dropped significantly by more than 20% as compared with last year, which significantly widened the spread of selling price. Due to the over-production of PE in the global PE market, particularly in North America and the Middle East where goods were sold at low prices, the international prices of LDPE are far lower than those of EVA; thus, the Company adjusted its production and sales strategy to increase EVA production and sales. In 2019, the sales volume of LDPE was only 43,466MT, a decrease of 13,537MT compared to that in the previous year. In terms of EVA, the quality of the Company's newly developed product—coating-grade EVA products—has been recognized by most clients, making the sales volume continue to increase. In 2019, the sales volume of EVA reached 102,388 MT, a record high, an increase of 28,813 MT from 73,575 MT in the previous year.

2. Relationship between upstream, mid-stream and downstream companies:
   At present, the Company mainly sources its ethylene and vinyl acetate from CPC Corporation and Dairen Chemical Corp. Hence, the Company not only continues to maintain good relationships with these companies but also continuously develops overseas supply channels in order to ensure stable supply of ethylene and reasonable cost control for the Company. In terms of sales, we shall maintain parity with two domestic competitors and improve the sales and marketing of niche product to satisfy the demand of domestic and foreign customers. We shall also expand niche and high-value products to continue the expansion of operations and company profits.
3. Product development trends and competition:
   Facing the low price competition of the raw material of LDPE in the Middle East and the US, the Company lost some of the domestic and overseas clients, the spreads were squeezed, and the sales volume declined. Thus, the Company managed to reduce its production volume of LDPE and produced EVA instead. With the robust demand for solar packaging films, the Company's supply of high-quality solar-grade EVA products was tight. In order to increase the operating niche, the Company continued to advance the coating-grade EVA production technology and improve the quality and production volume. With the efforts of the business and development teams, the market expansion has achieved remarkable results. In addition, the Company actively engaged in the R&D and sales of cable-grade and high-end

foaming-grade EVA to meet the scale of production and sales.

Looking forward to 2020, the outbreak of COVID-19 since the 2020 Lunar New Year has affected global economic growth. In addition to closely observing the impact of this pandemic on the PE/EVA market, the Company will actively expand the non-China market to diversify risks, and continue to attach importance to the development of high-value differentiated products while actively seeking low-cost raw material sources, to maintain the competitiveness in cost. Thus, the Company can adjust its production and sales arrangement flexibly in response to changes in market supply and demand, to give full play to the advantages of small but strong production lines, to reduce the impact of low-price competition in the industry, and strive to break through the status quo and open up new opportunities.

(III) Technology, Research and Development Overview

1. Research and development (R&D) expenses in the most recent year up to the date of publication of the Annual Report
   2019: NT$5,126 thousand.
   As of April 2020: NT$1,744 thousand.
2. Successfully developed technologies or products in the most recent fiscal year up to the publication date of this annual report
   Development of batch production technologies for low crystallization point coating-grade EVA product V18161
3. R&D projects in the most recent fiscal year
   (1) Item: Development of production technologies for low crystallization point coating-grade/high-speed laminating film EVA.
   (2) Current progress of uncompleted R&D projects:
   - Development of production technologies for low crystallization point coating-grade/high-speed laminating film EVA.
   (3) Additional R&D expenses required: approximately NT$27,255 thousand.
   (4) Estimated time for the completion of mass production: fourth quarter of 2020.
   (5) Main factors affecting the success of R&D in the future:
   * Cultivation of R&D talents and technological inheritance.
   * Ample market intelligence (such as quality requirements, product usage and price acceptance).
   * Additional necessary equipment.

(IV) Long-term and Short-term Business Development Plans

Short-term plans:

1. Regarding LDPE, in recent years, the newly added LDPE capacity in the US has been put into production using low-cost shale gas ethane as a raw material, resulting in a surge in the export volume of low-cost LDPE in the US. In order to stabilize the

Company's LDPE market share, in addition to consolidating the clients who can accept the high prices of LDPE, the Company will manage to meet the clients' demand for materials within reasonable spread. The Company will increase LDPE inventory when ethylene prices are low and adopt flexible sales strategies to increase its profits and continue to expand into high-value industries in other domestic and export sales.

2. Regarding EVA, the sales volume of coating-grade raw materials has grown significantly and has a better spread than the foam-grade ones. In addition to continuing to strengthen the relationship with clients who need to use the materials themselves, the width and depth of sales should be enhanced. Furthermore, the Company will continue to develop special EVA materials, including high-speed laminating film-grade and high-viscosity pre-coating films, to increase the technological level of products while maximizing the existing production capacity.

Long-term plans:

1. The Company will stabilize and continuously enhance the quality and specificity of its LDPE / EVA products so as to solidify and expand the market for such products, as well as increase its sales and profitability.
2. The Company will continue to seek opportunities for integration with upstream and downstream sectors and establish a strategic alliance with USI to gain more control over upstream materials and costs and expand the integrated upstream and downstream sales strategy.

II. Market, Production and Sales Overview

(I) Market Analysis

1. Sales regions for major products:

Among the domestic manufacturers of polyethylene (PE) plastic raw materials, the Company and USI Corporation, as well as Formosa Plastics Corporation mainly manufacture low-density polyethylene (LDPE) and ethylene vinyl acetate (EVA) resins. On the other hand, USI Corporation and Formosa Plastics Corporation also manufacture high-density polyethylene (HDPE) and linear low-density polyethylene (LDPE) raw materials.

At present, domestic sales still dominate the sales of LDPE raw materials manufactured by the Company (accounting for approximately 78% of the overall LDPE sales this year), whereas the Company's EVA raw materials are mainly exported (accounting for approximately 94% of the overall EVA sales this year).

In 2019, the proportion of domestic sales to export sales was 27% to 73%, and the product were exported across China/Hong Kong, Vietnam, Thailand, Indonesia, and Bangladesh.

In terms of export volume, LDPE accounted for approximately 9% of its export volume, whereas EVA constituted 89%. For domestic sales, LDPE and EVA sales made up 85% and 15% of its overall domestic sales volume, respectively.

2. Market share

   Formosa Plastics Corporation and USI do not produce LDPE, and domestic LDPE demand depends on the Company and supply from sources of imports, of which the Company accounts for 18% and imported materials account for 82%. For the domestic market of EVA, the Company accounts for 15%, USI accounts for 48% while Formosa Plastics accounts for 13% and imported materials account for 24%. Since the total production volume of LDPE and EVA among three domestic manufacturers have exceeded domestic demand, the Company not only continues its efforts to enhance its domestic market share, but also needs to enhance its expansion into the export market to achieve a balance between production and sales.

3. Supply and demand and growth of future market:

   Looking forward to 2020, the variables of the China-US trade conflict still exist, and the COVID-19 pandemic has spread throughout the world since the beginning of the year, which may pose a risk to global economic growth. The Company will closely observe the impact of the pandemic on the demand for LDPE and EVA in Asia and mainland China.

   The supply of ethylene is relatively loose this year and the prices of raw materials and ethylene are expected to remain weak while the demand for solar energy will remain stable due to the fact that China's explicit support for green energy policies remains unchanged, and in particular, the continuous increase in exports of solar modules from Mainland China arising from the continued robust demand for overseas solar energy. As a result, the future demand for EVA solar encapsulation film will still maintain a stable growth track. Although there will be three new EVA installations in place in China in the second half of this year for trial production, the EVA demand in mainland China still maintains high and relies on a large amount of imports. It is expected that the impact of the new production capacity in the China on the EVA supply and demand market should be small.

   In the LDPE market, in the next three to five years, more than 7 million metric tons of new PE capacity will be put into operation in North America. With the low-cost ethylene produced from shale gas through extraction, the Company's LDPE products are mainly sold domestically; as the products are differentiated and the imported material market is segmented, the Company is confident that it can respond to this wave of challenges.

4. Competitive niche:

   As the Company's business philosophy is "Solid Operation, Professional Management, Seeking Excellence and Serving the Society," our quality management focuses on non-stop improvement of product quality and continuous enhancement of service quality in order to provide customers with satisfactory operational quality. At present, the Company's specific strategies are to not only obtain stable supply of ethylene from the Middle East, China, and even the United States over the long term in order to compensate for inadequate supply of ethylene from CPC Corporation, but also continuously maintain the strategic alliance with USI Corporation in order to provide product support to each other, as well as actively develop high-value LDPE/EVA products in order to achieve the goal of sustainable development.

5. Favorable and unfavorable factors affecting the Company's development prospects and corresponding countermeasures:

   Favorable factors:

   (1) The Company is a business unit that produces and sells a single product, namely LDPE/EVA, and is able to adjust and maneuver its production lines to respond to the latest market needs in order to enhance the competitiveness of the Company's products.
   (2) The Company's production lines involve autoclave-type processes, and are able to produce high-end LDPE/EVA products to meet customized requirements for a small quantity of diverse products in the market.
   (3) The Company has accumulated excellent experience in new product development.
   (4) The Company has formed a strategic alliance with USI to provide mutual support for insufficient products so as to maximize the benefits of its production capacity.
   (5) The Company's EVA production equipment upgrade is almost complete.
   (6) The Company focuses on its own main business and R&D of new products to expand the market.

   Unfavorable factors:

   (1) Insufficient supply of ethylene requires the Company to make purchase from foreign sources. The price of ethylene changes along with the international market and it is difficult to control price fluctuations.
   (2) The low production capacity of the production line increases unit production costs.
   (3) Low import tariffs for LDPE/EVA products in Taiwan have resulted in competition from low-priced imported materials from new production capacities in foreign countries. Not only has the market been divided, the sales price of LDPE / EVA products will also be indirectly affected and cannot be increased.
   (4) For LDPE/EVA, Taiwan has not joined the ASEAN free trade zone, and countries have signed the RCEP agreement with each other. The resulting trade barriers and unfair competition in the export market will severely affect sales volume and prices.

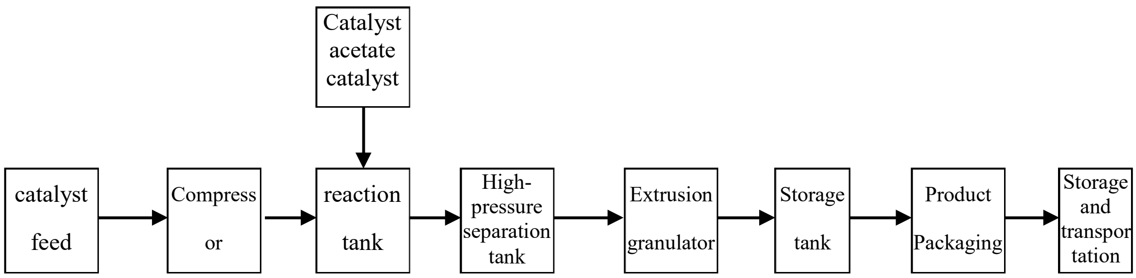
Response strategy: In order to keep abreast of the stable and low-cost sources of ethylene and the ethylene transportation and inventory turnover, the Company will invest in Gulei Petrochemical's project and the supporting facilities for ethylene storage tanks and underground pipelines of the Port of Kaohsiung Intercontinental Container Terminal Phase II Petrochemical Oil Center. In addition, the Company will continue to improve the stability and operation rate of the existing production equipment to improve product production and quality to reduce production costs, to win over the market. Furthermore, it is committed to the reasonableness of product prices and customer services, while developing high value-added products in line with market trends and expanding the export markets of new developing countries, with a view to gaining a stable long-term client base, thereby increasing operating benefits.

(II) Important Uses and Production Processes of Main Products

1. Important uses of main products

The Company's low-density polyethylene (LDPE) plastic pellets can be divided into the following categories according to their applications - film-grade, injection molding-grade and laminating film-grade. Film-grade LDPE plastic pellets are mainly used for processing various packaging films, whereas injection molding-grade LDPE plastic pellets are mainly used for processing and manufacturing artificial flowers, various types of household plastic products and electronic components and parts. On the other hand, laminating film-grade LDPE plastic pellets are mainly used as a laminating film for various types of packaging films, as well as various types of protective films. Another product, ethylene vinyl acetate (EVA) copolymer resin, is mainly used in the production of foam shoes, sports equipment, various types of films, solar cell packaging films, hot-melt adhesives, protective films, as well as wire and cable insulation shields due to its high toughness and flexibility.

2. Production processes for major products LDPE and EVA



(III) Supply of Main Raw Materials

1. Ethylene

The Company has signed an ethylene purchase contract with CPC Corporation. However, CPC Corporation's supply of ethylene is inadequate as the contract is only able to meet 70 percent of the Company's demand for ethylene. USI Corporation has been commissioned to import ethylene in order to compensate for the shortfall in the ethylene supply.

2. Vinyl acetate monomer (VAM)

As the Company produces ethylene vinyl acetate copolymer resins, the Company purchases vinyl acetate monomers (VAM) from Dairen Chemical Corp. on a regular basis while importing some from abroad.

(IV) Name of customers who account for more than ten (10) percent of the total purchases (or sales) of goods and their amount and proportion of purchases (or sales) of goods in any one of the most recent two fiscal years, and reasons for the increase or decrease in purchases or sales of goods

1. List of customers who account for more than 10% of the total purchases of goods and their amount and proportion of purchases of goods, and reasons for changes

Information regarding main suppliers in the most recent two fiscal years Unit: NT$ thousands

	2019				2018				2020 up to the end of the first quarter (Note 2)			
Item	Name	Amount	Percentage of Net Purchases of Goods (%)	Relationship with the Issuer	Name	Amount	Percentage of Net Purchases of Goods (%)	Relationship with the Issuer	Name	Amount	Percentage to net purchase in the year up to the first quarter (%)	Relationship with the Issuer
1	CPC Corporation	2,027,112	50.84	None	CPC Corporation	2,648,220	55.15	None	CPC Corporation	279,623	32.08	None
2	Mitsubishi	574,541	14.41	None	Mitsubishi	402,752	8.39	None	Mitsubishi	210,712	24.17	None
3	Dairen Chemical Corporation	529,263	13.27	None	Dairen Chemical Corporation	547,688	11.41	None	Dairen Chemical Corporation	107,548	12.33	None
4	Marubeni	120,328	3.02	None	Marubeni	578,758	12.05	None	Marubeni	119,033	13.65	None
5	Others	735,941	18.46	-	Others	624,555	13.00	-	Others	154,807	17.77	-
	Net purchases of goods	3,987,185	100.00	-	Net purchases of goods	4,801,973	100.00	-	Net purchases of goods	871,723	100.00	-

Note 1: List the name of suppliers who account for more than 10% of the total purchases of goods and their amount and proportion of purchase of goods in the most recent two years. However, if the name of suppliers or counterparties who are individuals or non-related parties cannot be revealed due to contractual agreements, their code shall be indicated.

Note 2: As of the date of publication of the Annual Report, if financial information of the Company that are publicly listed or whose shares are traded over the counter has recently been audited or reviewed by CPAs, such information shall be disclosed.

Reasons for increase or decrease: Purchases from CPC Corporation decreased in 2019 mainly due to the decrease in supply and price, and the purchases from certain suppliers were adjusted slightly according to negotiation on procurement conditions.

2. List of customers who account for more than 10% of the total sales of goods and their amount and proportion of sales of goods, and reasons for changes

Information regarding main customers in the most recent two fiscal years

Unit: NT$ thousands

	2019				2018				2020 up to the end of the first quarter (Note 2)			
Item	Name	Amount	Percentage of Net Sales of Goods (%)	Relationship with the Issuer	Name	Amount	Percentage of Net Sales of Goods (%)	Relationship with the Issuer	Name	Amount	Percentage to net sales in the year up to the first quarter (%)	Relationship with the Issuer
1	Customer A	843,103	12.41	Note 3	Customer A	671,528	10.53	Note 3	Customer A	170,040	12.94	Note 3
	Others	5,948,054	87.59	-	Others	5,703,606	89.47	-	Others	1,143,973	87.06	-
	Net sales	6,791,157	100.00	-	Net sales	6,375,134	100.00	-	Net sales	1,314,013	100.00	-

Note 1: List the name of customers who account for more than 10% of the total sales of goods and their amount and proportion of sales of goods in the most recent two years. However, if the name of customers or counterparties who are individuals or non-related parties cannot be revealed due to contractual agreements, their code shall be indicated.

Note 2: As of the date of publication of the Annual Report, if financial information of the Company that are publicly listed or whose shares are traded over the counter has recently been audited or reviewed by CPAs, such information shall be disclosed.

Note 3: Client A is the parent company of a main shareholder and an affiliate with the same chairman. The sales amount to Client A increased in 2019 because of the increase in the client's demand.

(V) Table of production volume in the 2 most recent years

Unit: metric tons/NT$ thousands

Year / Production Value	2019			2018		
Main Product	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Low-density polyethylene pellets	150,000	38,310	1,358,156	150,000	57,378	2,461,126
Ethylene vinyl acetate (EVA) resins		97,182	3,794,927		72,286	3,380,066
Subtotal	150,000	135,492	5,153,083	150,000	129,664	5,841,192

Note: Part of the Company's production lines can alternately produce low-density polyethylene plastic pellets and ethylene vinyl acetate resins.

(VI) Sales volume in the most recent two fiscal years

Unit: metric tons/NT$ thousands

Year / Sales volume and value	2019				2018			
	Domestic Sales		Exports		Domestic Sales		Exports	
Main Product	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Low-density polyethylene pellets	33,906	1,501,710	9,560	405,875	39,982	1,973,249	17,021	783,645
Ethylene vinyl acetate (EVA) resins	6,026	286,017	96,362	4,503,458	4,923	244,798	68,652	3,217,657
Others	0	0	1,974	94,097	0	0	3,056	155,785
Subtotal	39,932	1,787,727	107,896	5,003,430	44,905	2,218,047	88,729	4,157,087

III. Information on employees in the last two years and as of the published date of the annual report

Year		2019	2018	Current fiscal year up to April 30, 2020
Number of employees	Staff	86	88	82
	Workmen	152	148	154
	Subtotal	238	236	236
Average age		46.62	46.36	46.57
Average year of services		17.38	17.20	17.01
Distribution of academic qualifications	PhD/Master's degree	13.86%	13.99%	13.56%
	Bachelor's degree	42.02%	41.10%	43.22%
	Junior college	18.91%	19.49%	18.22%
	High school/vocational high school	22.69%	22.88%	22.88%
	Below high school	2.52%	2.54%	2.12%

IV. Information on Environmental Protection Expenditure

(I) Total amount of losses and penalties incurred due to environmental pollution in the most recent fiscal year up to the publication date of this annual report:

1. Losses and penalties incurred due to environmental pollution in 2019:

Date	Disciplinary unit	Disciplinary official letter number	Date of violation	Laws violated	Penalty amount	Facts violated
January 11, 2019	Environmental Protection Bureau of Kaohsiung City Government	Kaohsiung City Environmental Protection Bureau Official Letter No. Kong-Chu 20-108-010018	June 25, 2018	Paragraph 1, Article 20 of the Air Pollution Control Act	NT$100,000	The net value of leakage exceeds the standard value in the spot check of components of equipment
January 14, 2019	Environmental Protection Bureau of Kaohsiung City Government	Kaohsiung City Environmental Protection Bureau Official Letter No. Fei-Chu 40-108-010042	July 27, 2018	Paragraph 2, Article 26 of Waste Disposal Act	NT$6,000	Dedicated person for Class B waste retired, and the Company failed to submit a substitute candidate within 15 days after the person retired
October 7, 2019	Environmental Protection Bureau of Kaohsiung City Government	Kaohsiung City Environmental Protection Bureau Official Letter No. Kong-Chu 20-108-100007	June 20, 2019	Paragraph 1, Article 20 of the Air Pollution Control Act	NT$100,000	The net value of leakage exceeds the standard value in the spot check of components of equipment

2. Losses and penalties incurred due to environmental pollution as of April 30, 2020:
It is estimated that air pollution violations will be penalized at the amount of approximately NT$200,000 to NT$300,000.

(II) Corresponding countermeasures (including improvement measures) and possible expenditures

1. Improvement plans:
(1) Enhance inspections, maintenance, and update of equipment and components.
(2) A new dedicated person for Class B waste has been designated. It is planned to increase the number of personnel to receive training for the Class B Waste Disposal Technician License, and in the future, the environmental protection dedicated personnel shall submit their substitute candidates within a time limit before retirement or resignation.
(3) Comply with relevant environmental regulations and requirements
(4) Continuously carry out employee training to implement environmental security

2. Major environmental expenditure in the most recent year and as of the publication of the annual report:

Unit: NT$ thousands

Pollution prevention equipment or expenditure	2019
L1/2/4 manufacturing process cooling source recycling	3,319
Replacement of explosion proof air conditioner in the Unit Duty Room	413
Improvement of discharge volume of V-3301/V-3302 Peabody Silo and tank top erosion	1,984
2019 CUI inspection and heat and cooling reservation project	2,561
Integration of plant-wide reactor vibration detection system	316
Subtotal	8,593

3. The Company's expected environmental protection expenditures in 2020 are as follows:

Unit: NT$ thousands

Item	2020
Replacement of old environmental volatile organic compound (VOC) detectors	600
Replacement of old occupational safety environmental monitoring computer system	900
Replacement of old water quality analyzers (spectrophotometers)	500
Recycling and disposal of nickel-cadmium batteries	500
Replacement of old boiler exhaust fans B-7202	1,000
Installation of cleaning system in automatic warehousing Hopper V-3007/V-3008	915
Reinforcement of the top cover of pure water/soft water storage tank against corrosion	1,700
2020 non-destructive inspection of plant-wide key pipelines	1,200
2020 CUI inspections and insulation project	4,000
Subtotal	11,315

(III) The Company's response to the implementation of Restriction of Hazardous Substances Directive (RoHS) in European Union:

The Company's products are tested according to the FDA inspection standards in the U.S., and the Company performs other food safety inspections according to customer requirements. In other words, the Company applies stricter requirements to its products than RoHS. However, in order to comply with European Union's requirements, the Company sent its products to undergo such testing, and has successfully obtained RoHS compliance and certification.

V. Labor Relations

(I) Various employee welfare measures, continuing education, training, retirement system and their status of implementation, as well as agreements between the employer and employees and measures for protecting employee rights and interests:

1. Employee welfare measures

(1) In addition to labor insurance and health insurance, the Company also purchases group insurance for employees including their families, as well as travel insurance for employees who often engage in business travels, so as to adequately meet employees' needs for various types of insurance.

(2) The Company organizes regular health checkups for its employees and pays close attention to their health.

(3) An employee welfare committee has also been established to set up and promote various welfare measures including annual staff trips, marriage and funeral allowances, lunar new year benefits, birthday gifts, club activities, and other welfare measures. The Employee Welfare Committee is responsible for the custody and use of the employee welfare fund.

(4) According to the Company's Articles of Incorporation, if the Company posts a net profit in the current year, employee compensation shall not be less than 1% of the Company's net profit for the current year, while the performance bonus and year-end bonus shall also be distributed based on the Company's business performance and individual performance.

2. Employee education and training

(1) The Company has always paid serious attention to employee education and training. Thus, the Company has formulated a set of standards for employee training procedures, as well as implemented various learning methods, including pre-employment training, on-the-job training, work instructions, classroom lectures, educational CDs, or online learning based on the training needs of individual employees and departments in order to enhance employees' qualities and skills.

(2) For new employee training, in addition to work instructions at various departments, the Company has planned new employee certification courses and organized reading sharing sessions so that new employees can quickly adapt to the new work environment.

(3) In order to combine both employee training and promotion, the Company has specifically established general education courses for promotion in order to motivate employees to learn and study actively. Employees must complete the prescribed courses before they can be officially promoted.

(4) The Company organizes training for the low-, middle-, and senior-level management personnel to strengthen the management function of the management and enhance their managerial skills. In addition, an in-house EMBA program is launched to strengthen the problem-solving and decision-making abilities of the middle-, and senior-level management and to train successors.

(5) For employees who demonstrate a strong willingness to learn and develop their potential, the Company provides grants for further education in domestic universities, which are supplemented with career adjustments in their respective positions in order to cultivate leaders required by enterprises.

(6) Employee training is well documented and each employee shall attend at least eight hours of training a year, which is taken into account in the performance appraisal.

(7) At the end of each course, the Company conducts employee opinion surveys and prepares review reports. Satisfaction surveys will also be conducted at the end of each year to collect employees' opinions and recommendations on employee training as a reference for improving training.

(8) The Company's employee training expenditure in the most recent fiscal year:
The training items for 2019 are listed in the Appendix section, and the Company's annual employee training expenditure for 2019 was NT$987 thousand.

Course title	Recipients	Course title	Recipients
ISO 9712: 2012 Non-destructive testing training	Huang, Yuan-Hung	Pipeline Excavation Personnel Training	Employees of the Engineering Section
Introduction To Ultrasonic Fundamentals And Thickness Gauge Training	Employees of the Engineering Section/Inspection Section	Regenerative Thermal Oxidizer Process Training	Employees of the Manufacturing Section/Synthesis Section
BIR Air Compressor Training	Employees of the Machinery Repairs Section	Plant Process Equipment Maintenance Plan And Management Practice	Employees of the Machinery Repairs Section
Crane Operations (Retraining)	Employees of the Machinery Repairs Section	Weekend Workshop for Artificial Intelligence Managers	Huang, Chi-Feng
New Employee Certification Course	Chien, Ying-Lun	ISO 50001 Energy Management System Training	Employees at the Linyuan Plant
Organic Solvent Operations Supervisor Training	Employees of the Synthesis Section	2019 KPI Content Improvement Course	Employees at the Linyuan Plant
Process Safety Assessment Operation Training	Chen, Chun-Hung/Lin, Shih-Wei	API570 Process Pipeline Inspector Training	Kao, Chiang-Chun
Forklift Operations Training	Employees of the Machinery Repairs/Process Section	The 4th International Industrial Pipeline Management Forum of 2019	Manufacturing Management Office
NACE CP3 Cathodic Protection Technician Training	Lin, Shih-Chuan	Information Platform Program Teaching	Employees at the Linyuan Plant
Acetylene Welding Operation Training	Employees of the Machinery Repairs Section	Road Excavation and Management Training	Hsu, Hung-Chia/Kao, Chiang-Chun

Course title	Recipients	Course title	Recipients
Labor Standards Act Seminar	Chang-Chien, Chu-Sheng	High-Pressure Gas Manufacturing Safety Operation Training for Supervisors	Employees of the Synthesis Section
Underground Pipeline Emergency Response, Scenario Planning, and Response Equipment Exercise	Employees at the Linyuan Plant	AI Seminar: AI in Taiwan: Opportunities and Challenges in Industrial Transformation	Employees at the Linyuan Plant
Dust Operations Training for Supervisors	Employees of the Synthesis Section	2019 Labor Education and Training	Employees at the Linyuan Plant
209 Taxation Regulations Seminar	Wei, Hua-Ling	Occupational Safety and Health Management Personnel Training	Liao, Wen-Shih
Plastic Surface Treatment and Adhesion Improvement as well as Valuation Technique	Chang, Chi-Shun	Air Compressor System Energy Conservation Training	Employees of the Manufacturing Department/Manufacturing Methods Section
Dedicated Personnel Dengue Fever Prevention and Control	Affairs Section	Seminar on Sustainability—Driving Force of Corporate Development	Employees at the Linyuan Plant
TWI Management Ability Training for On-site Supervisors	Employees at the Linyuan Plant	Green and Environmental Cooling Water Tower Technology Seminar	Employees at the Linyuan Plant
Fire Prevention Personnel Retraining	Lin, Shih-Wei/Hsu, Ting-Hsiang	Taiwan Corrosion Society Forum	Lin, Shih-Wei/Hsu, Hung-Chia
Gender Mainstream Education and Training	Chou, Wen-Hsien	First Aid Personnel Training	Yen, Hung-Wen/Li, Yi-Ta
Falling Prevention Management Practice and Relevant Laws And Regulations as well as Criminal Liability Discussion	Lin, Shih-Wei	Interim Mechanism for Non-traditional Models to Participate in Real-time Backup Auxiliary Services	Tsai, Yung-Yu/Hu,Chen-Ti
Labor Health Service Nursing Personnel (Retraining)	Yeh, Hsueh-Mei	2019 Accounting Manager Continuing Education Courses	Chen, Cheng-Shun
GC7890 Operation and Maintenance Training	Wu, Cheng-Cheng	Health Seminar: Chinese Medicine Weight Reduction Clinic	Employees at the Linyuan Plant
Type 1 Pressure Vessel Operation Training	Employees of the Synthesis/Process Section	Overall Performance Management and Talent Development System	Employees at the Linyuan Plant
Fair Trade Regulations and Practices	Employees at the Linyuan Plant	Oxygen-deficient Operations Training for Supervisors	Yen, Hung-Wen/Li, Yi-Ta
Special Chemical Operations Training for Supervisors	Lu, Chung-Yi/Li, Yi-Ta	Electronic Invoice Approval Training	Employees at the Linyuan Plant
Management of Change (MOC)	Lin, Chun-Hsu/Kuo, Tien-Chieh	Safety and Health and Disaster Prevention Training	Employees at the Linyuan Plant
Health Seminar—How to Understand the Health Examination Report and Self-management	Employees at the Linyuan Plant	Radiation Protection Training Course	Employees of the Inspection/Machinery Repairs Section
Mechanical Integrity (MI)	Kao, Chiang-Chun/Hsu, Hung-Chia	USI Group EMBA (Economics/Accounting)	Chen, Chun-Hung/Hsieh, Wang-Chuan
Introduction to Provisions of ISO 50,001: 2018	Employees at the Linyuan Plant	2019 LiveABC Training	Chang, Chi-Shun
2019 Accounting Manager Continuing Education Courses	Chan, Mei-Lan	International Trade and Practice	Chang, Chi-Shun
Labor Incident Act and Response of Enterprises Receiving Labor Inspection	Employee of the Personnel Section	Boiler Operation Training	Lin, Shih-Chen/Huang, Chuan-Wen
Opportunities and Challenges of Industrial Transformation	Chen, Cheng-Shun/Lin, Chia-Huei	Common Disputes of Business Secrets through Case Study	Lin, Chia-Huei/Shih, Ju-Hsuan
Impact of US-China Trade Disputes on Overseas Taiwanese Businesspeople and Response	Chen, Cheng-Shun	Security Incident Response Mechanism and Key Audit Matters	Lin, Chia-Huei
Introduction of Selection Technology and Practice of Explosion-proof Electrical Equipment	Lin, Shih-Chang/Lai, Hung-Ming		

3. Retirement measures and status of implementation

The Company handles employee retirement in accordance with the Labor Standards Act. The Company contributes 10 percent of the amount of each employee's monthly salary as pension reserve fund to a special account in Bank of Taiwan, and establishes a Labor Pension Reserve Fund Supervision Committee to manage and monitor such transactions. According to the Labor Pension Statutes, the Company contributes 6 percent of the amount of salary of employees, who choose to follow the new system, to their personal labor pension accounts on a monthly basis.

4. Agreements between the Company and employees and measures for protecting employees' rights and interests

To establish excellent labor relations, the Company communicates with the representatives of the labor union to exchange ideas and opinions. The Company has also set up a suggestion mailbox so that employees can give their opinions and feedback to the Company.

5. Related certifications obtained from the relevant competent authorities by personnel associated with the transparency of financial information:

Department	Name	Relevant Certification
Accounting Division	Chen, Cheng-Shun	Passed the Accountant Examination in the 2008 Advanced Examination for Professional and Technical Personnel held by the Ministry of Examination Certificate No.: (97) Chuan Kao Hui Tzu No. 000012
		Continuous Studies registration seal for Accounting Supervisor of Securities Issuers, Accounting Research and Development Foundation registration seal (August 15, 2019 - August 16, 2019)
Auditing Office	Lin, Chia-Huei	International Certified Internal Auditor certification Certificate No.: Chi Hsieh Cheng Tzu No. 1060022
		Computer Audit Association Certificate No.: Tien Hsieh Cheng Tzu No. 1080682
		Computer Audit Association Certificate No.: Tien Hsieh Cheng Tzu No. 1080900
Auditing Office	Chia-Fang Chuang	Internal Audit Association of the Republic of China Certificate No.: Chi Hsieh Bei Cheng Fa Tzu No. 1082010
		Internal Audit Association of the Republic of China Certificate No.: Chi Hsieh Bei Cheng Fa Tzu No. 1082652

6. Employees' code of conduct or ethics

In accordance with the Labor Standards Act and relevant laws, employees' work rules and various management systems (described below) have been established in order to maintain discipline and order among employees in the workplace.

(1) Every employee is given an Employee Work Rules Handbook which specifies the behavior or work ethic of employees, including employment, dismissal, working

hours, vacation, leave, rewards and punishments, performance appraisal, retirement and welfare.

(2) Pre-employment training for new employees covers basic education on ethics, environmental protection, occupational safety and health management.

(3) Signing of Letter of Undertaking by employees: This document establishes employees' commitment towards maintaining the confidentiality of information regarding the Company's tangible and intangible operating assets, and prevents employees from infringing on the interests of the Company.

(4) The Codes of Ethical Conduct for Directors and Managerial Officers are disclosed on the Company’s website.

Please refer to the Company's website for the Employee Work Rules under the Corporate Governance section under Investor Services on the Company's website (http://www.apc.com.tw).

7. Protection measures for work environment and employees' personal safety

The Company upholds the spirit of continuous improvement and the pursuit of perfection. Apart from continuously investing in hardware facilities to enhance pollution prevention and fire safety equipment so as to directly reduce pollutant emissions and increase production safety, the Company has also incorporated an environmental management system (ISO 14001) and an occupational health and safety management system (OHSAS 18001) to set up an excellent management system through Plan, Do, Check and Act (PDCA), thereby providing employees with a safe and healthy work environment. With regard to the legal environment, the Company has actively initiated the certification procedures for the new Occupational Safety and Health Management System to strengthen occupational safety and health management, enhance corporate image, pay attention to and comply with international development trends, and respond to increasingly rigorous legal requirements. We have implemented actions for improving occupational safety and health management performance and reducing risks.

With regard to employees' personal safety protection, the Company not only provides employees with personal protective equipment such as goggles, earplugs and earmuffs, as well as vertical fall arresters, but also continuously offers training related to employee safety, with hopes that manufacturing equipment can run safely in plants, thereby achieving production goals in a smooth manner.

(II) List the losses suffered due to labor disputes in the most recent fiscal year up to the publication date of this annual report, and disclose the estimated amount arising both at present and in the future and the corresponding countermeasures. If the amount cannot be reasonably estimated, facts of which estimation cannot be made shall be explained:

Labor relations in the Company are harmonious. As of the publication date of this annual report, there has been no labor disputes and losses arising. Such incidents are not expected to happen in the future as well.

VI. Important Contracts

Nature of Contract	Contracting Party	Contract Start/End Date	Main Content	Restrictive Clause
Material Purchase Contract	CPC Corporation	2019.01.01-2019.12.31 2020.01.01-2020.12.31	Supply of ethylene to the Company. The price of the material is mainly calculated based on ethylene and naphtha prices for the current month in Asia.	None
Joint Venture Contract	Joint venture with companies including Ho Tung Chemical Corporation, LCY Group, USI, Hsintay Petroleum Co., Ltd., Chenergy Global Co., Ltd., Lien Hwa International Corporation and CTCI Corporation	2016.09.30	The Company and seven other companies jointly invested in the Gulei Industrial Park located in Zhangzhou, Fujian Province, China, to produce petrochemical-related products.	Yes
Medium-term loan Lending limit contract	Bank SinoPac	2019.06.30~2022.06.30	APC and Bank SinoPac signed a three-year medium-term lending limit contract worth NT$500 million, which is a revolving loan facility.	Based on the latest consolidated annual report of APC, its current ratio shall not be less than 100%, and the ratio of dividing its financial liabilities by net value shall not be greater than 100%.
Medium-term loan Lending limit contract	Taishin International Bank	2019.06.30~2022.06.30	APC and Taishin International Bank signed a three-year medium-term lending limit contract worth NT$500 million, which is a revolving loan facility.	Based on the consolidated annual/semi-annual report of APC, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 100%. Its net value shall not be less than NT$7 billion.
Medium-term loan Lending limit contract	E. SUN Commercial Bank	2018.09.11~2021.09.11	APC and E. SUN Commercial Bank signed a three-year medium-term lending limit contract worth NT$300 million, which is a revolving loan facility.	None
Medium-term loan Lending limit contract	Chang Hwa Bank	2019.07.01~2022.06.30	APC and Chang Hwa Bank signed a three-year medium-term lending limit contract worth NT$500 million, which is a revolving loan facility.	None

Nature of Contract	Contracting Party	Contract Start/End Date	Main Content	Restrictive Clause
Medium-term loan Lending limit contract	Yuanta Commercial Bank	2018.01.19~ 2021.01.19	APC and Yuanta Commercial Bank signed a three-year medium-term lending limit contract worth NT$500 million, which is a revolving loan facility.	None
Medium-term Lending and Commercial Paper Guarantee Comprehensive Limit Contract	Shin Kong Bank	2018.06.28~ 2021.06.28	APC and Shin Kong Bank signed a three-year medium-term lending and commercial paper guarantee comprehensive limit contract worth NT$450 million, which is a revolving loan facility.	Based on the consolidated annual/semi-annual report of APC, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 150%. Its net value shall not be less than NT$7 billion.
Medium-term loan Lending limit contract	KGI Bank	2018.06.02~ 2021.06.02	APC and KGI Bank signed a three-year medium-term lending limit contract worth NT$400 million, which is a revolving loan facility.	Based on the consolidated annual report or semi-annual report of APC, its current ratio shall not be less than 150%, and its debt ratio (debt/net value) shall not be greater than 125%.
Medium-term loan Lending limit contract	Taipei Fubon Commercial Bank	2019.12.12~ 2022.12.12	APC and Taipei Fubon Commercial Bank signed a three-year medium-term lending limit contract worth NT$500 million, which is a revolving loan facility.	Based on the consolidated annual/semi-annual report of APC, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 150%. Its net value shall not be less than NT$7 billion.
Medium-term loan Lending limit contract	First Commercial Bank	2018.11.19~ 2021.11.19	APC and First Bank signed a three-year medium-term secured lending limit contract worth NT$500 million, which is a revolving loan facility.	None
Medium-term loan Lending limit contract	O-Bank	2017.08.08~ 2020.08.07	APC and O-Bank signed a three-year medium-term lending limit contract worth NT$250 million, which is a revolving loan facility.	None
Medium-term Lending and Commercial Paper Guarantee Comprehensive Limit Contract	Far Easter International Bank	2019.01.25~ 2022.01.25	APC and Far Easter International Bank signed a three-year medium-term lending and commercial paper guarantee comprehensive limit contract worth NT$300 million, which is a revolving loan facility.	Based on the individual annual report of APC, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 150%.

Nature of Contract	Contracting Party	Contract Start/End Date	Main Content	Restrictive Clause
Medium-term loan Lending limit contract	Hua Nan Bank	2019.03.22~ 2022.03.22	APC and Hua Nan Bank signed a three-year medium-term lending limit contract worth NT$500 million, which is a revolving loan facility.	None
Medium-term loan Lending limit contract	Bank of China, Taipei Branch	2019.12.02~ 2022.12.01	APC and Bank of China, Taipei Branch, signed a three-year medium-term lending limit contract worth NT$300 million, which is a revolving loan facility.	Based on the consolidated annual/semi-annual report of APC, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 50%. Its tangible net value shall not be less than NT$7 billion.
Medium-term loan Lending limit contract	Entie Commercial Bank	2019.08.01~ 2022.08.01	APC and Entie Commercial Bank signed a three-year medium-term lending limit contract worth NT$500 million, which is a revolving loan facility.	None

Chapter 6 Financial Summary

I. Condensed financial report for the last five years

(I) Condensed balance sheet and statement of comprehensive income

1. Condensed Consolidated Balance Sheets - International Financial Reporting Standards (IFRS)

Unit: NT$ thousands

Item / Year		Financial Information in the Most Recent Five Years					Financial data up to March 31, 2020 (reviewed)
		2019	2018	2017	2016	2015	
Current assets		4,940,438	4,606,590	5,136,436	6,220,412	2,455,534	3,839,845
Property, plant and equipment		3,277,233	3,502,692	3,630,950	3,795,553	3,637,771	3,249,505
Intangible assets		53	88	318	1,272	3,057	44
Other assets		8,705,367	7,488,373	6,108,297	4,652,792	4,183,408	8,705,930
Total assets		16,923,091	15,597,743	14,876,001	14,670,029	10,279,770	15,795,324
Current liabilities	Before distribution	2,469,828	2,603,655	2,338,563	2,425,963	1,088,900	2,804,639
	After distribution	(Note 6)	2,769,970	2,442,186	2,727,777	1,384,796	-
Non-current liabilities		4,223,443	3,389,652	2,720,968	2,746,861	354,735	3,214,953
Total Liabilities	Before distribution	6,693,271	5,993,307	5,059,531	5,172,824	1,443,635	6,019,592
	After distribution	(Note 6)	6,159,622	5,163,154	5,474,638	1,739,531	-
Equity attributable to owners of parent company							
Capital		5,543,827	5,543,827	5,181,147	5,030,240	4,931,607	5,543,827
Capital surplus		24,400	19,619	16,434	14,046	14,046	28,509
Retained earnings	Before distribution	4,785,613	4,101,347	4,254,352	4,153,022	3,910,532	4,932,008
	After distribution	(Note 6)	3,935,032	3,788,049	3,700,301	3,516,003	-
Other equity		(124,020)	(60,357)	364,537	299,897	(160,479)	(728,612)
Treasury stock		-	-	-	-	-	-
Equity of prior parties under common control		-	-	-	-	140,429	-
Total equity	Before distribution	10,229,820	9,604,436	9,816,470	9,497,205	8,836,135	9,775,732
	After distribution	(Note 6)	9,438,121	9,712,847	9,195,391	8,540,239	-

* If the Company has prepared parent company only financial statements, the condensed parent company only balance sheet and statement of comprehensive income shall also be prepared for the most recent five years.

* If the financial information under international financial reporting standards is less than 5 years, the financial information under ROC GAAP should be prepared in table (2) below.

Note 1: Financial information for years that are yet to be audited by CPAs shall be noted.

Note 2: When the asset revaluation was conducted in the year, the date and revaluation increment should be listed.

Note 3: As of the date of publication of the Annual Report, the Company whose shares are listed on the stock exchange or traded over the counter shall disclose its most recent financial information that has been audited or reviewed by CPAs.

Note 4: For the "after distribution" figures, please fill in in accordance with resolutions of the shareholders' meeting in the following year.

Note 5: Where the Company is notified by the authority in charge that its financial information shall be corrected or re-prepared, the Company shall compile its financial information using the corrected or re-prepared figures, and shall indicate related circumstances and reasons.

Note 6: The 2019 earnings distribution proposal is pending approval of the shareholders' meeting.

2. Condensed Consolidated Statement of Comprehensive Income – IFRS

Unit: NT$ thousands

Year / Item	Financial Information in the Most Recent Five Years					Financial data up to March 31, 2020 (reviewed)
	2019	2018	2017	2016	2015	
Operating Revenue	6,791,157	6,375,134	6,404,467	5,893,335	5,187,387	1,314,013
Gross profit	1,035,448	284,466	697,076	779,859	608,982	235,941
Operating Income	798,407	71,982	470,890	567,669	411,695	181,336
Non-operating revenue and expenses	186,434	244,881	184,863	225,259	225,751	(813)
Net profit before tax	984,841	316,863	655,753	792,928	637,446	180,523
Net profit from continuing operations in the current period	821,021	286,826	565,354	670,939	539,276	146,395
Loss from discontinued operations	0	0	0	0	0	0
Net income (loss)	821,021	286,826	565,354	670,939	539,276	146,395
Other comprehensive income (net income after-tax)	(30,290)	(445,775)	53,337	423,009	(752,022)	(604,592)
Total comprehensive income	790,731	(158,949)	618,691	1,093,948	(212,746)	(458,197)
Net income attributable to owners of parent company	821,021	286,826	565,354	665,825	531,557	146,395
Net income attributable to equity of prior parties under common control	0	0	0	5,114	7,719	0
Total comprehensive income attributable to owners of parent company	790,731	(158,949)	618,691	1,097,395	(217,318)	(458,197)
Total comprehensive income attributable to equity of prior parties under common control	0	0	0	(3,447)	4,572	0
Earnings per share Unit: NT$	1.48	0.52	1.02	1.21	0.96	0.26

* If the Company has prepared parent company only financial statements, the condensed parent company only balance sheet and statement of comprehensive income shall also be prepared for the most recent five years.
* Where financial information is prepared for less than five years using IFRS, financial information in Table 2 below shall also be prepared using the Financial Accounting Standards of the Republic of China.

Note 1: Financial information for years that are yet to be audited by CPAs shall be noted.

Note 2: As of the date of publication of the Annual Report, the Company whose shares are listed on the stock exchange or traded over the counter shall disclose its most recent financial information that has been audited or reviewed by CPAs.

Note 3: Loss from discontinued operations is shown in net amount after deducting income tax.

Note 4: Where the Company is notified by the authority in charge that its financial information shall be corrected or re-prepared, the Company shall compile its financial information using the corrected or re-prepared figures, and shall indicate related circumstances and reasons.

3. Condensed parent company only balance sheets – IFRS

Unit: NT$ thousands

Item \ Year		Financial Information in the Most Recent Five Years				
		2019	2018	2017	2016	2015
Current assets		4,513,983	4,224,762	4,790,574	5,886,078	1,992,460
Property, plant and equipment		3,276,337	3,502,460	3,630,715	3,795,283	3,637,335
Intangible assets		53	88	318	1,272	3,057
Other assets		9,065,795	7,787,269	6,398,467	4,935,438	4,594,927
Total assets		16,856,168	15,514,579	14,820,074	14,618,071	10,227,779
Current liabilities	Before distribution	2,419,838	2,535,193	2,294,782	2,381,788	1,040,638
	After distribution	(Note 1)	2,701,508	2,398,405	2,683,602	1,336,534
Non-current liabilities		4,206,510	3,374,950	2,708,822	2,739,078	351,006
Total Liabilities	Before distribution	6,626,348	5,910,143	5,003,604	5,120,866	1,391,644
	After distribution	(Note 1)	6,076,458	5,107,227	5,422,680	1,687,540
Equity attributable to owners of parent company						
Capital		5,543,827	5,543,827	5,181,147	5,030,240	4,931,607
Capital surplus		24,400	19,619	16,434	14,046	14,046
Retained earnings	Before distribution	4,785,613	4,101,347	4,254,352	4,153,022	3,910,532
	After distribution	(Note 1)	3,935,032	3,788,049	3,700,301	3,516,003
Other equity		(124,020)	(60,357)	364,537	299,897	(160,479)
Treasury stock		-	-	-	-	-
Equity of prior parties under common control		-	-	-	-	140,429
Total equity	Before distribution	10,229,820	9,604,436	9,816,470	9,497,205	8,836,135
	After distribution	(Note 1)	9,438,121	9,712,847	9,195,391	8,540,239

* If the Company has prepared parent company only financial statements, the condensed parent company only balance sheet and statement of comprehensive income shall also be prepared for the most recent five years.
* Where financial information is prepared for less than five years using IFRS, financial information in Table 2 below shall also be prepared using the Financial Accounting Standards of the Republic of China.

Note 1: The 2019 earning distribution proposal is pending approval of the shareholders' meeting.

Note 2: If the financial information is notified by the competent authority that it should be corrected or restated, it should be presented with the corrected or restated figures, and indicates the circumstances and reasons.

4. Condensed parent company only statement of comprehensive income – IFRS

Unit: NT$ thousands

Item \ Year	Financial Information in the Most Recent Five Years				
	2019	2018	2017	2016	2015
Operating Revenue	6,578,064	6,099,879	6,241,496	5,749,060	5,045,856
Gross profit	1,017,768	269,864	684,769	766,414	593,338
Operating Income	788,914	65,096	466,972	564,723	407,547
Non-operating revenue and expenses	194,025	249,768	185,707	225,541	225,982
Net profit before tax	982,939	314,864	652,679	790,264	633,529
Net profit from continuing operations in the current period	821,021	286,826	565,354	670,939	539,276
Loss from discontinued operations	0	0	0	0	0
Net income (loss)	821,021	286,826	565,354	670,939	539,276
Other comprehensive income (net income after-tax)	(30,290)	(445,775)	53,337	423,009	(752,022)
Total comprehensive income	790,731	(158,949)	618,691	1,093,948	(212,746)
Net income attributable to owners of parent company	821,021	286,826	565,354	665,825	531,557
Net income attributable to equity of prior parties under common control	0	0	0	5,114	7,719
Total comprehensive income attributable to owners of parent company	790,731	(158,949)	618,691	1,097,395	(217,318)
Total comprehensive income attributable to equity of prior parties under common control	0	0	0	(3,447)	4,572
Earnings per share Unit: NT$	1.48	0.52	1.02	1.21	0.96

* If the Company has prepared parent company only financial statements, the condensed parent company only balance sheet and statement of comprehensive income shall also be prepared for the most recent five years.

* If the financial information under international financial reporting standards is less than 5 years, the financial information under ROC GAAP should be prepared in table (2) below.

Note: If the financial information is notified by the competent authority that it should be corrected or restated, it should be presented with the corrected or restated figures, and indicates the circumstances and reasons.

(II) Names of auditing CPAs of the last five years and their audit opinions

Year	Name of CPAs	Audit Opinion
2015	Huang, Hsiu-Chun and Wu, Shih-Tsung	Unqualified opinion
2016	Huang, Hsiu-Chun and Wu, Shih-Tsung	Unqualified opinion
2017	Huang, Hsiu-Chun and Wu, Shih-Tsung	Unqualified opinion
2018	Huang, Hsiu-Chun and Wu, Shih-Tsung	Unqualified opinion
2019	Chiu, Cheng-Chun and Huang, Hsiu-Chun	Unqualified opinion

II. Financial Analysis in the Most Recent Five Years

(I) Financial analysis – IFRS

APC and subsidiaries

Item		Year: Financial Information in the Most Recent Five Years 2019	2018	2017	2016	2015	Financial data up to March 31, 2020 (reviewed)
Financial structure (%)	Debt-to-assets ratio	39.55	38.42	34.01	35.26	14.04	38.11
	Ratio of long-term capital to property, plant and equipment	441.02	370.97	345.29	322.59	252.65	399.77
Solvency (%)	Current ratio	200.03	176.93	219.64	256.41	225.51	166.61
	Quick ratio	178.63	142.04	181.81	221.92	144.47	138.36
	Interest coverage ratio (times)	18.54	8.89	16.70	37.22	315.17	14.10
Operation ability	Receivables turnover rate (times)	8.34	8.59	8.40	8.56	13.15	7.74
	Average collection days	44	43	43	43	28	47
	Inventory turnover rate (times)	9.87	7.90	7.95	6.97	5.50	9.69
	Payables turnover rate (times)	21.79	23.47	23.19	16.25	15.71	29.88
	Average days for sale	37	46	46	52	66	38
	Property, plant and equipment turnover rate (times)	2.00	1.79	1.72	1.59	1.86	1.61
	Total asset turnover rate (times)	0.42	0.42	0.43	0.47	0.51	0.32
Profitability	Return on assets (%)	5.33	2.09	4.06	5.52	5.31	3.85
	Return on equity (%)	8.28	2.95	5.85	7.32	6.03	5.85
	Ratio of net income before tax to paid-in capital (%) (Note 7)	17.76	5.72	12.66	15.76	12.93	13.03
	Net profit ratio (%)	12.09	4.50	8.83	11.38	10.40	11.14
	Basic earnings (loss) per share (NT$) (Note 3)	1.48	0.52	1.09	1.32	1.08	0.26
	Earnings (loss) per share after retrospective adjustment (NT$) (Note 4)	1.48	0.52	1.02	1.21	0.96	0.26
Cash flow	Cash flow ratio (%)	20.19	-4.16	41.21	-28.75	73.05	245.25
	Cash flow adequacy ratio (%)	40.30	50.18	51.59	40.61	75.65	-
	Cash reinvestment ratio (%)	1.78	-1.25	4.04	-6.28	5.20	31.72
Leverage	Operating leverage	2.71	14.17	2.46	2.44	2.81	2.55
	Financial leverage	1.08	2.26	1.10	1.04	1.00	1.08

Reasons for changes in financial ratios in the past two years

1. Quick ratio: Due to decrease in short-term loans during the year, resulting in decrease in current liabilities
2. Interest coverage ratio, return on assets, return on shareholders' equity, ratio of net income before income tax to paid-in capital, and net profit margin: Due to the decrease in net income before (after) tax this year.

3 Inventory turnover ratio: due to decrease in inventory at the end of the year.

4. Cash flow ratio and cash reinvestment ratio: Due to net cash inflows in business activities this year.
5. Operating and financial leverage: Due to decrease in operating profits in this year.

*If the Company has prepared a parent company only financial report, it shall prepare a parent company only financial analysis.

*If the financial information under international financial reporting standards is less than 5 years, the financial information under ROC GAAP shall be prepared in table (2) below.

Note 1: Years not audited by CPAs shall be noted.

Note 2: As of the publication date of the annual report, companies that have been listed or have been traded at TPEx should analyze the financial information of the most recent period audited or reviewed by CPAs.

(II) Financial analysis – IFRS

APC

Item		Financial Information in the Most Recent Five Years				
	Year	2019	2018	2017	2016	2015
Financial structure (%)	Debt-to-assets ratio	39.31	38.09	33.76	35.03	13.61
	Ratio of long-term capital to property, plant and equipment	440.62	370.58	344.98	322.41	252.58
Solvency (%)	Current ratio	186.54	166.64	208.76	247.13	191.47
	Quick ratio	166.41	131.97	170.96	212.51	107.35
	Interest coverage ratio (times)	18.50	8.84	16.63	37.09	313.24
Operation ability	Receivables turnover rate (times)	7.91	8.01	8.00	8.32	12.80
	Average collection days	46	46	46	44	29
	Inventory turnover rate (times)	10.10	7.79	7.89	6.87	5.37
	Payables turnover rate (times)	25.81	27.85	26.83	17.60	15.95
	Average days for sale	36	47	46	53	68
	Property, plant and equipment turnover rate (times)	1.94	1.71	1.68	1.55	1.81
	Total asset turnover rate (times)	0.41	0.40	0.42	0.46	0.50
Profitability	Return on assets (%)	5.35	2.10	4.08	5.55	5.33
	Return on equity (%)	8.28	2.95	5.85	7.32	6.03
	Ratio of net income before tax to paid-in capital (%) (Note 7)	17.73	5.68	12.60	15.71	12.85
	Net profit ratio (%)	12.48	4.70	9.06	11.67	10.69
	Basic earnings (loss) per share (NT$) (Note 3)	1.48	0.52	1.09	1.32	1.08
	Earnings (loss) per share after retrospective adjustment (NT$) (Note 4)	1.48	0.52	1.02	1.21	0.96
Cash flow	Cash flow ratio (%)	19.85	-4.05	40.27	-30.57	72.15
	Cash flow adequacy ratio (%)	32.23	47.15	48.53	37.60	73.51
	Cash reinvestment ratio (%)	1.68	-1.21	3.81	-6.48	4.85
Leverage	Operating leverage	2.47	11.44	2.13	2.20	2.49
	Financial leverage	1.08	2.61	1.10	1.04	1.01

Reasons for changes in financial ratios in the past two years
1. Quick ratio: Due to decrease in short-term loans during the year, resulting in decrease in current liabilities
2. Interest coverage ratio, return on assets, return on shareholders' equity, ratio of net income before income tax to paid-in capital, and net profit margin: Due to the decrease in net income before (after) tax this year.
3 Inventory turnover ratio: due to decrease in inventory at the end of the year. .
4. Cash flow ratio and cash reinvestment ratio: Due to net cash inflows in business activities this year.
5. Operating and financial leverage: Due to decrease in operating profits in this year.

*If the Company has prepared a parent company only financial report, it shall prepare a parent company only financial analysis.
*If the financial information under international financial reporting standards is less than 5 years, the financial information under ROC GAAP shall be prepared in table (2) below.

Note 1: Years not audited by CPAs shall be noted.

Note 2: As of the publication date of the annual report, companies that have been listed or have been traded at TPEx should analyze the financial information of the most recent period audited or reviewed by CPAs.

Note 3: At the end of the annual report, the following formula shall be presented:

1. Financial structure
   (1) Debt-to-assets ratio = Total liabilities / Total assets.
   (2) Ratio of long-term capital to property, plant and equipment = (Total equity + Non-current liabilities) / Net property, plant and equipment.
2. Solvency
   (1) Current ratio = Current assets / Current liabilities.
   (2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liabilities.
   (3) Interest coverage ratio = Income before income tax and interest expenses / Interest expenses.

3. Operating ability
   (1) Receivables (including accounts receivable and notes receivable due to business operations) turnover ratio = Net sales / Balance of average receivables (including accounts receivable and notes receivable due to business operations).
   (2) Average collection days = 365 / Receivables turnover ratio.
   (3) Inventory turnover ratio = Cost of goods sold / Average inventory.
   (4) Payables (including accounts payable and notes payable due to business operations) turnover ratio = Cost of goods sold / Balance of average payables (including accounts payable and notes payable due to business operations).
   (5) Average days for sale = 365 / Inventory turnover ratio.
   (6) Property, plant and equipment turnover ratio = Net sales / Average net property, plant and equipment.
   (7) Total asset turnover ratio = Net sales / Average total assets.
4. Profitability
   (1) Return on assets = [Net income after tax + Interest expenses x (1 - Tax rate)] / Average total assets.
   (2) Return on equity = Net income after tax / Average total equity.
   (3) Net profit margin = Net income after tax / Net sales.
   (4) Earnings per share = (Net income attributable to owners of parent company - Dividends on preferred shares) / Weighted average number of shares issued. (Note 4)
5. Cash flow
   (1) Cash flow ratio = Net cash flow from operating activities / Current liabilities.
   (2) Net cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (Capital expenditures + Inventory increase + Cash dividends) for the most recent five years.
   (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends) / (Gross property, plant and equipment + Long-term investments + Other non-current assets + Working capital). (Note 5)
6. Leverage
   (1) Degree of operating leverage (DOL) = (Net operating revenue - Variable operating cost and expenses) / Operating income (Note 6).
   (2) Financial leverage = Operating income / (Operating income - Interest expenses).

Note 4: The following items should be noted for the calculation of earnings per share using the above-mentioned formula:
1. Use the weighted average number of common shares, not the number of shares issued at the end of the year.
2. Capital increase for cash or treasury stock transactions shall be considered when the weighted average number of shares is calculated.
3. Capital increase from surplus earnings or capital reserve shall be retrospectively adjusted by the proportion of capital increase when earnings per share for previous annual and semi-annual periods are calculated. The issue period for capital increase does not have to be considered.
4. For preferred shares that are non-convertible accumulated preferred shares, dividends (regardless of whether they are distributed) shall be deducted from net income after tax or included as net loss after tax. If preferred shares are non-cumulative in nature, where net income after tax is available, dividends on preferred shares shall be deducted from net income after tax. No adjustment is required if the Company has loss after tax.

Note 5: The following items should be noted for the analysis of cash flow:
1. Net cash flow from operating activities refers to net cash flow generated from operating activities in the statement of cash flows.
2. Capital expenditures refer to the annual cash flow used in capital investment.
3. The increase in inventory is included only if the balance at the end of the year is greater than the balance at the beginning of the year. If it is the other way around, the number used should be zero.
4. Cash dividends include cash dividends on common shares and preferred shares.
5. Gross property, plant and equipment refers to the property, plant and equipment before depreciation.

Note 6: The issuer should classify the operating costs and operating expenses as fixed or variable depending on their nature. If the process involves estimates or subjective judgments, reasonableness and consistency should be maintained.

Note 7: If the company’s shares do not have a face value or the face value is not NT$10, the above-mentioned calculation involving as a percentage to paid-in capital should be replaced by as a percentage to equity attributable to the owners of the parent company on the balance sheet.

III. Supervisors' or Audit Committee's Review Report for the Most Recent Financial Statements

(I) Supervisors' review report: Not applicable

(II) Audit Committee's Audit Report:

Asia Polymer Corporation

Audit Report

The Board of Directors has prepared the Company’s 2019 Business Report, financial statements (including parent company only and consolidated financial statements) which were audited by CPAs Chiu, Cheng-Chun and Huang, Hsiu-Chun of Deloitte, Taiwan, as well as an earnings distribution proposal. The above-mentioned reports and financial statements have been reviewed and determined to be accurate by the Audit Committee. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report. Please proceed to review it.

Sincerely yours,
2020 Annual General Meeting

Audit Committee of Asia Polymer Corporation

Independent Director: Shen, Shang-Hung 沈尚弘

Independent Director: Chen, Ta Hsiung 陳達雄

Independent Director: Cheng, Duen-Chian 鄭敦謙

March 17, 2020

IV. Most Recent Financial Reports

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Asia Polymer Corporation

Opinion

We have audited the accompanying consolidated financial statements of Asia Polymer Corporation and its subsidiaries (the Group), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

We conducted our audit of the consolidated financial statements for the year ended December 31, 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. We conducted our audit of the consolidated financial statements for the year ended December 31, 2018 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Group's consolidated financial statements for the year ended December 31, 2019 are stated as follows:

Revenue Recognition - Sales Revenue from Specific Customers

The amount of sales revenue for the year ended December 31, 2019 was NT$6,791,157 thousand, which was approximately 6.53% higher than the sales revenue of NT$6,375,134 thousand for the year ended December 31, 2018. Nevertheless, the sales revenue from specific customers has grown significantly compared to the average growth of total sales revenue. Sales revenue from these specific customers was NT$1,863,448 thousand, which accounted for approximately 27.44% of net operating revenue. Therefore, we identified recognition of revenue from these specific customers as a key audit matter.

The audit procedures that we performed in response to the risk were as follows:

1. We obtained an understanding of the design and implementation of internal controls about these specific customers and tested if these controls were performed effectively. Such controls include credit assessments of customers, revenue recognition and receivables collection.

2. We sampled and inspected purchase orders from these specific customers, shipping confirmations and receivables collection receipts in order to verify the accuracy of sales revenue.

3. We reviewed sales returns and discounts recognized and the amounts received in subsequent periods to assess for any abnormalities.

Valuation of Inventory

As of December 31, 2019, the carrying amount of inventory was NT$386,670 thousand (i.e. the gross amount of inventory of NT$387,206 thousand with a deduction of the allowance for inventory valuation and obsolescence losses of NT$536 thousand). Refer to Note 10 to the Group's consolidated financial statements for details.

Inventories of the Group are stated at the lower of cost or net realizable value. The net realizable value is subject to price fluctuations of main raw materials. With volatile oil prices worldwide, such valuation of inventory requires significant judgment from management; therefore, we identified the valuation of inventory as a key audit matter.

The audit procedures that we performed in response to the risk were as follows:

1. We obtained an understanding of the reasonableness of the Group's policy and methods for the evaluation of allowance for losses on obsolete inventories.

2. We obtained the evaluation documents of the allowance for losses on obsolete inventories from management. We sampled and inspected the latest inventory quotations or sales invoices to verify basis of the evaluation and whether it is appropriate.

3. By performing a year-end inventory observation, we understood the inventory status and evaluated the reasonableness of the allowance for losses on obsolete inventories.

Other Matter

We have also audited the parent company only financial statements of Asia Polymer Corporation as of and for the years ended December 31, 2019 and 2018 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Cheng-Chun Chiu and Hsiu-Chun Huang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 17, 2020

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

ASIA POLYMER CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019		2018	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 938,616	6	$ 1,134,203	7
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	2,646,378	16	1,612,711	10
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	73,352	-	67,601	1
Notes receivable (Notes 4, 5 and 9)	-	-	471	-
Accounts receivable from unrelated parties (Notes 4, 5 and 9)	591,523	3	712,941	5
Accounts receivable from related parties (Notes 4, 5, 9 and 28)	156,784	1	166,356	1
Other receivables (Note 4)	1,196	-	1,467	-
Other receivables from related parties (Notes 4 and 28)	4,015	-	2,470	-
Inventories (Notes 4, 5 and 10)	386,670	2	779,278	5
Prepayments	141,794	1	128,982	1
Other current assets	110	-	110	-
Total current assets	4,940,438	29	4,606,590	30
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	2,357,879	14	2,310,993	15
Investments accounted for using the equity method (Notes 4, 5, 12 and 29)	5,683,009	34	4,597,548	30
Property, plant and equipment (Notes 4 and 13)	3,277,233	19	3,502,692	22
Investment properties (Notes 3, 4 and 15)	536,565	3	513,840	3
Deferred tax assets (Notes 4 and 24)	92,420	1	62,114	-
Other non-current assets (Note 4)	35,547	-	3,966	-
Total non-current assets	11,982,653	71	10,991,153	70
TOTAL	$ 16,923,091	100	$ 15,597,743	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	$ 1,100,000	7	$ 1,350,000	8
Short-term bills payable (Note 16)	649,944	4	599,914	4
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	-	-	2,074	-
Accounts payable to unrelated parties (Note 17)	134,772	1	258,271	2
Accounts payable to related parties (Notes 17 and 28)	52,003	-	83,207	-
Other payables to unrelated parties (Note 18)	183,427	1	138,909	1
Other payables to related parties (Note 28)	166,588	1	129,404	1
Current tax liabilities (Notes 4 and 24)	146,341	1	10,309	-
Lease liabilities - current (Notes 3, 4, 5 and 14)	5,496	-	-	-
Refund liabilities - current (Note 19)	5,899	-	5,899	-
Other current liabilities (Note 22)	25,358	-	25,668	-
Total current liabilities	2,469,828	15	2,603,655	16
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 16)	3,950,000	24	3,100,000	20
Deferred tax liabilities (Notes 4 and 24)	52,720	-	54,057	1
Lease liabilities - non-current (Note 3, 4, 5 and 14)	24,501	-	-	-
Net defined benefit liabilities - non-current (Notes 4 and 20)	165,868	1	208,670	1
Credit balance of investments accounted for using the equity method (Notes 4 and 12)	14,049	-	11,869	-
Other non-current liabilities	16,305	-	15,056	-
Total non-current liabilities	4,223,443	25	3,389,652	22
Total liabilities	6,693,271	40	5,993,307	38
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 3, 4, 8, 21 and 24)				
Share capital				
Ordinary shares	5,543,827	33	5,543,827	36
Capital surplus	24,400	-	19,619	-
Retained earnings				
Legal reserve	1,713,152	10	1,684,469	11
Special reserve	565,379	3	565,379	3
Unappropriated earnings	2,507,082	15	1,851,499	12
Total retained earnings	4,785,613	28	4,101,347	26
Other equity	(124,020)	(1)	(60,357)	-
Total equity	10,229,820	60	9,604,436	62
TOTAL	$ 16,923,091	100	$ 15,597,743	100

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

ASIA POLYMER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
NET REVENUE (Notes 4, 22 and 28)	$ 6,791,157	100	$ 6,375,134	100
OPERATING COSTS (Notes 4, 10, 20, 23 and 28)	5,755,709	85	6,090,668	96
GROSS PROFIT	1,035,448	15	284,466	4
OPERATING EXPENSES (Notes 20, 23 and 28)				
Selling and marketing expenses	111,574	1	101,522	1
General and administrative expenses	120,341	2	105,930	2
Research and development expenses	5,126	-	5,032	-
Total operating expenses	237,041	3	212,484	3
PROFIT FROM OPERATIONS	798,407	12	71,982	1
NON-OPERATING INCOME AND EXPENSES (Notes 4, 12, 23 and 28)				
Other income	165,621	2	179,182	3
Other gains	23,859	-	10,707	-
Interest expense	(56,163)	(1)	(40,142)	(1)
Share of profit of associates	53,117	1	95,134	2
Total non-operating income and expenses	186,434	2	244,881	4
PROFIT BEFORE INCOME TAX	984,841	14	316,863	5
INCOME TAX EXPENSE (Notes 4 and 24)	163,820	2	30,037	-
NET PROFIT FOR THE YEAR	821,021	12	286,826	5
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 12, 20, 21 and 24)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	5,646	-	(343)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	122,885	2	(419,766)	(7)
Share of the other comprehensive income (loss) of associates accounted for using the equity method	3,906	-	(22,166)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(60)	-	(959)	-
	132,377	2	(443,234)	(7)

(Continued)

ASIA POLYMER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	$ (192,308)	(3)	$ 90	-
Share of the other comprehensive loss of associates accounted for using the equity method	(8,821)	-	(3,688)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	38,462	1	1,057	-
	(162,667)	(2)	(2,541)	-
Other comprehensive loss for the year, net of income tax	(30,290)	-	(445,775)	(7)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	$ 790,731	12	$ (158,949)	(2)
EARNINGS PER SHARE (Note 25)				
Basic	$ 1.48		$ 0.52	
Diluted	$ 1.48		$ 0.52	

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

ASIA POLYMER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company (Notes 3, 4, 8, 21 and 24)									
							Other Equity			
	Share Capital			Retained Earnings			Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
	Shares (In Thousands)	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings				Total Equity
BALANCE AT JANUARY 1, 2018	518,114	$ 5,181,147	$ 16,434	$ 1,627,934	$ 565,379	$ 2,061,039	$ (56,751)	$ 421,288	$ -	$ 9,816,470
Effect of retrospective application	-	-	-	-	-	20,387	-	(421,288)	448,780	47,879
BALANCE AT JANUARY 1, 2018 AS RESTATED	518,114	5,181,147	16,434	1,627,934	565,379	2,081,426	(56,751)	-	448,780	9,864,349
Appropriation of the 2017 earnings										
Legal reserve	-	-	-	56,535	-	(56,535)	-	-	-	-
Cash dividends distributed	-	-	-	-	-	(103,623)	-	-	-	(103,623)
Share dividends distributed	36,268	362,680	-	-	-	(362,680)	-	-	-	-
Reclassification of past dividends to capital surplus	-	-	3,073	-	-	-	-	-	-	3,073
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	112	-	-	(526)	-	-	-	(414)
Net profit for the year ended December 31, 2018	-	-	-	-	-	286,826	-	-	-	286,826
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	2,567	(2,541)	-	(445,801)	(445,775)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	289,393	(2,541)	-	(445,801)	(158,949)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	4,044	-	-	(4,044)	-
BALANCE AT DECEMBER 31, 2018	554,382	5,543,827	19,619	1,684,469	565,379	1,851,499	(59,292)	-	(1,065)	9,604,436
Effect of retrospective application	-	-	-	-	-	(855)	-	-	-	(855)
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										
Legal reserve	-	-	-	28,683	-	(28,683)	-	-	-	-
Cash dividends distributed	-	-	-	-	-	(166,315)	-	-	-	(166,315)
Reclassification of past dividends to capital surplus	-	-	3,087	-	-	-	-	-	-	3,087
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	1,694	-	-	(3,328)	-	-	370	(1,264)
Net profit for the year ended December 31, 2019	-	-	-	-	-	821,021	-	-	-	821,021
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	4,063	(162,667)	-	128,314	(30,290)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	825,084	(162,667)	-	128,314	790,731
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	29,680	-	-	(29,680)	-
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

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

ASIA POLYMER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 984,841	$ 316,863
Adjustments for:		
Depreciation expenses	304,100	292,070
Amortization expenses	35	336
Net (gain) loss on fair value change of financial assets at fair value through profit or loss	(44,078)	3,682
Interest expense	56,163	40,142
Interest income	(14,876)	(18,489)
Dividend income	(83,146)	(98,787)
Share of profit of associates	(53,117)	(95,134)
Loss on disposal of property, plant and equipment	20	-
Reversal of write-down of inventories	(4,039)	(6,118)
Net loss (gain) on foreign currency exchange	4,534	(2,804)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(989,589)	(173,379)
Notes receivable	472	1,162
Accounts receivable from unrelated parties	115,232	(220,920)
Accounts receivable from related parties	9,347	(53,369)
Other receivables from unrelated parties	(28)	6
Other receivables from related parties	(1,545)	4,059
Inventories	396,647	(11,455)
Prepayments	(12,812)	(6,068)
Financial liabilities held for trading	(2,074)	(666)
Accounts payable from unrelated parties	(123,334)	148,485
Accounts payable from related parties	(31,000)	15,589
Other payables from unrelated parties	47,298	(10,446)
Other payables from related parties	38,723	(172,751)
Other current liabilities	(310)	16,140
Net defined benefit liabilities	(37,156)	(3,874)
Cash generated from (used in) operations	560,308	(35,726)
Interest received	15,143	18,680
Interest paid	(55,801)	(39,235)
Income tax paid	(21,029)	(52,160)
Net cash generated from (used in) operating activities	498,621	(108,441)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income - current	-	(3,926)
Proceeds from sale of financial assets at fair value through other comprehensive income - current	45,727	5,883
Capital reduction of financial assets at fair value through other comprehensive income	24,690	21,077

(Continued)

ASIA POLYMER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
Acquisition of associates	(1,280,719)	(1,747,780)
Payments for property, plant and equipment	(68,524)	(159,030)
Proceeds from disposal of property, plant and equipment	182	-
Decrease (increase) in refundable deposits	2	(3)
Payments for intangible assets	-	(106)
Dividends received	147,795	161,911
Increase in other non-current assets	(31,618)	(1,690)
Net cash used in investing activities	(1,162,465)	(1,723,664)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayments of) proceeds from short-term borrowings	(250,000)	850,000
Proceeds from (repayments of) short-term bills payable	50,000	(100,000)
Proceeds from long-term borrowings	12,500,000	9,650,000
Repayments of long-term borrowings	(11,650,000)	(9,450,000)
Repayment of the principal portion of lease liabilities	(5,864)	-
Increase in other non-current liabilities	1,249	5,662
Dividends paid to owners of the Company	(166,340)	(103,594)
Net cash generated from financing activities	479,045	852,068
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(10,788)	1,865
NET DECREASE IN CASH AND CASH EQUIVALENTS	(195,587)	(978,172)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,134,203	2,112,375
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 938,616	$ 1,134,203

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

- 118 -

ASIA POLYMER CORPORATION AND SUBSIDIARIES

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

1. GENERAL INFORMATION

Asia Polymer Corporation (the "Company") was established in January 1977. The Company designs, develops, manufactures and sells low-density polyethylene (LDPE), and ethylene vinyl acetate copolymer (EVA).

The ordinary shares of the Company have been listed on the Taiwan Stock Exchange since June 1986. As of December 31, 2019, the ultimate parent company, USI Corporation, held 36.08% of ordinary shares of the Company.

The functional currency of the Company is the New Taiwan dollar, and the consolidated financial statements of the Company and its subsidiaries, collectively referred to as the "Group", are presented in the Company's functional currency.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 5, 2020.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies:

   IFRS 16 "Leases"

   IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessee and lessor. It supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

   Definition of a lease

   The Group elects to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 are not reassessed and are accounted for in accordance with the transitional provisions under IFRS 16.

The Group as lessee

The Group recognizes right-of-use assets or investment properties if the right-of-use assets meet the definition of investment properties, and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases are recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within operating activities. Prior to the application of IFRS 16, payments under operating lease contracts, including property interest qualified as investment properties, were recognized as expenses on a straight-line basis. Cash flows for operating leases were classified within operating activities on the consolidated statements of cash flows.

The Group elects to apply IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized in retained earnings on January 1, 2019. Comparative information is not restated.

Except for the leasehold investment properties mentioned below, lease liabilities were recognized on January 1, 2019 for leases previously classified as operating leases under IAS 17. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets are measured at their carrying amount as if IFRS 16 had been applied since the commencement date, but discounted using the aforementioned incremental borrowing rate. Except for the following practical expedient which is applied, the Group applies IAS 36 to all right-of-use assets.

The Group also applies the following practical expedients:

1) The Group applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.

2) The Group accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.

3) The Group excludes initial direct costs from the measurement of right-of-use assets on January 1, 2019.

4) The Group uses hindsight, such as in determining lease terms, to measure lease liabilities.

The lessee's weighted average incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 is 1.06%. The difference between the (i) lease liabilities recognized and (ii) operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	$ 37,967
Less: Recognition exemption for short-term leases	(887)
Undiscounted amounts on January 1, 2019	$ 37,080
Discounted amounts using the incremental borrowing rate on January 1, 2019	$ 35,861
Lease liabilities recognized on January 1, 2019	$ 35,861

The Group as lessor

The Group does not make any adjustments for leases in which it is a lessor, and it accounts for those leases with the application of IFRS 16 starting from January 1, 2019.

The impact on assets, liabilities and equity as of January 1, 2019 from the initial application of IFRS 16 is set out as follows:

	As Originally Stated on January 1, 2019	Adjustments Arising from Initial Application	Restated on January 1, 2019
Investment properties	$ 513,840	$ 34,585	$ 548,425
Right-of-use assets	-	421	421
Total effect on assets	$ 513,840	$ 35,006	$ 548,846
Lease liabilities - current	$ -	$ 5,864	$ 5,864
Lease liabilities - non-current	-	29,997	29,997
Total effect on liabilities	$ -	$ 35,861	$ 35,861
Retained earnings	$ 4,101,347	$ (855)	$ 4,100,492

b. The IFRSs endorsed by the FSC for application starting from 2020

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020 (Note 1)
Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”	January 1, 2020 (Note 2)
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020 (Note 3)

Note 1: The Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 2: The Group shall apply these amendments retrospectively for annual reporting periods beginning on or after January 1, 2020.

Note 3: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2022

Note: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 11 and Tables 6 to 7 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction (i.e., not retranslated).

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including of the subsidiaries and associates in other countries or currencies which are different from the currency of the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials, production supplies, finished goods and work in progress and are stated at the lower of cost or net realizable value. 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. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates. Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates attributable to Group.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent that interests in the associate are not related to the Group.

h. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Beginning January 1, 2019, investment properties include right-of-use assets and properties under construction if the definition of investment properties is met; before January 1, 2019, investment properties included properties under construction and properties held under finance leases if the definition of investment properties was met. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Beginning January 1, 2019, investment properties acquired through leases were initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made on or before the commencement date, plus initial direct costs incurred and an estimate of costs needed to restore the underlying assets, less any lease incentives received. These investment properties are subsequently measured at cost less accumulated depreciation and accumulated impairment loss and adjusted for any remeasurement of the lease liabilities.

Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

j. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each year, with the effects of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Impairment of tangible and intangible assets and assets related to contract costs

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

Before the Group recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to an acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial asset is classified as at FVTPL when such a financial asset is mandatorily classified. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and derivatives and beneficiary securities that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income; any remeasurement gains or losses on such financial assets are recognized in other gain or losses. Fair value is determined in the manner described in Note 27.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets measured at amortized cost, including cash and cash equivalents, notes receivable, accounts receivable and other receivables, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method, less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Group always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-

month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default:

i. Internal or external information show that the debtor is unlikely to pay its creditors.

ii. When a financial asset is past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of financial assets is recognized in profit or loss by a reduction in their carrying amount through a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

a) Subsequent measurement

Except the following situation, all the financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading.

Financial liabilities held for trading are stated at fair value, and any gains or losses on such financial liabilities are recognized in other gains or losses.

Fair value is determined in the manner described in Note 27.

b) Derecognition of financial liabilities

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

3) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

m. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

- Sale of goods

  Revenue from the sale of goods comes from sale of LDPE and EVA. Sales are recognized as revenue when the goods are delivered to the customer’s specific location or the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Accounts receivable are recognized concurrently.

n. Leases

2019

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets, except for those that meet the definition of investment properties. With respect to the recognition and measurement of right-of-use assets that meet the definition of investment properties, refer to Note i for the accounting policies for investment properties.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee’s incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms.

<u>2018</u>

Leases are classified as finance leases whenever a terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

1) The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

2) The Group as lessee

Operating lease payments are recognized as expenses on a straight-line basis over the lease term.

o. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

p. Taxation

Income tax expense represents the sum of the tax currently payables and deferred tax.

1) Current tax

According to the Income Tax Law, an additional tax of unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profit against which to utilize the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

a. Estimated impairment of financial assets

The provision for impairment of accounts receivable is based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 9. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and disposal. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

c. Lessees' incremental borrowing rates

In determining a lessee's incremental borrowing rate used in discounting lease payments, a risk-free rate for the same currency and relevant duration is selected as a reference rate, and the lessee's credit spread adjustments and lease specific adjustments (such as asset type, secured position, etc.) are also taken into account.

d. Estimation of damage compensation for associate's gas explosion incidents

The Company's associate, China General Terminal & Distribution Corporation (hereinafter "CGTD"), recognized a provision for civil damages due to gas explosion. The management considered the progress of the relevant civil and criminal procedures, settlements achieved, and legal advice to estimate the amount of the provision. However, the actual amount might differ from the current estimation.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2019	2018
Cash on hand and petty cash	$ 342	$ 287
Checking accounts and demand deposits	115,043	122,552
Cash equivalents		
Time deposits	812,231	446,621
Reverse repurchase agreements collateralized by bonds	11,000	564,743
	$ 938,616	$ 1,134,203

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

	December 31	
	2019	2018
Time deposits	0.56%-2.58%	0.60%-2.90%
Reverse repurchase agreements collateralized by bonds	0.60%	0.53%-0.66%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL) - CURRENT

	December 31	
	2019	2018
Financial assets - current		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	$ 94	$ -
Non-derivative financial assets		
Domestic listed shares	167,154	60,360
Mutual funds	2,479,130	1,552,351
	2,646,284	1,612,711
	$ 2,646,378	$ 1,612,711
Financial liabilities - current		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	$ -	$ 2,074

The net gain on operations of financial assets and liabilities at FVTPL - current in 2019 and 2018 was gain of $60,500 thousand and $11,907 thousand, respectively.

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

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2019			
Sell	USD/NTD	2020.01.13-2020.02.05	USD1,730/NTD52,503
Sell	RMB/NTD	2020.01.06-2020.03.30	RMB72,000/NTD309,065
December 31, 2018			
Sell	USD/NTD	2019.01.14-2019.02.25	USD2,710/NTD83,176
Sell	RMB/NTD	2019.01.02-2019.04.02	RMB70,200/NTD310,150

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and, therefore, were not accounted for using hedge accounting.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	December 31	
	2019	2018
Current		
Domestic investments		
Listed shares	$ 73,352	$ 67,601
Non-current		
Domestic investments		
Listed shares	$ 2,059,522	$ 1,976,930
Unlisted shares	237,776	247,559
	2,297,298	2,224,489
Foreign investments		
Listed shares	4,946	6,282
Unlisted ordinary shares	15	5,079
Unlisted preferred shares	55,620	75,143
	60,581	86,504
	$ 2,357,879	$ 2,310,993

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

The Group sold some of the ordinary shares of CTCI Corporation and United Renewable Energy Co., Ltd and sold some of the preferred shares of Silicon Technology Investment (Cayman) Corp. in March, May and November 2019 in order to manage credit concentration risk. The Group transferred a total gain of $1,573 thousand and $29,195 thousand, and total loss of 1,088 thousand from other equity to retained earnings.

The Group sold some of the shares of Wafer Works Corporation in July 2018 in order to manage credit concentration risk. The Group transferred a total gain of $4,044 thousand from other equity to retained earnings.

The investees, Harbinger Venture Capital, Budworth Investment Ltd., KHL IB Venture Capital Co., Ltd., and Riselink Venture Capital Corp., reduced their capital and returned cash to their shareholders in January, May and September 2019, respectively. The Group received $24,690 thousand back in total according to its shareholding ratio.

The investees, Harbinger Venture Capital, KHL IB Venture Capital Co., Ltd., and Riselink Venture Capital Corp., reduced their capital and returned cash to their shareholders in April and August 2018, respectively. The Group received $21,077 thousand back in total, according to its shareholding ratio.

9. NOTES AND ACCOUNTS RECEIVABLE

	December 31	
	2019	2018
Notes receivable		
At amortized cost		
Gross carrying amount	$ -	$ 472
Less: Allowance for impairment loss	-	(1)
	$ -	$ 471
Accounts receivable		
At amortized cost		
Gross carrying amount	$ 593,523	$ 714,940
Less: Allowance for impairment loss	(2,000)	(1,999)
	$ 591,523	$ 712,941
Accounts receivable from related parties (Note 28)	$ 156,784	$ 166,356

Accounts receivable

At amortized cost

The average credit period of sales of goods was 15-90 days. No interest was charged on accounts receivable since the credit period was short.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivable. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date.

The following table details the loss allowance of accounts receivable based on the Group's provision matrix.

December 31, 2019

	Not Past Due	1 to 60 Days	61 to 90 Days	Total
Gross carrying amount	$ 750,307	$ -	$ -	$ 750,307
Loss allowance (Lifetime ECL)	(2,000)	-	-	(2,000)
Amortized cost	$ 748,307	$ -	$ -	$ 748,307

December 31, 2018

	Not Past Due	1 to 60 Days	61 to 90 Days	Total
Gross carrying amount	$ 881,768	$ -	$ -	$ 881,768
Loss allowance (Lifetime ECL)	(2,000)	-	-	(2,000)
Amortized cost	$ 879,768	$ -	$ -	$ 879,768

The above aging schedule was based on the number of days past due.

The movements of the loss allowance of notes receivable and accounts receivable were as follows:

	December 31	
	2019	2018
Balance at January 1	$ 2,000	$ 2,000
Add: Reclassification	-	-
Balance at December 31	$ 2,000	$ 2,000

10. INVENTORIES

	December 31	
	2019	2018
Finished goods	$ 300,476	$ 688,376
Work in progress	22,665	31,917
Raw materials	18,826	11,883
Production supplies	44,703	47,102
	$ 386,670	$ 779,278

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2019 and 2018 was $5,755,709 thousand and $6,090,668 thousand, respectively. The cost of goods sold included reversals of inventory write-downs of $4,039 thousand and $6,118 thousand for the years ended December 31, 2019 and 2018, respectively. The reversals of write-downs resulted from increased selling prices in certain markets.

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Principal Activities	% of Ownership December 31 2019	% of Ownership December 31 2018	Remark
The Company	APC Investment Co., Ltd.	Investment	100.00	100.00	*
The Company	APC (BVI) Holding Co., Ltd. (“APC BVI”)	Reinvestment	100.00	100.00	*
The Company	USI International Corp. (“USIIC”)	Reinvestment	70.00	70.00	*
APC BVI	USI International Corp. (“USIIC”)	Reinvestment	30.00	30.00	*
APC BVI	USI Trading (Shanghai) Co., Ltd. (“USITA”)	Sale of chemical products and equipment	100.00	100.00	*

* These companies are not major subsidiaries, and their financial statements have been audited.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31 2019	December 31 2018
Material associates		
Ever Conquest Global Ltd.	$ 4,265,335	$ 3,167,773
Associates that are not individually material		
Listed company		
China General Plastics Corporation (“CGPC”)	665,776	675,767
Acme Electronics Corporation (“ACME”)	54,352	60,748
Unlisted company		
China General Terminal & Distribution Corporation (“CGTD”)	257,584	228,250
ACME Electronics (Cayman) Corp. (“ACME (Cayman)”)	199,043	213,812
Swanson Plastics Corporation (“SPC”)	198,065	196,411
Taiwan United Venture Capital Corp. (“TUVC”)	20,142	21,860
Thintec Materials Corporation (“TMC”)	4,399	4,415
USI Optronics Corporation (“USIO”)	18,313	28,512
Swanson Technologies Corporation	(14,049)	(11,869)
	5,668,960	4,585,679
Add: Reclassification of the credit amount of investments to liabilities	14,049	11,869
	$ 5,683,009	$ 4,597,548

a. Material associates

Name of Associate	Nature of Activities	Principal Place of Business	Proportion of Ownership and Voting Rights December 31 2019	Proportion of Ownership and Voting Rights December 31 2018
Ever Conquest Global Ltd.	Reinvestment	British Virgin Islands	36.89%	36.94%

The Group uses the equity method to account for the above associate.

The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs and adjusted by the Group for equity accounting purposes.

Ever Conquest Global Ltd.

	December 31	
	2019	2018
Non-current assets	$ 11,563,685	$ 8,576,305
Equity	$ 11,563,685	$ 8,576,305
Proportion of the Group's ownership	36.89%	36.94%
Equity attributable to the Group	$ 4,265,335	$ 3,167,773
Carrying amount	$ 4,265,335	$ 3,167,773

During 2019 and 2018, no significant operating revenue was generated by Ever Conquest Global Ltd.

	For the Year Ended December 31	
	2019	2018
The Group's share of:		
(Loss) profit from continuing operations	$ (10,228)	$ 3,384
Other comprehensive loss	(174,072)	(2,753)
Total comprehensive (loss) income for the year	$ (184,300)	$ 631

b. Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2019	2018
The Group's share of:		
Profit from continuing operations	$ 63,345	$ 91,750
Other comprehensive loss	(4,464)	(27,067)
Total comprehensive income for the year	$ 58,881	$ 64,683

The group's ownership interest and percentage of voting right in associate at the end of the reporting period were as follows:

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Associate	2019	2018
CGPC	8.07%	8.07%
ACME	4.34%	4.35%
CGTD	33.33%	33.33%
ACME (Cayman)	16.64%	16.64%
SPC	7.95%	7.95%
TUVC	8.33%	8.33%
TMC	30.42%	30.42%
Swanson Technologies Corporation	15.00%	15.00%
USIO	9.20%	9.20%

Refer to Table 6 “Information on Investees” and Table 7 “Information on Investments in Mainland China” for the nature of activities, principal places of business and countries of incorporation of the associates.

TMC had no actual production and sales activities in the recent years. Therefore, on April 12, 2019, the board of directors of TMC approved the proposal to dissolve and liquidate the company starting from the dissolution date on May 25, 2019. TMC had not completed the process of liquidation as of December 31, 2019.

The Group’s percentage of ownership over CGPC, ACME, ACME (Cayman), SPC, TUVC, Swanson Technologies Corporation, and USIO was less than 20%. These associates were accounted for using the equity method, as the Group retained significant influence over them.

The Company and USI Corporation originally scheduled to sign a joint venture arrangement for Fujian Gulei Petrochemical Co., Ltd. on April 17, 2014. But due to an increase in the investment plan funding requirements, the joint venture arrangement was re-signed on September 30, 2016. The Company and USI Corporation established Ever Conquest Global Ltd., so as to invest in the joint venture through a holding company registered in a third region. As of December 31, 2019, the Company and USI Corporation had respectively invested US$144,160 thousand (approximately $4,471,624 thousand) and US$246,670 thousand (approximately $7,645,980 thousand). Refer to Note 29 for more information.

The market prices of the investments accounted for using the equity method in publicly traded shares calculated by the closing price at the end of the reporting period are summarized as follows.

	December 31	
Name of Associate	**2019**	**2018**
CGPC	$ 884,565	$ 899,613
ACME	$ 97,279	$ 105,616

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2019 and 2018 were based on the associates’ financial statements which were audited for the same years.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings Improvements	Machinery and Equipment	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
Cost						
Balance at January 1, 2018	$ 228,229	$ 766,695	$ 6,287,446	$ 87,233	$ 93,447	$ 7,463,050
Additions	-	-	27,352	-	131,678	159,030
Disposals	-	-	(98,164)	(314)	-	(98,478)
Reclassification	-	7,618	78,773	11,855	(98,246)	-
Effect of foreign currency exchange differences	-	-	(35)	51	-	16
Balance at December 31, 2018	$ 228,229	$ 774,313	$ 6,295,372	$ 98,825	$ 126,879	$ 7,523,618
Accumulated depreciation						
Balance at January 1, 2018	$ -	$ 238,366	$ 3,516,644	$ 77,090	$ -	$ 3,832,100
Depreciation expenses	-	21,336	261,426	4,523	-	287,285
Disposals	-	-	(98,164)	(314)	-	(98,478)
Effect of foreign currency exchange differences	-	-	(32)	51	-	19
Balance at December 31, 2018	$ -	$ 259,702	$ 3,679,874	$ 81,350	$ -	$ 4,020,926
Carrying amounts at December 31, 2018	$ 228,229	$ 514,611	$ 2,615,498	$ 17,475	$ 126,879	$ 3,502,692

(Continued)

	Freehold Land	Buildings Improvements	Machinery and Equipment	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
Cost						
Balance at January 1, 2019	$ 228,229	$ 774,313	$ 6,295,372	$ 98,825	$ 126,879	$ 7,523,618
Additions	-	-	27,797	1,102	39,625	68,524
Disposals	-	-	(57,756)	(983)	-	(58,739)
Reclassification	-	3,922	88,484	893	(93,299)	-
Effect of foreign currency exchange differences	-	-	41	(140)	-	(99)
Balance at December 31, 2019	$ 228,229	$ 778,235	$ 6,353,938	$ 99,697	$ 73,205	$ 7,533,304
Accumulated depreciation						
Balance at January 1, 2019	$ -	$ 259,702	$ 3,679,874	$ 81,350	$ -	$ 4,020,926
Depreciation expenses	-	22,296	266,346	5,082	-	293,724
Disposals	-	-	(57,554)	(983)	-	(58,537)
Effect of foreign currency exchange differences	-	-	37	(79)	-	(42)
Balance at December 31, 2019	$ -	$ 281,998	$ 3,888,703	$ 85,370	$ -	$ 4,256,071
Carrying amounts at December 31, 2019	$ 228,229	$ 496,237	$ 2,465,235	$ 14,327	$ 73,205	$ 3,277,233

(Concluded)

There was no indication of impairment for the years ended December 31, 2019 and 2018.

The board of directors passed an EVA capacity expansion in the Linyuan plant and authorized the chairman with full power on December 28, 2011. The total contract fee was $2,608,911 thousand (including addition costs). The project was completed in 2018, and total fees and charges have been paid.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings improvements	
Factory and improvements	15 to 40 years
Main buildings and improvements	10 to 40 years
Storage rooms	11 to 45 years
Engineering systems	35 to 40 years
Others	2 to 20 years
Machinery and equipment	3 to 22 years
Other equipment	3 to 10 years

14. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	December 31, 2019
Carrying amounts	
Transportation equipment	$ -

	For the Year Ended December 31, 2019
Depreciation charge for right-of-use assets	
Transportation equipment	$ 421

The Group has been subleasing its leasehold office space located in Taipei to other companies under operating leases. The related right-of-use assets are presented as investment properties (as set out in Note 15). The amounts disclosed above with respect to the right-of-use assets do not include the right-of-use assets that meet the definition of investment properties.

b. Lease liabilities - 2019

	December 31, 2019
Carrying amounts	
Current	$ 5,496
Non-current	$ 24,501

Range of discount rate for lease liabilities was as follows:

	December 31, 2019
Buildings	1.06%

c. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties and freehold property, plant and equipment are set out in Note 15.

2019

	For the Year Ended December 31, 2019
Expenses relating to short-term leases	$ 3,375
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 1,402
Total cash outflow for leases	$ (10,992)

The Group leases certain buildings which qualify as short-term lease. The Group has elected to apply the recognition exemption and, thus, did not recognize right-of-use assets and lease liabilities for these leases.

2018

The future minimum lease payments of non-cancellable operating lease commitments are as follows:

	December 31, 2018
Not later than 1 year	$ 1,030
Later than 1 year and not later than 5 years	285
	$ 1,315

15. INVESTMENT PROPERTIES

	Land	Buildings and Improvements	Right-of-use Assets	Total
Cost				
Balance at January 1, 2018	$ 370,202	$ 256,482	$ -	$ 626,684
Effect of foreign currency exchange differences	-	4,004	-	4,004
Balance at December 31, 2018	$ 370,202	$ 260,486	$ -	$ 630,688
Accumulated depreciation				
Balance at January 1, 2018	$ -	$ 110,658	$ -	$ 110,658
Depreciation expenses	-	4,785	-	4,785
Effect of foreign currency exchange differences	-	1,405	-	1,405
Balance at December 31, 2018	$ -	$ 116,848	$ -	$ 116,848
Carrying amounts at December 31, 2018	$ 370,202	$ 143,638	$ -	$ 513,840
Cost				
Balance at January 1, 2019	$ 370,202	$ 260,486	$ -	$ 630,688
Adjustment on initial application of IFRS 16	-	-	34,585	34,585
Balance at January 1, 2019 (restated)	370,202	260,486	34,585	665,273
Effect of foreign currency exchange differences	-	(3,082)	-	(3,082)
Balance at December 31, 2019	$ 370,202	$ 257,404	$ 34,585	$ 662,191
Accumulated depreciation				
Balance at January 1, 2019	$ -	$ 116,848	$ -	$ 116,848
Depreciation expenses	-	4,494	5,461	9,955
Effect of foreign currency exchange differences	-	(1,177)	-	(1,177)
Balance at December 31, 2019	$ -	$ 120,165	$ 5,461	$ 125,626
Carrying amounts at December 31, 2019	$ 370,202	$ 137,239	$ 29,124	$ 536,565

Right-of-use assets included in investment properties are units of office space and subleased under operating leases.

The investment properties were leased out for 5 years. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2019 was as follows:

	December 31, 2019
Year 1	$ 11,952
Year 2	4,599
Year 3	4,599
Year 4	4,599
Year 5	240
	$ 25,989

The future minimum lease payments of non-cancellable operating lease commitments at December 31, 2018 are as follows:

	December 31, 2018
Not later than 1 year	$ 37,580
Later than 1 year and not later than 5 years	31,040
	$ 68,620

The investment properties held by the Group are depreciated on a straight-line basis over their estimated useful lives as follows:

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

The fair value of the investment property (i.e., the land) located in Linyuan Industrial Park, which is for industrial use, cannot be reliably determined due to infrequent market transactions.

The fair value of investment properties (i.e., the land), excluding the land located in the Linyuan Industrial Park, was $1,554,062 thousand as at December 31, 2019. This fair value was not evaluated by an independent evaluator but was measured by the Group's management using the valuation model that market participants would use in determining fair value, and the fair value was measured by using Level 3 inputs. The evaluation referred to the transaction price of similar real estate in the neighboring areas. When the transaction price per square meter to increase or decrease by 10%, the fair value of the investment properties would increase or decrease respectively by $155,406 thousand as at December 31, 2019.

The fair value of right-of-use assets is determined by adding back the amount of lease liabilities already recognized to the valuation result that reflects the expected lease income after deduction of expected payments. The fair value of right-of-use assets is $46,551 thousand as at December 31, 2019.

16. BORROWINGS

a. Short-term borrowings

	December 31	
	2019	2018
Unsecured borrowings		
Bank loans	$ 1,100,000	$ 1,350,000

The range of interest rates on bank loans was 0.90%-0.97% and 0.90%-1.10% per annum as of December 31, 2019 and 2018, respectively.

b. Short-term bills payable

	December 31	
	2019	2018
Commercial paper	$ 650,000	$ 600,000
Less: Unamortized discount on bills payable	(56)	(86)
	$ 649,944	$ 599,914
Range of interest rates	0.50%-0.77%	0.49%-0.80%

c. Long-term borrowings

	December 31	
	2019	2018
Unsecured borrowings		
Bank loans	$ 3,950,000	$ 3,100,000
Range of interest rates	1.000%-1.060%	0.988%-1.175%

To maintain medium- and long-term working capital, the Group signed a three-year medium- and long-term credit agreement with FE Bank. A credit line of $300,000 thousand was granted to the Group, with a revolving credit line within the terms of agreement. Under the credit agreement, the Group should maintain financial ratios in which the current ratio is not below 100% and the debt ratio does not exceed 150%.

To maintain medium- and long-term working capital, the Group signed a three-year medium- and long-term credit agreement with Fubon Bank. A credit line of $500,000 thousand was granted to the Group, with a revolving credit line within the terms of agreement. Under the credit agreement, the Group should maintain financial ratios in which the current ratio is not below 100%, the debt ratio does not exceed 150% and the amount of equity is not below $7,000,000 thousand.

To maintain medium- and long-term working capital, the Group signed a three-year medium- and long-term credit agreement with TS Bank. A credit line of $500,000 thousand was granted to the Group. Under the credit agreement, the Group should maintain financial ratios in which the current ratio is not below 100%, the debt ratio does not exceed 100% and the amount of equity is not below $7,000,000 thousand.

To maintain medium- and long-term working capital, the Group signed a three-year medium- and long-term credit agreement with SK Bank. A credit line of $450,000 thousand was granted to the Group, with a revolving credit line within the terms of the agreement. Under the credit agreement, the Group should maintain financial ratios in which the current ratio is not below 100%, the debt ratio does not exceed 150% and the amount of equity is not below $7,000,000 thousand.

To maintain medium- and long-term working capital, the Group signed a three-year medium- and long-term credit agreement with Bank SinoPac. A credit line of $500,000 thousand was granted to the Group, with a revolving credit line within the terms of the agreement. Under the credit agreement, the Group should maintain financial ratios in which the current ratio is not below 100% and the debt equity ratio does not exceed 100%.

To maintain medium- and long-term working capital, the Group signed a three-year medium- and long-term credit agreement with KGI Bank. A credit line of $400,000 thousand was granted to the Group, with a revolving credit line within the terms of the agreement. Under the credit agreement, the Group should maintain financial ratios in which the current ratio is not below 150% and the debt ratio does not exceed 125%.

As of December 31, 2019, the Company did not violate these financial ratios and terms.

17. ACCOUNTS PAYABLE

	December 31	
	2019	**2018**
Accounts payable		
Operating (including related parties)	$ 186,775	$ 341,478

The average credit period was 1 month. The Group had financial risk management policies in place to ensure that all payables were paid within the pre-agreed credit terms.

18. OTHER PAYABLES

	December 31	
	2019	**2018**
Payables for salaries or bonuses	$ 77,464	$ 29,804
Payables for utilities	35,655	35,321
Payables for annual leave	13,983	14,664
Payables for freight fees	9,079	13,123
Payables for dividends	5,527	8,018
Payables for equipment	5,025	13,073
Payables for insurance	4,108	1,994
Others	32,586	22,912
	$ 183,427	$ 138,909

19. REFUND LIABILITIES - CURRENT

	December 31	
	2019	**2018**
Customer returns and rebates	$ 5,899	$ 5,899

The Group applied IFRS 15 and recognized estimated sales returns and rebates as refund liabilities.

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company and domestic subsidiaries of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 10% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2019	**2018**
Present value of defined benefit obligation	$ 406,749	$ 418,170
Fair value of plan assets	(240,881)	(209,500)
Net defined benefit liabilities	$ 165,868	$ 208,670

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities (Assets)**
Balance at January 1, 2018	$ 431,266	$ (219,057)	$ 212,209
Service cost			
Current service cost	4,506	-	4,506
Net interest expense (income)	4,217	(2,200)	2,017
Recognized in profit or loss	8,723	(2,200)	6,523
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(6,242)	(6,242)
Actuarial loss - changes in financial assumptions	3,794	-	3,794
Actuarial loss - changes in demographic assumptions	8	-	8
Actuarial loss - experience adjustments	2,775	-	2,775
Recognized in other comprehensive income	6,577	(6,242)	335

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Contributions from the employer	$ -	$ (10,397)	$ (10,397)
Benefits paid	(28,396)	28,396	-
Balance at December 31, 2018	$ 418,170	$ (209,500)	$ 208,670
Balance at January 1, 2019	$ 418,170	$ (209,500)	$ 208,670
Service cost			
Current service cost	3,950	-	3,950
Net interest expense (income)	3,576	(1,794)	1,782
Recognized in profit or loss	7,526	(1,794)	5,732
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(8,173)	(8,173)
Actuarial loss - changes in financial assumptions	6,820	-	6,820
Actuarial gain - experience adjustments	(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)
Benefits paid	(19,346)	19,346	-
Balance at December 31, 2019	$ 406,749	$ (240,881)	$ 165,868

(Concluded)

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic or foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate of a 2-year time deposit with local banks.

2) Interest risk: A decrease in corporate bond interest rates will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated with reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2019	2018
Discount rate	0.63%	0.88%
Expected rate of salary increase	2.25%	2.25%

If possible reasonable changes in each of the significant actuarial assumptions were to occur and all other assumptions were to remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2019	2018
Discount rate		
0.25% increase	$ (6,820)	$ (7,533)
0.25% decrease	$ 7,012	$ 7,755
Expected rate of salary increase		
0.25% increase	$ 6,775	$ 7,514
0.25% decrease	$ (6,625)	$ (7,338)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that changes in the assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2019	2018
Expected contributions to the plan for the next year	$ 40,000	$ 10,000
Average duration of the defined benefit obligation	6.9 years	7.5 years

21. EQUITY

a. Ordinary shares

	December 31	
	2019	2018
Number of shares authorized (in thousands)	620,000	620,000
Shares authorized	$ 6,200,000	$ 6,200,000
Number of shares issued and fully paid (in thousands)	554,382	554,382
Shares issued	$ 5,543,827	$ 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.

The shareholders held their regular meeting on June 5, 2018 and, in that meeting, resolved to issue 36,268 thousand ordinary shares as share dividends appropriated from earnings, with a par value of $10, which increased the share capital issued and fully paid to $5,543,827 thousand. On July 2, 2018, the transaction was approved by the FSC, and the subscription base date was determined as at August 3, 2018 by the board of directors.

b. Capital surplus

	December 31	
	2019	2018
Unpaid dividends	$ 21,412	$ 18,325
Share of changes in capital surplus of associates	2,988	1,294
	$ 24,400	$ 19,619

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.

Capital surplus which arises from unclaimed dividends may be used to offset a deficit only, and the share of changes in capital surplus of associates may not be used for any purpose.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to "Employees' compensation and remuneration of directors" in Note 23-f.

As the Company is in the maturation stage, for research and development needs and business diversification, the amount of dividends for shareholders shall be no less than 10% of distributable retained earnings for the current year, among which the amount of cash dividends shall be no less than 10%. If the distributable retained earnings per share of the current year are less than $0.1, the retained earnings are not to be distributed.

An appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2018 and 2017 approved in the shareholders' meetings on June 24, 2019 and June 5, 2018, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2018	**2017**
Legal reserve	$ 28,683	$ 56,535
Cash dividends	$ 166,315	$ 103,623
Share dividends	$ -	$ 362,680
Cash dividends per share (NT$)	$ 0.3	$ 0.2
Share dividends per share (NT$)	$ -	$ 0.7

The appropriation of earnings for 2019 had been proposed by the Company's board of directors on March 5, 2020 were as follows:

	For the Year Ended December 31, 2019
Legal reserve	$ 85,058
Cash dividends	$ 332,630
Share dividends	$ 277,191
Cash dividends per share (NT$)	$ 0.6
Share dividends per share (NT$)	$ 0.5

The appropriation of earnings for 2019 is subject to resolution in the shareholders' meeting to be held on June 12, 2020.

d. Other equity items

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

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ (59,292)	$ (56,751)
Effect of change in tax rate	-	1,075
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	(192,308)	90
Share of exchange differences of associates accounted for using the equity method	(8,821)	(3,688)
Related income tax	38,462	(18)
Other comprehensive income recognized for the year	(162,667)	(2,541)
Balance at December 31	$ (221,959)	$ (59,292)

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

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ (1,065)	$ 448,780
Effect of change in tax rate	-	(85)
Recognized for the year		
Unrealized gain (loss) - equity instruments	122,885	(419,766)
Share from associates accounted for using the equity method	4,360	(23,616)
Related income tax	1,069	(2,334)
Other comprehensive income recognized for the year	128,314	(445,801)
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	(29,680)	(4,044)
Share from associates accounted for using the equity method	370	-
Balance at December 31	$ 97,939	$ (1,065)

22. REVENUE

a. Revenue from contracts with customers

	For the Year Ended December 31	
	2019	2018
Revenue from sale of goods	$ 6,791,157	$ 6,375,134

b. Contract balances

	December 31, 2019	December 31, 2018	January 1, 2018
Contract liabilities	$ 24,049	$ 25,011	$ 9,351

23. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

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

a. Other income

	For the Year Ended December 31	
	2019	2018
Interest income		
Bank deposits	$ 8,605	$ 12,279
Financial assets at FVTPL	5,763	5,834
Reverse repurchase agreements collateralized by bonds	508	376
	14,876	18,489
Rental income	56,343	53,363
Dividends		
Financial assets at FVTPL	2,143	3,615
Investments in equity instruments at FVTOCI	81,003	95,172
	83,146	98,787
Others	11,256	8,543
	$ 165,621	$ 179,182

b. Other gains and losses

	For the Year Ended December 31	
	2019	2018
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	$ 49,514	5,877
Financial liabilities held for trading	3,080	(3,419)
Net foreign exchange (losses) gains	(12,449)	6,582
Loss on disposal of property, plant and equipment	(20)	-
Others	(16,266)	1,667
	$ 23,859	$ 10,707

c. Financial costs

	For the Year Ended December 31	
	2019	2018
Interest on bank loans	$ 55,812	$ 40,142
Interest on lease liabilities	351	-
	$ 56,163	$ 40,142

There was no capitalization of interest costs between 2019 and 2018.

d. Depreciation and amortization

	For the Year Ended December 31	
	2019	2018
Property, plant and equipment	$ 293,724	$ 287,285
Investment properties	9,955	4,785
Right-of-use assets	421	-
Intangible assets	35	336
	$ 304,135	$ 292,406
An analysis of depreciation by function		
Operating costs	$ 293,476	$ 287,129
Operating expenses	669	156
Other gains and losses	9,955	4,785
	$ 304,100	$ 292,070
An analysis of amortization by function		
Operating expenses	$ 35	$ 336

e. Employee benefits expense

	For the Year Ended December 31	
	2019	2018
Post-employment benefits (see Note 20)		
Defined contribution plans	$ 7,570	$ 7,346
Defined benefit plans	5,732	6,523
	13,302	13,869
Other employee benefits	366,228	306,100
Total employee benefits expense	$ 379,530	$ 319,969
An analysis of employee benefits expense by function		
Operating costs	$ 312,032	$ 258,492
Operating expenses	67,498	61,477
	$ 379,530	$ 319,969

f. Employees' compensation and remuneration of directors

The Company accrued employees' compensation and remuneration of directors and supervisors at rates of no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2019 and 2018, which were approved by the Company's board of directors on March 5, 2020 and March 6, 2019, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2019	**2018**
	Cash	**Cash**
Employees' compensation	1%	1%
Remuneration of directors	-	-

Amount

	For the Year Ended December 31	
	2019	**2018**
	Cash	**Cash**
Employees' compensation	$ 9,929	$ 3,180
Remuneration of directors	-	-

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2018 and 2017.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2019 and 2018 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

g. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2019	**2018**
Foreign exchange gains	$ 32,440	$ 42,549
Foreign exchange losses	(44,889)	(35,967)
	$ (12,449)	$ 6,582

24. INCOME TAX RELATING TO CONTINUING OPERATIONS

a. Major components of income tax expense recognized in profit or loss

	For the Year Ended December 31	
	2019	2018
Current tax		
In respect of the current year	$ 151,042	$ 18,205
Income tax on unappropriated earnings	5,941	3,121
Adjustments for prior year	78	64
	157,061	21,390
Deferred tax		
In respect of the current year	6,674	12,994
Adjustments to deferred tax attributable to changes in tax rates and laws	-	(4,347)
Adjustments for prior years	85	-
	6,759	8,647
Income tax expense recognized in profit or loss	$ 163,820	$ 30,037

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2019	2018
Profit before tax from continuing operations	$ 984,841	$ 316,863
Income tax expense calculated at the statutory rate	$ 198,320	$ 64,158
Nondeductible expenses in determining taxable income	(22,870)	(11,828)
Tax-exempt income	(17,734)	(21,254)
Additional income tax under the Alternative Minimum Tax Act	-	123
Income tax on unappropriated earnings	5,941	3,121
Effect of tax rate changes	-	(4,347)
Adjustments for prior years' tax	163	64
Income tax expense recognized in profit or loss	$ 163,820	$ 30,037

The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings was reduced from 10% to 5%.

In July 2019, the President of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2019	2018
Deferred tax		
Effect of change in tax rate	$ -	$ 2,383
In respect of current year		
Translation of foreign operations	38,462	(18)
Fair value changes of financial assets at FVTOCI	1,069	(2,334)
Remeasurement on defined benefit plans	(1,129)	67
Total income tax recognized in other comprehensive income	$ 38,402	$ 98

c. Current tax liabilities

	December 31	
	2019	2018
Current tax liabilities		
Income tax payable	$ 146,341	$ 10,309

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Allowance for inventory valuation and obsolescence losses	$ 915	$ (808)	$ -	$ 107
Allowance for office supplies impairment losses	6,938	250	-	7,188
Customer rebates	1,180	-	-	1,180
Allowance for production supplies losses	1,316	(101)	-	1,215
FVTPL financial liabilities	415	(415)	-	-
Payables for annual leave	2,628	(93)	-	2,535
Defined benefit obligation	41,515	(7,109)	(1,129)	33,277
Inventory tax differences	57	227	-	284
Exchange differences on foreign operations	7,150	-	38,462	45,612
Foreign exchange losses	-	1,022	-	1,022
	$ 62,114	$ (7,027)	$ 37,333	$ 92,420

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Closing Balance
Deferred tax liabilities				
Land value increment tax reserve	$ (21,469)	$ -	$ -	$ (21,469)
Allowance for impaired receivables	(267)	-	-	(267)
Foreign exchange gains	(548)	548	-	-
Depreciation tax differences	(435)	13	-	(422)
Share of profit of associates	(28,372)	(275)	-	(28,647)
FVTPL financial assets	(2,901)	(18)	1,069	(1,850)
Others	(65)	-	-	(65)
	$ (54,057)	$ 268	$ 1,069	$ (52,720)

(Concluded)

For the year ended December 31, 2018

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Allowance for inventory valuation and obsolescence losses	$ 1,816	$ (901)	$ -	$ 915
Allowance for office supplies impairment losses	7,882	(944)	-	6,938
Customer rebates	1,003	177	-	1,180
Allowance for production supplies losses	1,115	201	-	1,316
FVTPL financial liabilities	114	301	-	415
Payables for annual leave	1,926	702	-	2,628
Defined benefit obligation	35,890	4,165	1,460	41,515
Inventory tax differences	519	(462)	-	57
Exchange differences on foreign operations	6,093	-	1,057	7,150
Foreign exchange losses	216	(216)	-	-
	$ 56,574	$ 3,023	$ 2,517	$ 62,114

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax liabilities				
Land value increment tax reserve	$ (21,469)	$ -	$ -	$ (21,469)
Allowance for impaired receivables	(227)	(40)	-	(267)
Foreign exchange gains	-	(548)	-	(548)
Depreciation tax differences	(377)	(58)	-	(435)
Share of profit of associates	(17,347)	(11,025)	-	(28,372)
FVTPL financial assets	(482)	-	(2,419)	(2,901)
Others	(66)	1	-	(65)
	$ (39,968)	$ (11,670)	$ (2,419)	$ (54,057)

(Concluded)

e. Income tax assessments

The Company and ROC subsidiary's income tax returns through 2017, have been assessed by the tax authorities.

25. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31 2019	2018
Basic earnings per share	$ 1.48	$ 0.52
Diluted earnings per share	$ 1.48	$ 0.52

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share from continuing operations were as follows:

Net Profit for the Year

	For the Year Ended December 31 2019	2018
Earnings used in the computation of basic and diluted earnings per share	$ 821,021	$ 286,826

Weighted Average Number of Ordinary Shares Outstanding (In Thousand Shares)

	For the Year Ended December 31	
	2019	**2018**
Shares		
Weighted average number of ordinary shares in computation of basic earnings per share	554,382	554,382
Effect of potentially dilutive ordinary shares:		
Employees' compensation	680	340
Weighted average number of ordinary shares used in the computation of diluted earnings per share	555,062	554,722

If the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

26. CAPITAL MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall management strategy remains unchanged from 2013.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital, reserves, retained earnings, and other equity).

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The Group's management believes that the carrying amounts of financial assets and financial liabilities which are recognized in the consolidated financial statements approximate their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative	$ -	$ 94	$ -	$ 94
Listed shares	167,154	-	-	167,154
Mutual funds	2,479,130	-	-	2,479,130
	$ 2,646,284	$ 94	$ -	$ 2,646,378

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic listed shares	$ 2,132,874	$ -	$ -	$ 2,132,874
Foreign listed shares	4,946	-	-	4,946
Domestic unlisted shares	-	-	237,776	237,776
Foreign unlisted shares	-	-	55,635	55,635
	$ 2,137,820	$ -	$ 293,411	$ 2,431,231

(Concluded)

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares	$ 60,360	$ -	$ -	$ 60,360
Mutual funds	1,552,351	-	-	1,552,351
	$ 1,612,711	$ -	$ -	$ 1,612,711
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic listed shares	$ 2,044,531	$ -	$ -	$ 2,044,531
Foreign listed shares	6,282	-	-	6,282
Domestic unlisted shares	-	-	247,559	247,559
Foreign unlisted shares	-	-	80,222	80,222
	$ 2,050,813	$ -	$ 327,781	$ 2,378,594
Financial liabilities at FVTPL				
Derivatives	$ -	$ 2,074	$ -	$ 2,074

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2019

	Financial Assets at FVTOCI Equity Instruments
Financial assets	
Balance at January 1, 2019	$ 327,781
Recognized in other comprehensive income (included in unrealized gain on financial assets at FVTOCI)	32,212
Sales	(41,892)
Return of capital (Note 8)	(24,690)
Balance at December 31, 2019	$ 293,411

For the year ended December 31, 2018

	Financial Assets at FVTOCI
	Equity Instruments
Financial assets	
Balance at January 1, 2018	$ 296,680
Recognized in other comprehensive income (included in unrealized gain on financial assets at FVTOCI)	52,178
Return of capital (Note 8)	(21,077)
Balance at December 31, 2018	$ 327,781

3) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

The Group's financial department used valuation techniques in measuring Level 3 fair value of financial instruments. The assumptions of and the inputs to the measurement are based on information from independent resources. The results of the measurement are evaluated against the market state and reviewed periodically to ensure that they are reasonable. The fair values of domestic and foreign unlisted equity securities were determined using the asset-based approach. In this approach, the fair value is determined by the latest net value of the investee company and the financial and business conditions of an observable company. If the discount for the lack of marketability decreases, the fair value of investments will increase. When the net asset value of investees increases/decreases by 1%, the fair value will increase/decrease by $2,934 thousand.

c. Categories of financial instruments

	December 31	
	2019	2018
Financial assets		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	$ 2,646,378	$ 1,612,711
Financial assets at amortized cost (1)	1,692,134	2,017,906
Financial assets at FVTOCI		
Equity instruments	2,431,231	2,378,594
Financial liabilities		
Financial liabilities at FVTPL		
Held for trading	-	2,074
Financial liabilities at amortized cost (2)	6,236,734	5,659,705

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents,

notes receivable, accounts receivable (including related parties) and other receivables (including related parties and excluding tax refund receivable).

2) The balances include financial liabilities at amortized cost, which comprise short-term and long-term loans (including current portion), short-term bills payable, accounts payable (including related parties) and other payables (including related parties).

d. Financial risk management objectives and policies

The Group's risk control and hedging strategy are influenced by its operational environment. The Group properly monitors and manages the risks related to business nature and according to the principle of risk diversification. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There has been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. In order to avoid the impact of foreign currency exchange rate changes, which lead to deductions in foreign currency denominated assets and fluctuations in their future cash flows, the Group used the natural offset between foreign currency assets and liabilities and foreign exchange forward contracts on the net position. The Group sought to minimize the effects of these risks by using foreign exchange forward contracts to hedge risk exposures. The use of foreign exchange forward contracts was governed by the Group's policies approved by the board of directors. Compliance with policies and exposure limits was reviewed by internal auditors on a continuous basis. The Group did not enter into or trade foreign exchange forward contracts for speculative purposes.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities is set out in Note 30 and of the derivatives exposing the Group to foreign currency risk at the end of the reporting period are set out in Note 7.

Sensitivity analysis

The Group was mainly exposed to the USD. The sensitivity analysis includes only outstanding foreign currency denominated monetary items at the end of the reporting period. For a 3% strengthening/weakening of the Group's functional currency against the USD, there would be a decrease/an increase of $7,448 thousand and $7,432 thousand in pre-tax profit for the years ended December 31, 2019 and 2018, respectively.

In management's opinion, this sensitivity analysis is unrepresentative of the Group's inherent foreign exchange risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

b) Interest rate risk

The Group was exposed to fair value interest rate risk because the Group held financial assets and financial liabilities at fixed rates; the Group was exposed to cash flow interest rate risk because the Group held financial assets and financial liabilities at floating rates. The Group's management personnel monitors the changes in the market rates on a regular basis and adjusts the floating rate financial liabilities to make the Group's rates approach market rates in response to the risk caused by changing market rates.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2019	**2018**
Fair value interest rate risk		
Financial assets	$ 802,232	$ 990,364
Financial liabilities	1,779,941	1,949,914
Cash flow interest rate risk		
Financial assets	129,163	135,909
Financial liabilities	3,950,000	3,100,000

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both financial assets and liabilities at the end of the reporting period. A 50-basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2019 and 2018 would have decreased/increased by $19,104 thousand and $14,820 thousand, respectively.

c) Other price risk

The Group was exposed to securities price risk through its investments in securities listed in the ROC or other countries. The Group manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group has appointed a special team to monitor price risk.

Sensitivity analysis

If securities prices had been 5% higher/lower, pre-tax profit for the years ended December 31, 2019 and 2018 would have increased/decreased by $132,314 thousand and $80,636 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2019 and 2018 would have increased/decreased by $121,562 thousand and $118,930 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the total of the following:

a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and

b) The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

The Group transacted with a large number of unrelated customers in a variety of areas, and, thus, no concentration of credit risk was observed. Ongoing credit evaluations are performed on the financial conditions of trade receivables; therefore, the Group's credit risk is limited.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

As such cash and cash equivalents are sufficient to finance the Group's operations, there is no liquidity risk arising from the deficiency of funds to fulfill contractual obligations.

a) Liquidity and interest rate risk table for non-derivative financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods based on the probable earliest repayment dates. The table was drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

December 31, 2019

	Weighted Average Interest Rate	On Demand or Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities				
Non-interest bearing liabilities		$ 490,977	$ 41,350	$ -
Lease liabilities	1.06%	5,496	22,576	1,925
Fixed interest rate liabilities	0.83%	1,750,000	-	-
Floating interest rate liabilities	1.05%	-	3,950,000	-
		$ 2,246,473	$ 4,013,926	$ 1,925

December 31, 2018

	Weighted Average Interest Rate	On Demand or Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities				
Non-interest bearing liabilities		$ 547,240	$ 32,860	$ -
Fixed interest rate liabilities	0.91%	1,950,000	-	-
Floating interest rate liabilities	1.06%	-	3,100,000	-
		$ 2,497,240	$ 3,132,860	$ -

b) Financing facilities

Bank loans are an essential source of liquidity for the Group. The table below details the used and unused amount of bank loans at the end of the reporting period.

	December 31	
	2019	2018
Unsecured bank facilities		
Amount used	$ 5,700,000	$ 5,050,000
Amount unused	3,029,800	3,028,943
	$ 8,729,800	$ 8,078,943

28. TRANSACTIONS WITH RELATED PARTIES

The Company’s ultimate parent is USI Corporation, which held 36.08% of the ordinary shares of the Company as of December 31, 2019 and 2018.

Balances and transactions between the Company and its subsidiaries (which are related parties of the Company) have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related parties’ names and relationships

Related Party Name	Relationship with the Company
USI Corporation	Ultimate parent entity
Union Polymer Int’l Investment Corp. (“Union Polymer”)	Parent entity
China General Plastics Corporation (“CGPC”)	Associate
China General Terminal & Distribution Corporation (“CGTD”)	Associate
Acme Electronics Corporation (“ACME”)	Associate
Thintec Materials Corporation (“TMC”)	Associate
USI Optronics Corporation (“USIO”)	Associate
Swanson Plastics Corporation (“SPC”)	Associate
Taiwan VCM Corporation (“TVCM”)	Associate
CGPC Polymer Corporation (“CGPCP”)	Associate
Forever Young Company Limited (“Forever Young”)	Associate
Swanson Technologies Corporation (“STC”)	Associate
Taita Chemical Company, Limited (“TTC”)	Fellow subsidiary

(Continued)

Related Party Name	Relationship with the Company
Taiwan United Venture Management Corporation ("TUVM")	Fellow subsidiary
USI Management Consulting Corporation ("UM")	Fellow subsidiary
USIFE Investment Co., Ltd. ("USII")	Fellow subsidiary
INOMA Corporation ("INOMA")	Fellow subsidiary
Chong Loong Trading Co., Ltd. ("CLT")	Fellow subsidiary
USI (Hong Kong) ("USI (HK)")	Fellow subsidiary
USI Education Foundation ("USIF")	Essential related party

(Concluded)

b. Sales of goods

Related Party Category/Name	For the Year Ended December 31 2019	2018
Ultimate parent entity		
USI Corporation	$ 843,103	$ 671,528
Associate	55,291	70,150
Fellow subsidiary	20,973	27,452
	$ 919,367	$ 769,130

Sales of goods to related parties were made at the Group's usual prices and conditions which were the same as those of the unrelated parties.

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31 2019	2018
Ultimate parent entity		
USI Corporation	$ 283,354	$ 266,445
Associate	33,572	36,708
Fellow subsidiary	51,269	104,808
	$ 368,195	$ 407,961

Purchases from related parties were made at market prices which were at the Group's usual prices and conditions which were the same as those from unrelated parties.

d. Management fees (under general and administrative expenses)

Related Party Category/Name	For the Year Ended December 31 2019	2018
Ultimate parent entity		
USI Corporation	$ 8,403	$ 5,879
Fellow subsidiary		
UM	42,566	33,357
Others	711	807
	43,277	34,164
	$ 51,680	$ 40,043

e. Lease arrangements - Group is lessee

Lease expense

Related Party Category/Name	For the Year Ended December 31 2019	2018
Ultimate parent entity		
USI Corporation	$ 2,424	$ 2,433

f. Lease arrangements - Group is lessor

Lease income

Related Party Category/Name	For the Year Ended December 31 2019	2018
Ultimate parent entity		
USI Corporation	$ 2,825	$ 2,640
Parent entity		
Union Polymer	176	140
Associate		
TVCM	12,912	12,790
Others	6,069	6,912
	18,981	19,702
Fellow subsidiary		
TTC	7,157	7,049
Others	2,800	3,408
	9,957	10,457
	$ 31,939	$ 32,939

The previously indicated associates leased pipelines from the Group with lease terms of 1 years. The lease contracts are to be regarded as renewed if there is no declaration of termination. The lease payments are calculated according to actual operating volume and are paid on a monthly basis.

g. Donation expenses (under general and administrative expenses)

Related Party Category/Name	For the Year Ended December 31 2019	2018
Essential related party		
USI Education Foundation	$ 2,000	$ 2,000

h. Management income (under other income)

Related Party Category/Name	For the Year Ended December 31 2019	2018
Associate	$ 1,577	$ 1,738

i. Investment consultant fees (under other gains and losses)

Related Party Category/Name	For the Year Ended December 31 2019	2018
Fellow subsidiary		
TUVM	$ 1,734	$ 1,822

j. Accounts receivable from related parties

Related Party Category/Name	December 31 2019	2018
Ultimate parent entity		
USI Corporation	$ 147,057	$ 162,209
Associate	6,211	1,675
Fellow subsidiary	3,516	2,472
	$ 156,784	$ 166,356

k. Other receivables from related parties

Related Party Category/Name	December 31 2019	2018
Ultimate parent entity		
USI Corporation	$ 2,013	$ 220
Associate		
CGTD	832	959
Others	396	360
	1,228	1,319
Fellow subsidiary		
TTC	667	858
Others	107	73
	774	931
	$ 4,015	$ 2,470

Other receivables from related parties were the payments from the ultimate parent entity and associates to rent office from the Company.

l. Accounts payable to related parties

Related Party Category/Name	December 31 2019	2018
Ultimate parent entity		
USI Corporation	$ 40,608	$ 47,100
Associate	2,727	4,945
Fellow subsidiary		
TTC	8,668	31,162
	$ 52,003	$ 83,207

m. Other payables to related parties

Related Party Category/Name	December 31 2019	December 31 2018
Ultimate parent entity		
USI Corporation	$ 160,383	$ 127,844
Associate	5,591	939
Fellow subsidiary	614	621
	$ 166,588	$ 129,404

Other payables to related parties were the payments from the Company for the allocation and transfer of ethylene from ultimate parent entity and related parties.

n. Compensation of key management personnel

	For the Year Ended December 31 2019	For the Year Ended December 31 2018
Short-term employee benefits	$ 14,922	$ 16,663
Post-employment benefits	27	108
	$ 14,949	$ 16,771

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Significant commitments

The amount available under unused letters of credit as of December 31, 2019 was $174,990 thousand.

b. Significant contract

1) The Company and USI Corporation signed a joint venture contract for a Fujian Gulei Petrochemical Co., Ltd. investment on April 17, 2014. The related entities of the contract or commitments are Ho Tung Chemical Corporation, LCY Chemical Corporation, Hengtai Petroleum Company Limited, Chenergy Global Corporation and Lien Hwa Corporation. The main contents of the contract and commitments include: (1) the shareholders shall establish Ever Victory Global Limited (hereinafter referred to the "Joint Venture") and agree to pass the establishment of the 100% owned company named Dynamic Ever Investments Limited in Hong Kong (hereinafter referred to as the "Hong Kong Company"), whose purpose is to build oil refineries and produce ethylene as well as seven other products on the Gulei Peninsula in Zhangzhou, Fujian Province, as approved by the Investment Commission at Taiwan's Ministry of Economic Affairs and according to the operating business permitted by the Joint Venture's board of directors; and (2) the Hong Kong Company will establish a joint venture company in accordance with the laws of the People's Republic of China between China Petrochemical Corporation or its affiliated enterprises; Fujian Refining and Chemical Co., Ltd. will establish a joint venture company in accordance with the laws of the People's Republic of China in Fujian Province between China Petrochemical Corporation or its affiliated enterprises (hereinafter referred to as "Gulei Company") and acquire 50% of the shares of Gulei Company as a basis for cooperative investment. The amount which the Joint Venture invested in Gulei Company after the signing of the original investment contract increased due to the capital needs of the investment plan, which

led to part of the original related contract entities being unable to purchase the shares based on their respective investment ratio as provided by the original contract. Therefore, the Company and USI Corporation resigned the joint venture contract on September 30, 2016 and added a new contractually promised related entity, CTCI Corp. Also, the termination stipulations of the original joint venture contract are the same time.

The Company and USI Corporation originally invested US$2,171 thousand (approximately $65,202 thousand) and US$3,131 thousand (approximately $94,221 thousand), respectively, to establish Ever Conquest Global Limited (recognized as investments accounted for using the equity method) in order to invest in the Joint Venture via the third party.

The Company and USI Corporation increased the investment in Ever Conquest Global Limited by US$44,099 thousand (approximately $1,377,923 thousand) and US$74,215 thousand (approximately $2,313,514 thousand) in January and July 2017, respectively.

The Company and USI Corporation increased the investment in Ever Conquest Global Limited by US$56,970 thousand (approximately $1,747,780 thousand) and US$98,922 thousand (approximately $3,034,601 thousand), respectively, in August 2018.

The Company and USI Corporation increased the investment in Ever Conquest Global Limited by US$40,920 thousand (approximately $1,280,719 thousand) and US$70,402 thousand (approximately $2,203,644 thousand), in May and August 2019, respectively.

As of December 31, 2019, the Company and USI Corporation invested US$144,160 thousand (approximately $4,471,624 thousand) and US$246,670 thousand (approximately $7,645,980 thousand), respectively, in Ever Conquest Global Limited. Via Ever Conquest Global Limited, the Company and USI Corporation increased the capital in a joint venture by US$335,169 thousand. The Joint Venture reinvested in the Hong Kong Company US$82,588 thousand, US$82,689 thousand, US$178,700 thousand, US$63,855 thousand and US$63,855 thousand in January and July 2017, August 2018 and June and August 2019, respectively. The Hong Kong Company invested a total amount of RMB3,457,200 thousand (approximately US$501,095 thousand) in Gulei Company in April and August 2017, November 2018, and June and August 2019.

In order to increase Gulei Company's operating capital, Ever Victory Global Limited and Hong Kong Dor Po Investment Company Limited ("DOR PO") signed a joint venture contract to invest in Dynamic Ever Investment Limited which was approved by the board of directors on June 5, 2019. According to the contract, DOR PO will invest US$109,215 thousand in Dynamic Ever Investment Limited in 2019. As of December 31, 2019, DOR PO invested US$54,608 thousand and held 10.0% ownership interest in Dynamic Ever Investment Limited.

2) The Group was involved in a proposal of urban renewal, in which it coordinates with neighbors by right of transfer dominated by Huaku Development Co., Ltd. and provides around ten of its investment properties (located at Yanji St., Songshan Dist., Taipei City) to increase its operating efficiency. Thus, the Group signed an agreement with Huaku Development Co., Ltd. and received $6,400 thousand as security deposits. The Taipei City Government approved the proposal on November 30, 2017. In addition, the Group, Huaku Development Co., Ltd. and the Trust Department of E.SUN Commercial Bank, who was commissioned to manage, consolidate, split up, transfer and dispose of the properties and buildings within the duration of the agreement, signed a tripartite agreement on the real estate trust. As of December, 31, 2019, the properties were handed over.

c. Contingencies

Regarding China General Terminal & Distribution Corporation (“CGTD”), which was commissioned to operate the LCY Chemical Corp.’s propene pipeline had a gas explosion incident on July 31, 2014. The first-instance judgment of the criminal procedures was reached on May 11, 2018, whereby three employees of CGTD were each sentenced to four years and six months of imprisonment, and CGTD assisted the employees by filing an appeal. The second-instance judgement of the criminal procedures is expected to be reached on April 24, 2020.

CGTD arrived at an agreement with the Kaohsiung City Government on February 12, 2015, pledging certificates of bank deposits of $227,351 thousand, interests included, to the Kaohsiung City Government as collateral for the loss caused by the gas explosion. The Kaohsiung City Government also filed civil procedure requests in succession against LCY Chemical Corp., CGTD and CPC Corporation, Taiwan (“CPC”). Taiwan Power Company applied for provisional attachment against CGTD’s property on August 27 and November 26, 2015. Taiwan Water Corporation also applied for provisional attachment against CGTD’s property on February 3 and March 2, 2017. At the end of February 2020, the provisionally attached property was worth $138,273 thousand.

As for the victims, CGTD, LCY Chemical Corp. and the Kaohsiung City Government signed a tripartite agreement for the compensation of the 32 victims’ families on July 17, 2015. Each victim’s family received $12,000 thousand, and the compensation was $384,000 thousand in total, which was paid in four annual payments by LCY Chemical Corp. LCY Chemical Corp. was in charge of negotiating the compensation with the victims’ families and signing the settlement agreement on behalf of the three parties.

As for the seriously injured, CGTD, LCY Chemical Corp. and the Kaohsiung City Government signed a tripartite agreement for the compensation of the 65 seriously injured victims’ families on October 25, 2017. Compensation was paid by CGTD and the Kaohsiung City Government, and CGTD was in charge of negotiating the compensation with the seriously injured victims’ families and signing the settlement agreement on behalf of the three parties with the 64 seriously injured victims’ families.

As of February 27, 2020, the victims and victims’ families had written letters or filed civil procedures (and criminal procedures) against CGTD, LCY Chemical Corp. and CPC for compensation. To reduce the litigation costs, CGTD had reached a settlement on the original claim of $26,890 thousand, and the amount of the settlement was $4,019 thousand. Along with the case which is still under the litigation process and the above-mentioned compensation, the accumulated amount of compensation is $3,876,234 thousand. The first-instance judgments of some of the abovementioned civil cases (with a total amount of compensation of approximately $1,196,808 thousand) have been gradually announced, starting from June 22, 2018. The proportion of fault liability of the Kaohsiung City Government, LCY Chemical Corp. and CGTD is 4:3:3 in most judgments. The total amount of compensation that CGTD, LCY Chemical Corp. and the other defendants should pay is about $388,503 thousand, of which CGTD was exempted to pay $6,194 thousand, but should pay $191,155 thousand, which is estimated portion of compensation that CGTD should pay at the moment according to the judgment of the first-instance. CGTD has appealed in those civil cases which were announced but not yet settled and entered into the second trials. In addition, with regard to the above-mentioned compensation, CGTD estimated and recognized an amount of $136,375 thousand based on its fault liability proportion in the first-instance judgment. The actual liability of CGTD depends on the future judgments of the remaining civil cases.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The group entities' significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2019

	Foreign Currency (In Thousands)	Exchange Rate	Functional Currency (In Thousands)	Carrying Amount
Financial assets				
Monetary items				
USD	$ 11,542	29.980 (USD:NTD)	$ 346,016	$ 346,016
USD	198	6.9761 (USD:RMB)	1,384	5,948
RMB	2,941	0.1433 (RMB:USD)	422	12,652
RMB	85,806	4.2975 (RMB:NTD)	368,753	368,753
JPY	5	0.2760 (JPY:NTD)	1	1
				$ 733,370
Non-monetary items				
Investments accounted for using the equity method				
USD	142,273	29.980 (USD:NTD)	4,265,335	$ 4,265,335
Derivative instruments				
USD	1,730	29.980 (USD:NTD)	677	677
				$ 4,266,012
Financial liabilities				
Monetary items				
USD	3,459	29.980 (USD:NTD)	103,707	$ 103,707
RMB	52	0.1433 (RMB:USD)	7	223
JPY	188	0.2760 (JPY:NTD)	52	52
				$ 103,982
Non-monetary items				
Derivative instruments				
RMB	72,000	4.2975 (RMB:NTD)	583	$ 583

December 31, 2018

	Foreign Currency (In Thousands)	Exchange Rate	Functional Currency (In Thousands)	Carrying Amount
Financial assets				
Monetary items				
USD	$ 10,829	30.715 (USD:NTD)	$ 332,599	$ 332,599
USD	163	6.8632 (USD:RMB)	1,119	5,008
RMB	1,137	0.1457 (RMB:USD)	166	5,099
RMB	93,091	4.4753 (RMB:NTD)	416,609	416,609
JPY	5	0.2780 (JPY:NTD)	1	1
				$ 759,316
Non-monetary items				
Investments accounted for using the equity method				
USD	103,134	30.715 (USD:NTD)	3,167,773	$ 3,167,773
Derivative instruments				
USD	2,710	30.715 (USD:NTD)	132	132
				$ 3,167,905
Financial liabilities				
Monetary items				
USD	2,926	30.715 (USD:NTD)	89,881	$ 89,881
RMB	597	0.1457 (RMB:USD)	87	2,673
				$ 92,554
Non-monetary items				
Derivative instruments				
RMB	70,200	4.4753 (RMB:NTD)	2,206	$ 2,206

For the years ended December 31, 2019 and 2018, realized and unrealized net foreign exchange (losses) gains were $12,449 thousand and $6,582 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees

1) Financing provided to others. (None)

2) Endorsements/guarantees provided. (None)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures). (Table 1)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital. (Table 2)

5) Acquisitions of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital. (None)

6) Disposals of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital. (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 3)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 4)

9) Trading in derivative instruments. (Note 7)

10) Intercompany relationships and significant intercompany transactions. (Table 5)

11) Information on investees. (Table 6)

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 7)

2) Any of the following 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. (Table 8)

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.

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

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.

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

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

Besides Tables 1 to 8 as disclosed, there was no other information about significant transactions, investees and investments in mainland China which should be disclosed.

32. SEGMENT INFORMATION

a. Operating segments

According to IFRS 8 "Operating Segments", the Group is a single operating segment that produces and sells petrochemical products, and therefore, there is no need to disclose the information of operating segments.

b. Geographical information

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue from External Customers For the Year Ended December 31		Non-current Assets December 31	
	2019	2018	2019	2018
Taiwan	$ 1,787,714	$ 2,218,046	$ 3,734,652	$ 3,933,869
Asia	4,948,560	4,088,926	79,199	82,751
Others	54,883	68,162	-	-
	$ 6,791,157	$ 6,375,134	$ 3,813,851	$ 4,016,620

Non-current assets exclude financial instruments, deferred tax assets and refundable deposits.

c. Information about major customers

Single customers who contributed 10% or more to the Group's revenue were as follow:

	For the Year Ended December 31	
	2019	2018
Customer A	$ 843,103	$ 671,528

ASIA POLYMER CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Asia Polymer Corporation	Ordinary shares							
	Harbinger Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income - non-current	2,377	$ 66	1.20	$ 66	
	Riselink Venture Capital	-	Financial assets at fair value through other comprehensive income - non-current	131,587	1,947	1.67	1,947	
	KHL IB Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	15,329,223	235,763	11.90	235,763	
	USI Corporation	Ultimate parent company	Financial assets at fair value through other comprehensive income - non-current	101,355,673	1,403,776	8.53	1,403,776	
	CTCI Corporation	-	Financial assets at fair value through other comprehensive income - non-current	14,446,107	550,397	1.89	550,397	
	AU Optronics Corporation	-	Financial assets at fair value through other comprehensive income - non-current	9,618,516	96,666	0.10	96,666	
	Wafer Works Corporation	-	Financial assets at fair value through other comprehensive income - current	2,017,946	73,352	0.39	73,352	
	United Renewable Energy Co., Ltd.	-	Financial assets at fair value through profit or loss - current	229,580	1,758	0.01	1,758	
	Evergreen Marine Corp.	-	Financial assets at fair value through profit or loss - current	1,753,251	21,740	0.04	21,740	
	Quanta Computer Inc.	-	Financial assets at fair value through profit or loss - current	500,000	32,150	0.01	32,150	
	ITE Tech Inc.	-	Financial assets at fair value through profit or loss - current	1,000,000	44,150	0.62	44,150	
	GMI Technology Inc.	-	Financial assets at fair value through profit or loss - current	1,430,000	23,381	1.21	23,381	
	Beneficiary securities							
	Cathay No. 1 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	4,901,000	86,748	-	86,748	
	Cathay No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	2,500,000	42,750	-	42,750	
	Shin Kong No. 1 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	2,000,000	35,600	-	35,600	
	Fubon No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	4,980,000	68,774	-	68,774	
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss - current	19,951,815	251,215	-	251,215	
	Capital Money Market Fund		Financial assets at fair value through profit or loss - current	3,093,667	50,108	-	50,108	
	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	16,818,904	250,225	-	250,225	
	Nomura Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,056,580	50,064	-	50,664	
	Prudential Financial Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,183,308	50,556	-	50,556	
	UPAMC James Bond Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,986,943	50,116	-	50,116	
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	18,356,835	249,363	-	249,363	
	CTBC Hwa-win Money Market Fund	-	Financial assets at fair value through profit or loss - current	14,112,664	156,117	-	156,117	
	Taishin Ta-Chong Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,832,822	54,661	-	54,661	
	Yuanta De-Li Money Market Fund		Financial assets at fair value through profit or loss - current	3,921,720	64,198	-	64,198	
	FSITC Money Market Fund	-	Financial assets at fair value through profit or loss - current	957,942	171,567	-	171,567	
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	12,624,735	193,954	-	193,954	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	Yuanta De- Bao Money Market Fund	-	Financial assets at fair value through profit or loss - current	6,239,913	$ 75,278	-	$ 75,278	
	Fubon Chi-Hsiang Money Market Fund	-	Financial assets at fair value through profit or loss - current	8,705,147	137,057	-	137,057	
	Eastspring Investment Well Pool Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,678,120	50,230	-	50,230	
	Hua Nan Kirin Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,414,970	53,055	-	53,055	
	Hua Nan Phoenix Money Market Fund	-	Financial assets at fair value through profit or loss - current	5,276,352	86,105	-	86,105	
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	7,109,737	108,086	-	108,086	
	Shin Kong Chi-Shin Money-Market Fund	-	Financial assets at fair value through profit or loss - current	3,930,774	61,097	-	61,097	
	SinoPac TWD Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,510,418	35,081	-	35,081	
	Fuh Hwa You Li Market Fund	-	Financial assets at fair value through profit or loss - current	2,219,296	30,018	-	30,018	
APC (BVI) Holding Co., Ltd.	<u>Shares</u>							
	Budworth Investment Ltd. - ordinary shares	-	Financial assets at fair value through other comprehensive income - non-current	40,467	15	4.45	15	
	Silicon Technology Investment (Cayman) Corp. - preference shares	-	Financial assets at fair value through other comprehensive income - non-current	1,139,776	55,620	2.19	55,620	
	NeuroSky, Inc. - series D preference shares	-	Financial assets at fair value through other comprehensive income - non-current	2,397,364	-	0.37	-	Note 1
	Solargiga Energy Holdings Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	15,863,333	4,946	0.49	4,946	
	Teratech Corp. - ordinary shares	-	Financial assets at fair value through profit or loss - non-current	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	-	Financial assets at fair value through profit or loss - non-current	450,000	-	-	-	Note 1
	Boldworks, Inc. - preference shares	-	Financial assets at fair value through profit or loss - non-current	689,266	-	-	-	Note 1
APC Investment Co., Ltd.	<u>Ordinary shares</u>							
	USI Corporation	Ultimate parent company	Financial assets at fair value through profit or loss - current	44,808	620	-	620	
	Evergreen Marine Corp.	-	Financial assets at fair value through profit or loss - current	584,416	7,247	0.01	7,247	
	Quanta Computer Inc.	-	Financial assets at fair value through profit or loss - current	100,000	6,430	-	6,430	
	ITE Tech Inc.	-	Financial assets at fair value through profit or loss - current	500,000	22,075	0.31	22,075	
	GMI Technology Inc.	-	Financial assets at fair value through profit or loss - current	465,000	7,603	0.39	7,603	
	<u>Beneficiary securities</u>							
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	714,986	10,870	-	10,870	
	Cathay Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	499,525	6,237	-	6,237	
	<u>Ordinary shares</u>							
	United Renewable Energy Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	1,133,531	8,683	0.05	8,683	

Note 1: The carrying amount was zero as of December 31, 2019 due to the impairment loss recognized in prior years.

Note 2: Refer to Tables 6 and 7 for information about subsidiaries and associates.

(Concluded)

TABLE 2

ASIA POLYMER CORPORATION AND SUBSIDIARIES

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, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain on Disposal	Number of Shares	Amount
APC Corporation	Shares													
	Ever Conquest Global Limited.	Investments accounted for using the equity method	-	Associate	103,240,000	$ 3,167,773	40,920,000	$ 1,280,719	-	$ -	$ -	$ -	144,160,000	$ 4,265,335 (Note 1)
	Fund													
	Fubon Chi-Hsiang Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	3,192,114	50,000	30,613,974	481,000	25,100,941	394,451	394,000	451	8,705,147	137,057 (Note 2)
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	7,165,538	106,000	25,720,547	381,600	16,067,180	238,720	238,000	720	16,818,904	250,225 (Note 3)

Note 1: The ending balance includes the original investment amount, the share of profit (loss) of investees and other related adjustments.

Note 2: The ending balance includes the original investment amount of $137,000 thousand and adjustments for fair value changes of $57 thousand.

Note 3: The ending balance includes the original investment amount of $249,600 thousand and adjustments for fair value changes of $625 thousand.

TABLE 3

ASIA POLYMER CORPORATION AND SUBSIDIARIES

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, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Financial Statement Account and Ending Balance		% of Total
Asia Polymer Corporation	USI Corporation	Ultimate parent company	Sale	$ (842,692)	(12.41)	60 days	No significant difference	No significant difference	Accounts receivable - related parties	$ 147,057	19.60
USI Trading (Shanghai) Co., Ltd.	USI Corporation	Ultimate parent company	Sale	(411)	(0.01)	60 days	No significant difference	No significant difference	Accounts receivable - related parties	-	-
Asia Polymer Corporation	USI Corporation	Ultimate parent company	Purchase	153,099	3.88	30 days	No significant difference	No significant difference	Accounts payable - related parties	(12,940)	(6.93)
USI Trading (Shanghai) Co., Ltd.	USI Corporation	Ultimate parent company	Purchase	130,255	3.30	30 days	No significant difference	No significant difference	Accounts payable - related parties	(27,668)	(14.81)

TABLE 4

ASIA POLYMER CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance		Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 2)	Allowance for Impairment Loss
						Amount	Actions Taken		
Asia Polymer Corporation	USI Corporation	Ultimate parent company	Receivables	$ 147,057	5.38	$ -	-	$ 147,057	Note 1
			Other receivables	1,974		-	-	1,974	Note 1
USI Trading (Shanghai) Co., Ltd.	USI Corporation	Ultimate parent company	Other receivables	39		-	-	39	Note 1

Note 1: There is no allowance of impairment loss after an impairment assessment.

Note 2: The subsequent period is between January 1 and March 5, 2020.

TABLE 5

ASIA POLYMER CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Account	Amount (Note 4)	Payment Terms	% of Total Sales or Assets (Note 3)
0	Asia Polymer Corporation	APC Investment Co., Ltd.	1	Non-operating income and expenses - rental income	$ 142	No difference	-
		USI Trading (Shanghai) Co., Ltd.	1	Accounts receivable from related parties	27,988	No difference	0.17
				Sales revenue	113,478	No difference	1.67
				Commission expenses	508	No difference	0.01
				Other payables to related parties	117	No difference	-
1	USI International Corp.	USI Trading (Shanghai) Co., Ltd.	3	Other receivables from related parties	7,780	No difference	0.05
				Other payables to related parties	223	No difference	-
				Non-operating income and expenses - rental income	1,559	No difference	0.02
				Management services expense	129	No difference	-

Note 1: The correlation between the numeral and the entity are stated as follows:

a. The Company: 0.

b. The subsidiaries: 1 onward.

Note 2: The direction of the investment is as follows:

a. The Company to the subsidiaries: 1.

b. The subsidiaries to the Company: 2.

c. Between subsidiaries: 3.

Note 3: The following numerals indicate the manner of ratio calculation of the respective transaction type:

a. Asset or liability: The ratio was calculated based on the ending balance of total consolidated assets;

b. Income or loss: The ratio was calculated based on the midterm accumulated amounts of total consolidated sales revenue.

Note 4: All intercompany transactions have been eliminated on consolidation.

ASIA POLYMER CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES

FOR THE YEAR ENDED DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2019	December 31, 2018	Number of Shares	%	Carrying Amount			
Asia Polymer Corporation	APC (BVI) Holding Co., Ltd.	British Virgin Islands	Reinvestment	$ 412,969 (US$ 13,774,806)	$ 412,969 (US$ 13,774,806)	11,342,594	100.00	$ 491,974	$ 5,658	$ 5,658	Subsidiary (Note)
	APC Investment Co., Ltd.	Taipei, Taiwan	Investment	200,000	200,000	20,000,000	100.00	95,236	(1,588)	(1,588)	Subsidiary (Note)
	USI International Corp.	British Virgin Islands	Reinvestment	83,944 (US$ 2,800,000)	83,944 (US$ 2,800,000)	2,800,000	70.00	132,742	8,490	5,943	Subsidiary (Note)
	China General Plastics Corporation	Taipei, Taiwan	Manufacture and marketing of PVC plastic cloth and three-time processed products	247,412	247,412	42,527,153	8.07	665,776	642,678	51,859	Investments accounted for using the equity method
	China General Terminal & Distribution Corporation	Taipei, Taiwan	Warehousing and transportation of petro chemical raw materials	41,082	41,082	18,667,464	33.33	257,584	79,638	26,546	Investments accounted for using the equity method
	Swanson Plastics Corporation	Taipei, Taiwan	Manufacture and marketing of stretch film, diaper film, embossed film, heavy-duty sacks	75,242	75,242	12,266,779	7.95	198,065	130,740	11,018	Investments accounted for using the equity method
	Acme Electronics Corporation	Taipei, Taiwan	Manufacture and marketing of manganese-zinc and ferrite core	61,348	61,348	6,056,623	3.31	41,454	(103,610)	(3,433)	Investments accounted for using the equity method
	Taiwan United Venture Capital Corp.	Taipei, Taiwan	Investment in high technology businesses	52,791	52,791	3,913,533	8.33	20,142	(1,930)	(161)	Investments accounted for using the equity method
	Thintec Materials Corporation	Taipei, Taiwan	Manufacture and marketing of reinforced plastic products	36,250	36,250	1,825,000	30.42	4,399	(54)	(16)	Investments accounted for using the equity method
	USI Optronics Corporation	Taipei, Taiwan	Manufacture and marketing of sapphire products	59,725	59,725	5,972,464	9.20	18,313	(110,824)	(10,198)	Investments accounted for using the equity method
	Ever Conquest Global Ltd.	British Virgin Islands	Reinvestment	4,321,917 (US$ 144,160,000)	3,095,135 (US$ 103,240,000)	144,160,000	36.89	4,265,335	(27,823)	(10,228)	Investments accounted for using the equity method
APC (BVI) Holding Co., Ltd.	ACME Electronics (Cayman) Corp.	British Virgin Islands	Reinvestment	157,242 (US$ 5,244,903)	157,242 (US$ 5,244,903)	8,316,450	16.64	199,043	(54,215)	-	Investments accounted for using the equity method
	USI International Corp.	British Virgin Islands	Reinvestment	35,976 (US$ 1,200,000)	35,976 (US$ 1,200,000)	1,200,000	30.00	56,890	8,490	-	Investments accounted for using the equity method (Note)
APC Investment Co., Ltd.	Acme Electronics Corporation	Taipei, Taiwan	Manufacture and marketing of manganese-zinc and ferrite core	14,889	14,889	1,884,548	1.03	12,898	(103,610)	-	Investments accounted for using the equity method
	Swanson Technologies Corporation	Taipei, Taiwan	Manufacture and marketing of EVA film	30,000	30,000	3,000,000	15.00	(14,049)	(14,527)	-	Investments accounted for using the equity method
Ever Conquest Global Ltd.	Ever Victory Global Ltd.	British Virgin Islands	Reinvestment	11,717,083 (US$ 390,830,000)	8,379,650 (US$ 279,508,000)	390,830,000	80.01	11,563,685 (US$ 385,713,317)	(34,165) (US$ 1,099,981)	-	Ever Conquest Global Ltd. Investments accounted for using the equity method
Ever Victory Global Ltd.	Dynamic Ever Investment Limited	Hong Kong	Reinvestment	14,638,814 (US$ 488,286,000)	10,810,098 (US$ 360,577,000)	488,286,000	89.94	14,432,823 (US$ 481,415,054)	(38,406) (US$ 1,236,808)	-	Ever Victory Global Ltd. Investments accounted for using the equity method

Note: All intercompany transactions have been eliminated on consolidation.

ASIA POLYMER CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 3)	Method and Medium of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019	Net Income (Loss) of Investee (Note 3)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of December 31, 2019 (Note 4)	Accumulated Repatriation of Investment Income as of December 31, 2019
					Outflow	Inflow						
ACME Electronics (Kunshan) Co., Ltd.	Manufacture and marketing of manganese-zinc soft ferrite core	$ 921,136 (US$ 30,725,000)	(2) ACME Electronics (Cayman) Corp.	$ 125,238 (US$ 4,177,369)	$ -	$ -	$ 125,238 (US$ 4,177,369)	(Note 3,b,2) $ (48,338)	16.64	$ (8,045)	$ 127,383	$ -
USI Trading (Shanghai) Co., Ltd.	Management of chemical products, equipment, and plastic products; wholesale of electronic materials, commission agency services and related supporting import and export services	74,950 (US$ 2,500,000)	(2) APC (BVI) Holding Co., Ltd.	91,007 (US$ 3,035,601)	-	-	91,007 (US$ 3,035,601)	(Note 3,b,2) 11,336	100.00	11,336	106,849	-
Fujian Gulei Petrochemical Co., Ltd.	Manufacture of crude oil and petroleum products	29,714,634 (RMB 6,914,400,000)	(2) Dynamic Ever Investments Ltd. (Note 3)	2,877,978 (US$ 95,996,586)	1,111,565 (US$ 37,076,879)	-	3,989,543 (US$ 133,073,466)	(Note 3,b,1) (24,780)	13.27	(2,863)	3,945,775	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$4,350,295 (Note 5) (US$145,106,571)	$4,838,221 (US$161,381,608)	$ - (Note 6)

Note 1: Investments are divided into three categories as follows:

a. Direct investment: 1.
b. Investments through a holding company registered in a third region: 2.
c. Others: 3.

Note 2: The Company reinvested 50% of the outstanding shares of Gulei via Ever Conquest Global Limited (36.89%), then via Ever Victory Global Ltd. (80.01%), and finally via Dynamic Ever Investments Ltd. (89.94%).

Note 3: For the column of investment gain (loss):

a. If there is no investment gain (loss) during the preparation, it should be noted.
b. If the basis for the recognition of investment gain (loss) is classified into the following three type, it should be noted as follows:

1) Financial statements audited by international accounting firms which have a cooperation relationship with an accounting firm in the Republic of China.
2) Financial statements audited by the parent company's CPA.
3) Others.

Note 4: The calculation was based on the exchange rate as at December 31, 2019.

Note 5: The investment in China is indirectly invested by Silicon Technology Investment (Cayman) Corp. (STIC) and Solargiga Energy Holdings Ltd., which are both invested by APC (BVI) Holding Co. Ltd., a subsidiary 100% held by the Company.

Note 6: As the Company has obtained the certificate of qualification for operating headquarters issued by the Industrial Development Bureau, MOEA in Order No. 10820423710 on September 10, 2019, the upper limit on investments in mainland China pursuant to the "Principle of Investment or Technical Cooperation in Mainland China" is not applicable.

TABLE 8

ASIA POLYMER CORPORATION AND SUBSIDIARIES

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, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
USI Trading (Shanghai) Co., Ltd.	Sales revenue	$ 113,478	1.67	No significant difference	T/T 90 days	No significant difference	$ 27,988	3.74	$ -	-
	Commission expenses	508	-	-	-	-	-	-	-	-
	Non-operating income and expenses - rental income	1,559	-	-	-	-	-	-	-	-
	Management service expenses	129	-	-	-	-	-	-	-	-
	Other payables from related parties	340	-	-	-	-	-	-	-	-
	Other receivables from related parties	7,780	-	-	-	-	-	-	-	-

Note: All intercompany transactions have been eliminated on consolidation.

V. Parent Company Only Financial Statements Audited and Attested by CPAs for the Most Recent Year

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, 2019 and 2018, 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, 2019 and 2018, 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, 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. We conducted our audit of the financial statements for the year ended December 31, 2018 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. 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, 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Company's financial statements for the year ended December 31, 2019 are stated as follows:

Revenue Recognition - Sales Revenue from Specific Customers

The amount of sales revenue for the year ended December 31, 2019 was NT$6,578,064 thousand, which was approximately 7.84% higher than the sales revenue of NT$6,099,879 thousand for the year ended December 31, 2018. Nevertheless, the sales revenue from specific customers has grown significantly compared to the average growth of total sales revenue. Sales revenue from these specific customers was NT$1,863,448 thousand, which accounted for approximately 28.33% of net sales revenue. Therefore, we identified recognition of revenue from these specific customers as a key audit matter.

The audit procedures that we performed in response to the risk were as follows:

1. We obtained an understanding of the design and implementation of internal controls about these specific customers and tested if these controls were performed effectively. Such controls include credit assessments of customers, revenue recognition and receivables collection.

2. We sampled and inspected purchase orders from these specific customers, shipping confirmations and receivables collection receipts in order to verify the accuracy of sales revenue.

3. We reviewed sales returns and discounts recognized and the amounts received in subsequent periods to assess for any abnormalities.

Valuation of Inventory

As of December 31, 2019, the carrying amount of inventory was NT$349,206 thousand (i.e. the gross amount of inventory of NT$349,742 thousand with a deduction for the allowance for inventory valuation and obsolescence losses of NT$536 thousand). Refer to Note 10 to the Company's financial statements for details.

Inventories of the Company are stated at the lower of cost or net realizable value. The net realizable value is subject to price fluctuations of main raw material. With volatile oil prices worldwide, such valuation of inventory requires significant judgment from management; therefore, the valuation of inventory as a key audit matter.

The audit procedures that we performed in response to the risk were as follows:

1. We obtained an understanding of the reasonableness of the Company's policy and methods for the evaluation of allowance for losses on obsolete inventories.

2. We obtained the evaluation documents of the allowance for losses on obsolete inventories from management. We sampled and inspected the latest inventory quotations or sales invoices to verify the basis of the evaluation and whether it is appropriate.

3. By performing a year-end inventory observation, we understood the inventory status and evaluated the reasonableness of the allowance for losses on obsolete inventories.

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, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Cheng-Chun Chiu and Hsiu-Chun Huang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 17, 2020

<u>*Notice to Readers*</u>

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

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

ASIA POLYMER CORPORATION

BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019		2018	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 587,400	4	$ 839,991	5
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	2,585,296	15	1,548,456	10
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	73,352	-	67,601	-
Notes receivable (Notes 4, 5 and 9)	-	-	471	-
Accounts receivable from unrelated parties (Notes 4, 5 and 9)	591,523	4	712,941	5
Accounts receivable from related parties (Notes 4, 5, 9 and 27)	184,772	1	173,727	1
Other receivables (Note 4)	394	-	154	-
Other receivables from related parties (Notes 4 and 27)	3,977	-	2,237	-
Inventories (Notes 4, 5 and 10)	349,206	2	751,531	5
Prepayments	137,953	1	127,543	1
Other current assets	110	-	110	-
Total current assets	4,513,983	27	4,224,762	27
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	2,288,615	14	2,215,626	14
Investments accounted for using the equity method (Notes 4, 5, 11 and 28)	6,191,020	37	5,074,348	33
Property, plant and equipment (Notes 4 and 12)	3,276,337	19	3,502,460	23
Investment properties (Notes 3, 4 and 14)	458,262	3	431,321	3
Deferred tax assets (Notes 4 and 23)	92,420	-	62,114	-
Other non-current assets (Note 4)	35,531	-	3,948	-
Total non-current assets	12,342,185	73	11,289,817	73
TOTAL	$ 16,856,168	100	$ 15,514,579	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 15)	$ 1,100,000	6	$ 1,350,000	9
Short-term bills payable (Note 15)	649,944	4	599,914	4
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	-	-	2,074	-
Accounts payable to unrelated parties (Note 16)	134,278	1	257,405	1
Accounts payable to related parties (Notes 16 and 27)	15,667	-	23,441	-
Other payables to unrelated parties (Note 17)	183,265	1	138,536	1
Other payables to related parties (Note 27)	166,705	1	129,438	1
Current tax liabilities (Notes 4 and 23)	146,105	1	10,184	-
Lease liabilities - current (Notes 3, 4, 5 and 13)	5,496	-	-	-
Refund liabilities - current (Note 18)	5,899	-	5,899	-
Other current liabilities(Note 21)	12,479	-	18,302	-
Total current liabilities	2,419,838	14	2,535,193	16
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 15)	3,950,000	24	3,100,000	20
Deferred tax liabilities (Notes 4 and 23)	52,655	-	53,992	1
Lease liabilities - non-current (Notes 3, 4, 5 and 13)	24,501	-	-	-
Net defined benefit liabilities - non-current (Notes 4 and 19)	165,868	1	208,670	1
Other non-current liabilities	13,486	-	12,288	-
Total non-current liabilities	4,206,510	25	3,374,950	22
Total liabilities	6,626,348	39	5,910,143	38
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 3, 4, 8, 20 and 23)				
Share capital				
Ordinary shares	5,543,827	33	5,543,827	36
Capital surplus	24,400	-	19,619	-
Retained earnings				
Legal reserve	1,713,152	10	1,684,469	11
Special reserve	565,379	4	565,379	3
Unappropriated earnings	2,507,082	15	1,851,499	12
Total retained earnings	4,785,613	29	4,101,347	26
Other equity	(124,020)	(1)	(60,357)	-
Total equity	10,229,820	61	9,604,436	62
TOTAL	$ 16,856,168	100	$ 15,514,579	100

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

ASIA POLYMER CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
NET REVENUE (Notes 4, 21 and 27)	$ 6,578,064	100	$ 6,099,879	100
OPERATING COSTS (Notes 4, 10, 19, 22 and 27)	5,560,296	85	5,830,015	96
GROSS PROFIT	1,017,768	15	269,864	4
OPERATING EXPENSES (Notes 19, 22 and 27)				
Selling and marketing expenses	108,585	1	98,946	1
General and administrative expenses	115,143	2	100,790	2
Research and development expenses	5,126	-	5,032	-
Total operating expenses	228,854	3	204,768	3
PROFIT FROM OPERATIONS	788,914	12	65,096	1
NON-OPERATING INCOME AND EXPENSES (Notes 4, 11, 22 and 27)				
Other income	149,220	2	163,015	3
Other gains	25,568	1	25,027	-
Interest expense	(56,163)	(1)	(40,142)	(1)
Share of profit of associates	75,400	1	101,868	2
Total non-operating income and expenses	194,025	3	249,768	4
PROFIT BEFORE INCOME TAX	982,939	15	314,864	5
INCOME TAX EXPENSE (Notes 4 and 23)	161,918	3	28,038	-
NET PROFIT FOR THE YEAR	821,021	12	286,826	5
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 11, 19, 20 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	5,646	-	(335)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	99,195	2	(411,077)	(7)

(Continued)

ASIA POLYMER CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	**%**	**Amount**	**%**
Share of the other comprehensive income (loss) of associates accounted for using the equity method	$ 27,596	-	$ (30,863)	(1)
Income tax relating to items that will not be reclassified subsequently to profit or loss	(60)	-	(959)	-
	132,377	2	(443,234)	(8)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(192,308)	(3)	90	-
Share of the other comprehensive loss of associates accounted for using the equity method	(8,821)	-	(3,688)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	38,462	1	1,057	-
	(162,667)	(2)	(2,541)	-
Other comprehensive loss for the year, net of income tax	(30,290)	-	(445,775)	(8)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	$ 790,731	12	$ (158,949)	(3)
EARNINGS PER SHARE (Note 24)				
Basic	$ 1.48		$ 0.52	
Diluted	$ 1.48		$ 0.52	

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

ASIA POLYMER CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company (Notes 3, 4, 20 and 23)									
							Other Equity			
	Share Capital			Retained Earnings						
	Share (In Thousands)	Ordinary Share	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Available-for- sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2018	518,114	$ 5,181,147	$ 16,434	$ 1,627,934	$ 565,379	$ 2,061,039	$ (56,751)	$ 421,288	$ -	$ 9,816,470
Effect of retrospective application	-	-	-	-	-	20,387	-	(421,288)	448,780	47,879
BALANCE AT JANUARY 1, 2018 AS RESTATED	518,114	5,181,147	16,434	1,627,934	565,379	2,081,426	(56,751)	-	448,780	9,864,349
Appropriation of the 2017 earnings										
Legal reserve	-	-	-	56,535	-	(56,535)	-	-	-	-
Cash dividends distributed	-	-	-	-	-	(103,623)	-	-	-	(103,623)
Share dividends distributed	36,268	362,680	-	-	-	(362,680)	-	-	-	-
Reclassification of past dividends to capital surplus	-	-	3,073	-	-	-	-	-	-	3,073
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	112	-	-	(526)	-	-	-	(414)
Net profit for the year ended December 31, 2018	-	-	-	-	-	286,826	-	-	-	286,826
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	2,567	(2,541)	-	(445,801)	(445,775)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	289,393	(2,541)	-	(445,801)	(158,949)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	4,044	-	-	(4,044)	-
BALANCE AT DECEMBER 31, 2018	554,382	5,543,827	19,619	1,684,469	565,379	1,851,499	(59,292)	-	(1,065)	9,604,436
Effect of retrospective application	-	-	-	-	-	(855)	-	-	-	(855)
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										
Legal reserve	-	-	-	28,683	-	(28,683)	-	-	-	-
Cash dividends distributed	-	-	-	-	-	(166,315)	-	-	-	(166,315)
Reclassification of past dividends to capital surplus	-	-	3,087	-	-	-	-	-	-	3,087
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	1,694	-	-	24,779	-	-	(27,737)	(1,264)
Net profit for the year ended December 31, 2019	-	-	-	-	-	821,021	-	-	-	821,021
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	4,063	(162,667)	-	128,314	(30,290)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	825,084	(162,667)	-	128,314	790,731
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	1,573	-	-	(1,573)	-
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

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

ASIA POLYMER CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 982,939	$ 314,864
Adjustments for:		
Depreciation expenses	301,610	289,468
Amortization expenses	35	336
Net gain on fair value change of financial assets at fair value through profit or loss	(43,051)	(708)
Interest expense	56,163	40,142
Interest income	(9,268)	(14,275)
Dividend income	(82,778)	(98,122)
Share of profit of associates	(75,400)	(101,868)
Reversal of write-down of inventories	(4,039)	(6,106)
Net loss (gain) on foreign currency exchange	4,534	(2,804)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(993,789)	(166,227)
Notes receivable	472	1,162
Accounts receivable from unrelated parties	115,232	(220,920)
Accounts receivable from related parties	(11,270)	(30,081)
Other receivables from unrelated parties	(32)	3
Other receivables from related parties	(1,740)	4,059
Inventories	406,364	9
Prepayments	(10,410)	(5,500)
Financial assets held for trading	(2,074)	(666)
Accounts payable from unrelated parties	(122,962)	149,144
Accounts payable from related parties	(7,570)	(6,021)
Other payables from unrelated parties	47,509	(10,209)
Other payables from related parties	38,806	(172,811)
Other current liabilities	(5,823)	11,970
Net defined benefit liabilities	(37,156)	(3,874)
Cash generated from (used in) operations	546,302	(29,035)
Interest received	9,028	15,374
Interest paid	(55,801)	(39,235)
Income tax paid	(19,238)	(49,896)
Net cash generated from (used in) operating activities	480,291	(102,792)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income - current	-	(3,926)
Proceeds from sale of financial assets at fair value through other comprehensive income - current	2,389	5,883
Capital reduction of financial assets at fair value through other comprehensive income	18,066	21,077
Acquisition of associates	(1,280,719)	(1,747,780)

(Continued)

ASIA POLYMER CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
Payments for property, plant and equipment	$ (67,422)	$ (159,030)
Increase in refundable deposits	-	(2)
Payments for intangible assets	-	(106)
Increase in other non-current assets	(31,618)	(1,690)
Dividends received	147,428	161,245
Net cash used in investing activities	(1,211,876)	(1,724,329)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayments of) proceeds from short-term borrowings	(250,000)	850,000
Proceeds from (repayments of) short-term bills payable	50,000	(100,000)
Proceeds from long-term borrowings	12,500,000	9,650,000
Repayments of long-term borrowings	(11,650,000)	(9,450,000)
Repayment of the principal portion of lease liabilities	(5,864)	-
Increase in other non-current liabilities	1,198	5,577
Dividends paid to owners of the Company	(166,340)	(103,594)
Net cash generated from financing activities	478,994	851,983
NET DECREASE IN CASH AND CASH EQUIVALENTS	(252,591)	(975,138)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	839,991	1,815,129
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 587,400	$ 839,991

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

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)

1. GENERAL INFORMATION

Asia Polymer Corporation (the "Company") was established in January 1977. The Company designs, develops, manufactures and sells low-density polyethylene (LDPE), and ethylene vinyl acetate copolymer (EVA).

The ordinary shares of the Company have been listed on the Taiwan Stock Exchange since June 1986. As of December 31, 2019, the ultimate parent company, USI Corporation, held 36.08% of ordinary shares of the Company.

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.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors on March 5, 2020.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies:

IFRS 16 "Leases"

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessee and lessor. It supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

Definition of a lease

The Company elects to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 are not reassessed and are accounted for in accordance with the transitional provisions under IFRS 16.

The Company as lessee

The Company recognizes right-of-use assets or investment properties if the right-of-use assets meet the definition of investment properties, and lease liabilities for all leases on the balance sheets except for those whose payments under low-value asset and short-term leases are recognized as expenses on a straight-line basis. On the statements of comprehensive income, the Company presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within operating activities. Prior to the application of IFRS 16, payments under operating lease contracts, including property interest qualified as investment properties, were recognized as expenses on a straight-line basis. Cash flows for operating leases were classified within operating activities on the statements of cash flows.

The Company elects to apply IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized in retained earnings on January 1, 2019. Comparative information is not restated.

Except for the leasehold investment properties mentioned below, lease liabilities were recognized on January 1, 2019 for leases previously classified as operating leases under IAS 17. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets are measured at their carrying amount as if IFRS 16 had been applied since the commencement date, but discounted using the aforementioned incremental borrowing rate. Except for the following practical expedient which is applied, the Company applies IAS 36 to all right-of-use assets.

The Company also applies the following practical expedients:

1) The Company applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.

2) The Company accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.

3) The Company excludes initial direct costs from the measurement of right-of-use assets on January 1, 2019.

4) The Company uses hindsight, such as in determining lease terms, to measure lease liabilities.

The lessee's weighted average incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 is 1.06%. The difference between the (i) lease liabilities recognized and (ii) operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	$ 37,967
Less: Recognition exemption for short-term leases	(887)
Undiscounted amounts on January 1, 2019	$ 37,080
Discounted amounts using the incremental borrowing rate on January 1, 2019	$ 35,861
Lease liabilities recognized on January 1, 2019	$ 35,861

The Company as lessor

The Company does not make any adjustments for leases in which it is a lessor, and it accounts for those leases with the application of IFRS 16 starting from January 1, 2019.

The impact on assets, liabilities and equity as of January 1, 2019 from the initial application of IFRS 16 is set out as follows:

	As Originally Stated on January 1, 2019	Adjustments Arising from Initial Application	Restated on January 1, 2019
Investment properties	$ 431,321	$ 34,585	$ 465,906
Right-of-use assets	-	421	421
Total effect on assets	$ 431,321	$ 35,006	$ 466,327
Lease liabilities - current	$ -	$ 5,864	$ 5,864
Lease liabilities - non-current	-	29,997	29,997
Total effect on liabilities	$ -	$ 35,861	$ 35,861
Retained earnings	$ 4,101,347	$ (855)	$ 4,100,492

b. The IFRSs endorsed by the FSC for application starting from 2020

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020 (Note 1)
Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”	January 1, 2020 (Note 2)
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020 (Note 3)

Note 1: The Company shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 2: The Company shall apply these amendments retrospectively for annual reporting periods beginning on or after January 1, 2020.

Note 3: The Company shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2022

Note: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Except for the above impact, as of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit liabilities which are measured at present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction (ie., not retranslated).

For the purposes of presenting financial statements, the assets and liabilities of the Company's foreign operations (including of the subsidiaries and associates in other countries or currencies which are different from the currency of the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is included in the calculation of equity transactions but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

Inventories consist of raw materials, production supplies, finished goods and work in progress and are stated at the lower of cost or net realizable value. 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. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. Investments accounted for using the equity method

The Company uses the equity method to account for its investments in subsidiaries and associates.

1) Investments in subsidiaries

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes the reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company's financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company's financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

2) Investments in associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Company uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of the equity of associates attributable to the Company.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Company's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses, if any. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's financial statements only to the extent of interests in the associate that are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Beginning January 1, 2019, investment properties include right-of-use assets and properties under construction if the definition of investment properties is met; before January 1, 2019, investment properties included properties under construction and properties held under finance leases if the definition of investment properties was met. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Beginning January 1, 2019, investment properties acquired through leases were initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made on or before the commencement date, plus initial direct costs incurred and an estimate of costs needed to restore the underlying assets, less any lease incentives received. These investment properties are subsequently measured at cost less accumulated depreciation and accumulated impairment loss and adjusted for any remeasurement of the lease liabilities.

Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

i. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each year, with the effects of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of tangible and intangible assets and assets related to contract costs

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When 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. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

Before the Company recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Company expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to an acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial asset is classified as at FVTPL when such a financial asset is mandatorily classified. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and derivatives and beneficiary securities that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 26.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets measured at amortized cost, including cash and cash equivalents, notes receivable, accounts receivable and other receivables, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method, less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default:

i. Internal or external information show that the debtor is unlikely to pay its creditors.

ii. When a financial asset is past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

a) Subsequent measurement

Except the following situation, all the financial liabilities are measured at amortized cost using the effective interest method.

<u>Financial liabilities at FVTPL</u>

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading.

Financial liabilities held for trading are stated at fair value, and any gains or losses on such financial liabilities are recognized in other gains or losses.

Fair value is determined in the menner described in Note 26.

b) Derecognition of financial liabilities

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

3) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

l. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

- Sale of goods

Revenue from the sale of goods comes from sale of LDPE and EVA. Sales are recognized as revenue when the goods are delivered to the customer’s specific location or the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Accounts receivable are recognized concurrently.

m. Leases

2019

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Company subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Company, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets, except for those that meet the definition of investment properties. With respect to the recognition and measurement of right-of-use assets that meet the definition of investment properties, refer to Note h. for the accounting policies for investment properties.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms.

2018

Leases are classified as finance leases whenever a terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

1) The Company as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

2) The Company as lessee

Operating lease payments are recognized as expenses on a straight-line basis over the lease term.

n. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

o. Taxation

Income tax expense represents the sum of the tax currently payables and deferred tax.

1) Current tax

According to the Income Tax Law, an additional tax of unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deffered tax asset arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profit against which to utilize the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

a. Estimated impairment of financial assets

The provision for impairment of accounts receivable is based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 9. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and disposal. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

c. Lessees' incremental borrowing rates

In determining a lessee's incremental borrowing rate used in discounting lease payments, a risk-free rate for the same currency and relevant duration is selected as a reference rate, and the lessee's credit spread adjustments and lease specific adjustments (such as asset type, secured position, etc.) are also taken into account.

d. Estimation of damage compensation for associate's gas explosion incidents

The Company's associate, China General Terminal & Distribution Corporation (hereinafter "CGTD"), recognized a provision for civil damages due to gas explosion. The management considered the progress of the relevant civil and criminal procedures, settlements achieved, and legal advice to estimate the amount of the provision. However, the actual amount might differ from the current estimation.

6. CASH AND CASH EQUIVALENTS

	December 31 2019	December 31 2018
Cash on hand and petty cash	$ 170	$ 119
Checking accounts and demand deposits	31,576	32,128
Cash equivalents		
Time deposits	544,654	243,001
Reverse repurchase agreements collateralized by bonds	11,000	564,743
	$ 587,400	$ 839,991

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

	December 31 2019	December 31 2018
Time deposits	0.56%-2.58%	0.60%-2.10%
Reverse repurchase agreements collateralized by bonds	0.60%	0.53%-0.66%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL) - CURRENT

	December 31 2019	December 31 2018
Financial assets - current		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	$ 94	$ -
Non-derivative financial assets		
Domestic listed shares	123,179	47,954
Mutual funds	2,462,023	1,500,502
	2,585,202	1,548,456
	$ 2,585,296	$ 1,548,456
Financial liabilities - current		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	$ -	$ 2,074

The net gain on operations of financial assets and liabilities at FVTPL - current in 2019 and 2018 was gain of $58,647 thousand and $13,828 thousand, respectively.

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

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2019			
Sell	USD/NTD	2020.01.13-2020.02.05	USD1,730/NTD52,503
Sell	RMB/NTD	2020.01.06-2020.03.30	RMB72,000/NTD309,065
December 31, 2018			
Sell	USD/NTD	2019.01.14-2019.02.25	USD2,710/NTD83,176
Sell	RMB/NTD	2019.01.02-2019.04.02	RMB70,200/NTD310,150

The Company entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and, therefore, were not accounted for using hedge accounting.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	December 31	
	2019	2018
Current		
Domestic investments		
Listed shares	$ 73,352	$ 67,601
Non-current		
Domestic investments		
Listed shares	$ 2,050,839	$ 1,968,067
Unlisted shares	237,776	247,559
	$ 2,288,615	$ 2,215,626

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

The Company sold some of the shares of CTCI Corporation in March and May 2019 in order to manage credit concentration risk. The Company transferred a total gain of $1,573 thousand from other equity to retained earnings.

The Company sold some of the shares of Wafer Works Corporation in July 2018 in order to manage credit concentration risk. The Company transferred a total gain of $4,044 thousand from other equity to retained earnings.

The investees, Harbinger Venture Capital, KHL IB Venture Capital Co., Ltd., and Riselink Venture Capital Corp., reduced their capital and returned cash to their shareholders in January, May and September 2019, respectively. The Company received $18,066 thousand back in total according to its shareholding ratio.

The investees, Harbinger Venture Capital, KHL IB Venture Capital Co., Ltd., and Riselink Venture Capital Corp., reduced their capital and returned cash to their shareholders in April and August 2018, respectively. The Company received $21,077 thousand back in total, according to its shareholding ratio.

9. NOTES AND ACCOUNTS RECEIVABLE

	December 31	
	2019	2018
Notes receivable		
At amortized cost		
Gross carrying amount	$ -	$ 472
Less: Allowance for impairment loss	-	(1)
	$ -	$ 471
Accounts receivable		
At amortized cost		
Gross carrying amount	$ 593,523	$ 714,940
Less: Allowance for impairment loss	(2,000)	(1,999)
	$ 591,523	$ 712,941
Accounts receivable from related parties (Note 27)	$ 184,772	$ 173,727

Accounts receivable

At amortized cost

The average credit period of sales of goods was 15-90 days. No interest was charged on accounts receivable since the credit period was short.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivable. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date.

The following table details the loss allowance of accounts receivable based on the Company's provision matrix.

December 31, 2019

	Not Past Due	1 to 60 Days	61 to 90 Days	Total
Gross carrying amount	$ 778,295	$ -	$ -	$ 778,295
Loss allowance (Lifetime ECL)	(2,000)	-	-	(2,000)
Amortized cost	$ 776,295	$ -	$ -	$ 776,295

December 31, 2018

	Not Past Due	1 to 60 Days	61 to 90 Days	Total
Gross carrying amount	$ 889,139	$ -	$ -	$ 889,139
Loss allowance (Lifetime ECL)	(2,000)	-	-	(2,000)
Amortized cost	$ 887,139	$ -	$ -	$ 887,139

The above aging schedule was based on the number of days overdue.

The movements of the loss allowance of notes receivable and accounts receivable were as follows:

	2019	2018
Balance at January 1	$ 2,000	$ 2,000
Add: Reclassification	-	-
Balance at December 31	$ 2,000	$ 2,000

10. INVENTORIES

	December 31	
	2019	2018
Finished goods	$ 263,012	$ 660,629
Work in progress	22,665	31,917
Raw materials	18,826	11,883
Production supplies	44,703	47,102
	$ 349,206	$ 751,531

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2019 and 2018 was $5,560,296 thousand and $5,830,015 thousand, respectively. The cost of goods sold included reversals of inventory write-downs of $4,039 thousand and $6,106 thousand for the years ended December 31, 2019 and 2018, respectively. The reversals of write-downs resulted from increased selling prices in certain markets.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2019	2018
Investments in subsidiaries	$ 719,952	$ 705,028
Investments in associates	5,471,068	4,369,320
	$ 6,191,020	$ 5,074,348

a. Investments in subsidiaries

	December 31	
	2019	2018
Unlisted company		
APC (BVI) Holding Co., Ltd.	$ 491,974	$ 477,505
APC Investment Co., Ltd.	95,236	97,433
USI International Corp.	132,742	130,090
	$ 719,952	$ 705,028

As of December 31, 2019 and 2018, the percentage of ownership interests and voting rights of the Company in the subsidiaries were as follows:

	Proportion of Ownership and Voting Rights	
	December 31	
	2019	2018
APC (BVI) Holding Co., Ltd.	100%	100%
APC Investment Co., Ltd.	100%	100%
USI International Corp.	70%	70%

The investments in subsidiaries accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2019 and 2018 were based on the subsidiaries' financial statements audited by auditors for the same years.

b. Investments in associates

	December 31	
	2019	2018
Material associates		
Ever Conquest Global Ltd.	$ 4,265,335	$ 3,167,773
Associates that are not individually material		
Listed company		
China General Plastics Corporation ("CGPC")	665,776	675,767
Acme Electronics Corporation ("ACME")	41,454	46,332

	December 31	
	2019	2018
Unlisted company		
China General Terminal & Distribution Corporation (“CGTD”)	$ 257,584	$ 228,250
Swanson Plastics Corporation (“SPC”)	198,065	196,411
Taiwan United Venture Capital Corp. (“TUVC”)	20,142	21,860
Thintec Materials Corporation (“TMC”)	4,399	4,415
USI Optronics Corporation (“USIO”)	18,313	28,512
	$ 5,471,068	$ 4,369,320

(Concluded)

1) Material associates

			Proportion of Ownership and Voting Rights	
			December 31	
Name of Associate	Nature of Activities	Principal Place of Business	2019	2018
Ever Conquest Global Ltd.	Reinvestment	British Virgin Islands	36.89%	36.94%

The Company uses the equity method to account for the above associate.

The summarized financial information below represents amounts shown in the associates’ financial statements prepared in accordance with IFRSs and adjusted by the Company for equity accounting purposes.

Ever Conquest Global Ltd.

	December 31	
	2019	2018
Non-current assets	$ 11,563,685	$ 8,576,305
Equity	$ 11,563,685	$ 8,576,305
Proportion of the Company’s ownership	36.89%	36.94%
Equity attributable to the Company	$ 4,265,335	$ 3,167,773
Carrying amount	$ 4,265,335	$ 3,167,773

During 2019 and 2018, no significant operating revenue was generated by Ever Conquest Global Ltd.

	For the Year Ended December 31	
	2019	2018
The Company’s share of:		
(Loss) profit from continuing operations	$ (10,288)	$ 3,384
Other comprehensive loss	(174,072)	(2,753)
Total comprehensive (loss) income for the year	$ (184,300)	$ 631

2) Aggregate information of subsidiaries and associates that are not individually material

	For the Year Ended December 31	
	2019	2018
The Company's share of:		
Profit from continuing operations	$ 85,628	$ 98,484
Other comprehensive gain (loss)	539	(31,798)
Total comprehensive income for the year	$ 86,167	$ 66,686

As of December 31, 2019 and 2018, the percentage of ownership interests and voting rights of the Company in the associates were as follows:

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Associates	**2019**	**2018**
CGPC	8.07%	8.07%
ACME	3.31%	3.32%
CGTD	33.33%	33.33%
SPC	7.95%	7.95%
TUVC	8.33%	8.33%
TMC	30.42%	30.42%
USIO	9.20%	9.20%

Refer to Table 5 "Information on Investees" and Table 6 "Information on Investments in Mainland China" for the nature of activities, principal places of business and countries of incorporation of the associates.

TMC had no actual production and sales activities in the recent years. Therefore, on April 12, 2019, the board of directors of TMC approved the proposal to dissolve and liquidate the company starting from the dissolution date of May 25, 2019. TMC had not completed the process of liquidation as of December 31, 2019.

The Company's percentage of ownership over CGPC, ACME, SPC, TUVC, and USIO was less than 20%. These associates were accounted for using the equity method, as the Company retained significant influence over them.

The Company and USI Corporation originally scheduled to sign a joint venture arrangement for Fujian Gulei Petrochemical Co., Ltd. on April 17, 2014. But due to an increase in the investment plan funding requirements, the joint venture arrangement was re-signed on September 30, 2016. The Company and USI Corporation established Ever Conquest Global Ltd., so as to invest in the joint venture through a holding company registered in a third region. As of December 31, 2019, the Company and USI Corporation had respectively invested US$144,160 thousand (approximately $4,471,624 thousand) and US$246,670 thousand (approximately $7,645,980 thousand). Refer to Note 28 for more information.

The market prices of the investments accounted for using the equity method in publicly traded shares calculated by the closing price at the end of the reporting period are summarized as follows.

Name of Associate	December 31 2019	December 31 2018
CGPC	$ 884,565	$ 899,613
ACME	$ 74,194	$ 80,553

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2019 and 2018 were based on the associates' financial statements which were audited for the same years.

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings Improvements	Machinery and Equipment	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
Cost						
Balance at January 1, 2018	$ 228,229	$ 766,695	$ 6,285,435	$ 84,574	$ 93,447	$ 7,458,380
Additions	-	-	27,352	-	131,678	159,030
Disposals	-	-	(98,164)	(314)	-	(98,478)
Reclassification	-	7,618	78,773	11,855	(98,246)	-
Balance at December 31, 2018	$ 228,229	$ 774,313	$ 6,293,396	$ 96,115	$ 126,879	$ 7,518,932
Accumulated depreciation						
Balance at January 1, 2018	$ -	$ 238,366	$ 3,514,834	$ 74,465	$ -	$ 3,827,665
Depreciation expenses	-	21,336	261,426	4,523	-	287,285
Disposals	-	-	(98,164)	(314)	-	(98,478)
Balance at December 31, 2018	$ -	$ 259,702	$ 3,678,096	$ 78,674	$ -	$ 4,016,472
Carrying amounts at December 31, 2018	$ 228,229	$ 514,611	$ 2,615,300	$ 17,441	$ 126,879	$ 3,502,460
Cost						
Balance at January 1, 2019	$ 228,229	$ 774,313	$ 6,293,396	$ 96,115	$ 126,879	$ 7,518,932
Additions	-	-	27,797	-	39,625	67,422
Disposals	-	-	(55,739)	(983)	-	(56,722)
Reclassification	-	3,922	88,484	893	(93,299)	-
Balance at December 31, 2019	$ 228,229	$ 778,235	$ 6,353,938	$ 96,025	$ 73,205	$ 7,529,632
Accumulated depreciation						
Balance at January 1, 2019	$ -	$ 259,702	$ 3,678,096	$ 78,674	$ -	$ 4,016,472
Depreciation expenses	-	22,296	266,346	4,903	-	293,545
Disposals	-	-	(55,739)	(983)	-	(56,722)
Balance at December 31, 2019	$ -	$ 281,998	$ 3,888,703	$ 82,594	$ -	$ 4,253,295
Carrying amounts at December 31, 2019	$ 228,229	$ 496,237	$ 2,465,235	$ 13,431	$ 73,205	$ 3,276,337

There was no indication of impairment for the years ended December 31, 2019 and 2018.

The board of directors passed an EVA capacity expansion in the Linyuan plant and authorized the chairman with full power on December 28, 2011. The total contract fee was $2,608,911 thousand (including addition costs). The project was completed in 2018, and total fees and charges have been paid.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings improvements	
Factory and improvements	15 to 40 years
Main buildings and improvements	10 to 40 years
Storage rooms	11 to 45 years
Engineering systems	35 to 40 years
Others	2 to 20 years
Machinery and equipment	3 to 22 years
Other equipment	3 to 10 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	December 31, 2019
Carrying amounts	
Transportation equipment	$ -

	For the Year Ended December 31, 2019
Depreciation charge for right-of-use assets	
Transportation equipment	$ 421

The Company has been subleasing its leasehold office space located in Taipei to other companies under operating leases. The related right-of-use assets are presented as investment properties (as set out in Note 14). The amounts disclosed above with respect to the right-of-use assets do not include the right-of-use assets that meet the definition of investment properties.

b. Lease liabilities - 2019

	December 31, 2019
Carrying amounts	
Current	$ 5,496
Non-current	$ 24,501

Range of discount rate for lease liabilities was as follows:

	December 31, 2019
Buildings	1.06%

c. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 14.

2019

	For the Year Ended December 31, 2019
Expenses relating to short-term leases	$ 3,375
Total cash outflow for leases	$ (9,590)

The Company leases certain buildings which qualify as short-term lease. The Company has elected to apply the recognition exemption and, thus, did not recognize right-of-use assets and lease liabilities for these leases.

2018

The future minimum lease payments of non-cancellable operating lease commitments are as follows:

	December 31, 2018
Not later than 1 year	$ 1,030
Later than 1 year and not later than 5 years	285
	$ 1,315

14. INVESTMENT PROPERTIES

	Land	Building and Improvement	Right-of-use Assets	Total
Cost				
Balance at January 1, 2018	$ 370,202	$ 131,690	$ -	$ 501,892
Balance at December 31, 2018	$ 370,202	$ 131,690	$ -	$ 501,892
Accumulated depreciation				
Balance at January 1, 2018	$ -	$ 68,388	$ -	$ 68,388
Depreciation expenses	-	2,183	-	2,183
Balance at December 31, 2018	$ -	$ 70,571	$ -	$ 70,571
Carrying amounts at December 31, 2018	$ 370,202	$ 61,119	$ -	$ 431,321

(Continued)

	Land	Building and Improvement	Right-of-use Assets	Total
Cost				
Balance at January 1, 2019	$ 370,202	$ 131,690	$ -	$ 501,892
Adjustments on initial application of IFRS 16	-	-	34,585	34,585
Balance at January 1, 2019 (restated)	370,202	131,690	34,585	536,477
Balance at December 31, 2019	$ 370,202	$ 131,690	$ 34,585	$ 536,477
Accumulated depreciation				
Balance at January 1, 2019	$ -	$ 70,571	$ -	$ 70,571
Depreciation expenses	-	2,183	5,461	7,644
Balance at December 31, 2019	$ -	$ 72,754	$ 5,461	$ 78,215
Carrying amounts at December 31, 2019	$ 370,202	$ 58,936	$ 29,124	$ 458,262

(Concluded)

Right-of-use assets included in investment properties are units of office space and subleased under operating leases.

The investment properties were leased out for 5 years. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2019 was as follows:

	December 31, 2019
Year 1	$ 5,688
Year 2	4,599
Year 3	4,599
Year 4	4,599
Year 5	240
	$ 19,725

The future minimum lease payments of non-cancellable operating lease commitments at December 31, 2018 are as follows:

	December 31, 2018
Not later than 1 year	$ 26,883
Later than 1 year and not later than 5 years	28,756
	$ 55,639

The investment properties held by the Company are depreciated on a straight-line basis over their estimated useful lives as follows:

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

The fair value of the investment property (i.e., the land) located in Linyuan Industrial Park, which is for industrial use, cannot be reliably determined due to infrequent market transactions.

The fair value of investment properties (i.e., the land), excluding the land located in the Linyuan Industrial Park, was $932,245 thousand as at December 31, 2019. This fair value was not evaluated by an independent evaluator but was measured by the Company's management using the valuation model that market participants would use in determining fair value, and the fair value was measured by using Level 3 inputs. The evaluation referred to the transaction price of similar real estate in the neighboring areas. When the transaction price per square meter to increase or decrease by 10%, the fair value of the investment properties would increase or decrease respectively by $93,225 thousand as at December 31, 2019.

The fair value of right-of-use assets is determined by adding back the amount of lease liabilities already recognized to the valuation result that reflects the expected lease income after deduction of expected payments. The fair value of right-of-use assets is $46,551 thousand as at December 31, 2019.

15. BORROWINGS

a. Short-term borrowings

	December 31	
	2019	2018
Unsecured borrowings		
Bank loans	$ 1,100,000	$ 1,350,000

The range of interest rates on bank loans was 0.90%-0.97% and 0.90%-1.10% per annum as of December 31, 2019 and 2018, respectively.

b. Short-term bills payable

	December 31	
	2019	2018
Commercial paper	$ 650,000	$ 600,000
Less: Unamortized discount on bills payable	(56)	(86)
	$ 649,944	$ 599,914
Range of interest rates	0.50%-0.77%	0.49%-0.80%

c. Long-term borrowings

	December 31	
	2019	2018
Unsecured borrowings		
Bank loans	$ 3,950,000	$ 3,100,000
Range of interest rates	1.000%-1.060%	0.988%-1.175%

To maintain medium- and long-term working capital, the Company signed a three-year medium- and long-term credit agreement with FE Bank. A credit line of $300,000 thousand was granted to the Company, with a revolving credit line within the terms of the agreement. Under the credit agreement, the Company should maintain financial ratios in which the current ratio is not below 100% and the debt ratio does not exceed 150%.

To maintain medium- and long-term working capital, the Company signed a three-year medium- and long-term credit agreement with Fubon Bank. A credit line of $500,000 thousand was granted to the Company, with a revolving credit line within the terms of the agreement. Under the credit agreement, the Company should maintain financial ratios in which the current ratio is not below 100%, the debt ratio does not exceed 150% and the amount of equity is not below $7,000,000 thousand.

To maintain medium- and long-term working capital, the Company signed a three-year medium- and long-term credit agreement with TS Bank. A credit line of $500,000 thousand was granted to the Company. Under the credit agreement, the Company should maintain financial ratios in which the current ratio is not below 100%, the debt ratio does not exceed 100% and the amount of equity is not below $7,000,000 thousand.

To maintain medium- and long-term working capital, the Company signed a three-year medium- and long-term credit agreement with SK Bank. A credit line of $450,000 thousand was granted to the Company, with a revolving credit line within the terms of the agreement. Under the credit agreement, the Company should maintain financial ratios in which the current ratio is not below 100%, the debt ratio does not exceed 150% and the amount of equity is not below $7,000,000 thousand.

To maintain medium- and long-term working capital, the Company signed a three-year medium- and long-term credit agreement with Bank SinoPac. A credit line of $500,000 thousand was granted to the Company, with a revolving credit line within the terms of the agreement. Under the credit agreement, the Company should maintain financial ratios in which the current ratio is not below 100% and the debt equity ratio does not exceed 100%.

To maintain medium- and long-term working capital, the Company signed a three-year medium- and long-term credit agreement with KGI Bank. A credit line of $400,000 thousand was granted to the Company, with a revolving credit line within the terms of agreement. Under the credit agreement, the Company should maintain financial ratios in which the current ratio is not below 150% and the debt ratio does not exceed 125%.

As of December 31, 2019, the Company did not violate these financial ratios and terms.

16. ACCOUNTS PAYABLE

	December 31	
	2019	2018
Accounts payable		
Operating (including related parties)	$ 149,945	$ 280,846

The average credit period was 1 month. The Company had financial risk management policies in place to ensure that all payables were paid within the pre-agreed credit terms.

17. OTHER PAYABLES

	December 31	
	2019	2018
Payables for salaries or bonuses	$ 77,464	$ 29,684
Payables for utilities	35,655	35,321
Payables for annual leave	13,983	14,664
Payables for freight fees	9,079	13,123
Payables for dividends	5,527	8,018
Payables for equipment	5,025	13,073
Payables for insurance	4,108	1,994
Others	32,424	22,659
	$ 183,265	$ 138,536

18. REFUND LIABILITIES - CURRENT

	December 31	
	2019	2018
Customer returns and rebates	$ 5,899	$ 5,899

The Company applied IFRS 15 and recognized estimated sales returns and rebates as refund liabilities.

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 10% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2019	**2018**
Present value of defined benefit obligation	$ 406,749	$ 418,170
Fair value of plan assets	(240,881)	(209,500)
Net defined benefit liabilities	$ 165,868	$ 208,670

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities (Assets)**
Balance at January 1, 2018	$ 431,266	$ (219,057)	$ 212,209
Service cost			
Current service cost	4,506	-	4,506
Net interest expense (income)	4,217	(2,200)	2,017
Recognized in profit or loss	8,723	(2,200)	6,523
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(6,242)	(6,242)
Actuarial loss - changes in financial assumptions	3,794	-	3,794
Actuarial loss - changes in demographic assumptions	8	-	8
Actuarial loss - experience adjustments	2,775	-	2,775
Recognized in other comprehensive income	6,577	(6,242)	335
Contributions from the employer	-	(10,397)	(10,397)
Benefits paid	(28,396)	28,396	-
Balance at December 31, 2018	$ 418,170	$ (209,500)	$ 208,670
Balance at January 1, 2019	$ 418,170	$ (209,500)	$ 208,670
Service cost			
Current service cost	3,950	-	3,950
Net interest expense (income)	3,576	(1,794)	1,782
Recognized in profit or loss	7,526	(1,794)	5,732

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	$ -	$ (8,173)	$ (8,173)
Actuarial loss - changes in financial assumptions	6,820	-	6,820
Actuarial gain - experience adjustments	(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)
Benefits paid	(19,346)	19,346	-
Balance at December 31, 2019	$ 406,749	$ (240,881)	$ 165,868

(Concluded)

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic or foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate of a 2-year time deposit with local banks.

2) Interest risk: A decrease in corporate bond interest rates will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated with reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2019	2018
Discount rate	0.63%	0.88%
Expected rate of salary increase	2.25%	2.25%

If possible reasonable changes in each of the significant actuarial assumptions were to occur and all other assumptions were to remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2019	2018
Discount rate		
0.25% increase	$ (6,820)	$ (7,533)
0.25% decrease	$ 7,012	$ 7,755
Expected rate of salary increase		
0.25% increase	$ 6,775	$ 7,514
0.25% decrease	$ (6,625)	$ (7,338)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that changes in the assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2019	2018
Expected contributions to the plan for the next year	$ 40,000	$ 10,000
Average duration of the defined benefit obligation	6.9 years	7.5 years

20. EQUITY

a. Ordinary shares

	December 31	
	2019	2018
Number of shares authorized (in thousands)	620,000	620,000
Shares authorized	$ 6,200,000	$ 6,200,000
Number of shares issued and fully paid (in thousands)	554,382	554,382
Shares issued	$ 5,543,827	$ 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.

The shareholders held their regular meeting on June 5, 2018 and, in that meeting, resolved to issue 36,268 thousand ordinary shares as share dividends appropriated from earnings, with a par value of $10, which increased the share capital issued and fully paid to $5,543,827 thousand. On July 2, 2018, the transaction was approved by the FSC, and the subscription base date was determined as at August 3, 2018 by the board of directors.

b. Capital surplus

	December 31	
	2019	2018
Unpaid dividends	$ 21,412	$ 18,325
Share of changes in capital surplus of associates	2,988	1,294
	$ 24,400	$ 19,619

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.

Capital surplus which arises from unclaimed dividends may be used to offset a deficit only, and the share of changes in capital surplus of associates may not be used for any purpose.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to "Employees' compensation and remuneration of directors" in Note 22-f.

As the Company is in the maturation stage, for research and development needs and business diversification, the amount of dividends for shareholders shall be no less than 10% of distributable retained earnings for the current year, among which the amount of cash dividends shall be no less than 10%. If the distributable retained earnings per share of the current year are less than $0.1, the retained earnings are not to be distributed.

An appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2018 and 2017 approved in the shareholders' meetings on June 24, 2019 and June 5, 2018, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2018	**2017**
Legal reserve	$ 28,683	$ 56,535
Cash dividends	$ 166,315	$ 103,623
Share dividends	$ -	$ 362,680
Cash dividends per share (NT$)	$ 0.3	$ 0.2
Share dividends per share (NT$)	$ -	$ 0.7

The appropriation of earnings for 2019 had been proposed by the Company's board of directors on March 5, 2020 were as follows:

	For the Year Ended December 31, 2019
Legal reserve	$ 85,058
Cash dividends	$ 332,630
Share dividends	$ 277,191
Cash dividends per share (NT$)	$ 0.6
Share dividends per share (NT$)	$ 0.5

The appropriation of earnings for 2019 is subject to resolution in the shareholders' meeting to be held on June 12, 2020.

d. Other equity items

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

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ (59,292)	$ (56,751)
Effect of change in tax rate	-	1,075
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	(192,308)	90
Share of exchange differences of subsidiaries and associates accounted for using the equity method	(8,821)	(3,688)
Related income tax	38,462	(18)
Other comprehensive income recognized for the year	(162,667)	(2,541)
Balance at December 31	$ (221,959)	$ (59,292)

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

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ (1,065)	$ (448,780)
Effect of change in tax rate	-	(85)
Recognized for the year		
Unrealized gain (loss) - equity instruments	99,195	(411,077)
Share from subsidiaries and associates accounted for using the equity method	28,050	(32,305)
Related income tax	1,069	(2,334)
Other comprehensive income recognized for the year	128,314	(445,801)
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	(1,573)	(4,044)
Share from subsidiaries and associates accounted for using the equity method	(27,737)	-
Balance at December 31	$ 97,939	$ (1,065)

21. REVENUE

a. Revenue from contracts with customers

	For the Year Ended December 31	
	2019	2018
Revenue from sale of goods	$ 6,578,064	$ 6,099,879

b. Contract balances

	December 31, 2019	December 31, 2018	January 1, 2018
Contract liabilities	$ 11,491	$ 17,303	$ 5,135

22. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

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

a. Other income

	For the Year Ended December 31	
	2019	2018
Interest income		
Bank deposits	$ 2,997	$ 8,065
Financial assets at FVTPL	5,763	5,834
Reverse repurchase agreements collateralized by bonds	508	376
	9,268	14,275
Rental income	46,070	42,436
Dividends		
Financial assets at FVTPL	1,775	2,950
Investments in equity instruments at FVTOCI	81,003	95,172
	82,778	98,122
Others	11,104	8,182
	$ 149,220	$ 163,015

b. Other gains and losses

	For the Year Ended December 31	
	2019	2018
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	$ 48,029	$ 8,463
Financial liabilities held for trading	3,080	(3,419)
Net foreign exchange (losses) gains	(12,373)	14,763
Others	(13,168)	5,220
	$ 25,568	$ 25,027

c. Finance costs

	For the Year Ended December 31	
	2019	2018
Interest on bank loans	$ 55,812	$ 40,142
Interest on lease liabilities	351	-
	$ 56,163	$ 40,142

There was no capitalization of interest costs between 2019 and 2018.

d. Depreciation and amortization

	For the Year Ended December 31	
	2019	2018
Property, plant and equipment	$ 293,545	$ 287,285
Investment properties	7,644	2,183
Right-of-use assets	421	-
Intangible assets	35	336
	$ 301,645	$ 289,804
An analysis of depreciation by function		
Operating costs	$ 293,476	$ 287,129
Operating expenses	490	156
Other gains and losses	7,644	2,183
	$ 301,610	$ 289,468
An analysis of amortization by function		
Operating expenses	$ 35	$ 336

e. Employee benefits expense

	For the Year Ended December 31	
	2019	2018
Post-employment benefits (see Note 19)		
Defined contribution plans	$ 7,570	$ 7,346
Defined benefit plans	5,732	6,523
	13,302	13,869
Other employee benefits	363,920	304,194
Total employee benefits expense	$ 377,222	$ 318,063
An analysis of employee benefits expense by function		
Operating costs	$ 312,032	$ 258,492
Operating expenses	65,190	59,571
	$ 377,222	$ 318,063

f. Employees' compensation and remuneration of directors

The Company accrued employees' compensation and remuneration of directors and supervisors at rates of no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2019 and 2018, which were approved by the Company's board of directors on March 5, 2020 and March 6, 2019, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2019	2018
	Cash	Cash
Employees' compensation	1.00%	1.00%
Remuneration of directors	-	-

Amount

	For the Year Ended December 31	
	2019	2018
	Cash	Cash
Employees' compensation	$ 9,929	$ 3,180
Remuneration of directors	-	-

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2018 and 2017.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2019 and 2018 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

g. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2019	2018
Foreign exchange gains	$ 31,888	$ 42,549
Foreign exchange losses	(44,261)	(27,786)
	$ (12,373)	$ 14,763

23. INCOME TAX RELATING TO CONTINUING OPERATIONS

a. Major components of income tax expense recognized in profit or loss

	For the Year Ended December 31	
	2019	2018
Current tax		
In respect of the current year	$ 149,016	$ 16,201
Income tax on unappropriated earnings	5,941	3,121
Adjustments for prior year	202	68
	155,159	19,390
Deferred tax		
In respect of the current year	6,674	12,995
Adjustments to deferred tax attributable to changes in tax rates and laws	-	(4,347)
Adjustments for prior years	85	-
	6,759	8,648
Income tax expense recognized in profit or loss	$ 161,918	$ 28,038

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2019	**2018**
Profit before tax from continuing operations	$ 982,939	$ 314,864
Income tax expense calculated at the statutory rate	$ 196,588	$ 62,973
Nondeductible expenses in determining taxable income	(23,328)	(13,017)
Tax-exempt income	(17,570)	(20,760)
Income tax on unappropriated earnings	5,941	3,121
Effect of tax rate changes	-	(4,347)
Adjustments for prior years' tax	287	68
Income tax expense recognized in profit or loss	$ 161,918	$ 28,038

The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings was reduced from 10% to 5%.

In July 2019, the President of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2019	**2018**
Deferred tax		
Effect of change in tax rate	$ -	$ 2,383
In respect of current year		
Translation of foreign operations	38,462	(18)
Fair value changes of financial assets at FVTOCI	1,069	(2,334)
Remeasurement on defined benefit plans	(1,129)	67
Total income tax recognized in other comprehensive income	$ 38,402	$ 98

c. Current tax liabilities

	December 31	
	2019	**2018**
Current tax liabilities		
Income tax payable	$ 146,105	$ 10,184

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Allowance for inventory valuation and obsolescence losses	$ 915	$ (808)	$ -	$ 107
Allowance for office supplies impairment losses	6,938	250	-	7,188
Customer rebates	1,180	-	-	1,180
Allowance for production supplies losses	1,316	(101)	-	1,215
FVTPL financial liabilities	415	(415)	-	-
Payables for annual leave	2,628	(93)	-	2,535
Defined benefit obligation	41,515	(7,109)	(1,129)	33,277
Inventory tax differences	57	277	-	284
Exchange differences on foreign operations	7,150	-	38,462	45,612
Foreign exchange losses	-	1,022	-	1,022
	$ 62,114	$ (7,027)	$ 37,333	$ 92,420
Deferred tax liabilities				
Land value increment tax reserve	$ (21,469)	$ -	$ -	$ (21,469)
Allowance for impaired receivables	(267)	-	-	(267)
Foreign exchange gains	(548)	548	-	-
Depreciation tax differences	(435	13	-	(422)
Share of profit of associates	(28,372)	(275)	-	(28,647)
FVTPL financial assets	(2,901)	(18)	1,069	(1,850)
	$ (53,992)	$ 268	$ 1,069	$ (52,655)

For the year ended December 31, 2018

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Allowance for inventory valuation and obsolescence losses	$ 1,816	$ (901)	$ -	$ 915
Allowance for office supplies impairment losses	7,882	(944)	-	6,938
Customer rebates	1,003	177	-	1,180
Allowance for production supplies losses	1,115	201	-	1,316
FVTPL financial liabilities	114	301	-	415
Payables for annual leave	1,926	702	-	2,628
Defined benefit obligation	35,890	4,165	1,460	41,515
Inventory tax differences	519	(462)	-	57
Exchange differences on foreign operations	6,093	-	1,057	7,150
Foreign exchange losses	216	(216)	-	-
	$ 56,574	$ 3,023	$ 2,517	$ 62,114
Deferred tax liabilities				
Land value increment tax reserve	$ (21,469)	$ -	$ -	$ (21,469)
Allowance for impaired receivables	(227)	(40)	-	(267)
Foreign exchange gains	-	(548)	-	(548)
Depreciation tax differences	(377)	(58)	-	(435)
Share of profit of associates	(17,347)	(11,025)	-	(28,372)
FVTPL financial assets	(482)	-	(2,419)	(2,901)
	$ (39,902)	$ (11,671)	$ (2,419)	$ (53,992)

e. Income tax assessments

The Company’s income tax returns through 2017 have been assessed by the tax authorities.

24. EARNINGS PER SHARE

	Unit: NT$ Per Share For the Year Ended December 31	
	2019	2018
Basic earnings per share	$ 1.48	$ 0.52
Diluted earnings per share	$ 1.48	$ 0.52

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share from continuing operations were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2019	2018
Earnings used in the computation of basic and diluted earnings per share	$ 821,021	$ 286,826

Weighted Average Number of Ordinary Shares Outstanding (In Thousand Shares)

	For the Year Ended December 31	
	2019	2018
Shares		
Weighted average number of ordinary shares in computation of basic earnings per share	554,382	554,382
Effect of potentially dilutive ordinary shares:		
Employees' compensation	680	340
Weighted average number of ordinary shares used in the computation of diluted earnings per share	555,062	554,722

If the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

25. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall management strategy remains unchanged from 2013.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital, reserves, retained earnings, and other equity).

26. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The Company's management believes that the carrying amounts of financial assets and financial liabilities which are recognized in the financial statements approximate their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivatives	$ -	$ 94	$ -	$ 94
Listed shares	123,179	-	-	123,179
Mutual funds	2,462,023	-	-	2,462,023
	$ 2,585,202	$ 94	$ -	$ 2,585,296
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Listed shares	$ 2,124,191	$ -	$ -	$ 2,124,191
Unlisted shares	-	-	237,776	237,776
	$ 2,124,191	$ -	$ 237,776	$ 2,361,967

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares	$ 47,954	$ -	$ -	$ 47,954
Mutual funds	1,500,502	-	-	1,500,502
	$ 1,548,456	$ -	$ -	$ 1,548,456
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Listed shares	$ 2,035,668	$ -	$ -	$ 2,035,668
Unlisted shares	-	-	247,559	247,559
	$ 2,035,668	$ -	$ 247,559	$ 2,283,227
Financial liabilities at FVTPL				
Derivatives	$ -	$ 2,074	$ -	$ 2,074

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2019

Financial assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2019	$ 247,559
Recognized in other comprehensive income (included in unrealized gain on financial assets at FVTOCI)	8,283
Return of capital (Note 8)	(18,066)
Balance at December 31, 2019	$ 237,776

For the year ended December 31, 2018

Financial assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2018	$ 227,993
Recognized in other comprehensive income (included in unrealized gain on financial assets at FVTOCI)	40,643
Return of capital (Note 8)	(21,077)
Balance at December 31, 2018	$ 247,559

3) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

The Company's financial department used valuation techniques in measuring Level 3 fair value of financial instruments. The assumptions of and the inputs to the measurement are based on information from independent resources. The results of the measurement are evaluated against the market state and reviewed periodically to ensure that they are reasonable. The fair values of domestic and foreign unlisted equity securities were determined using the asset-based approach. In this approach, the fair value is determined by the latest net value of the investee company and the financial and business conditions of an observable company. If the discount for the lack of marketability decreases, the fair value of investments will increase. When the net asset value of investees increases/decreases by 1%, the fair value will increase/decrease by $2,378 thousand.

c. Categories of financial instruments

	December 31	
	2019	2018
Financial assets		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	$ 2,585,296	$ 1,548,456
Financial assets at amortized cost (1)	1,368,066	1,729,521
Financial assets at FVTOCI		
Equity instruments	2,361,967	2,283,227
Financial liabilities		
Financial liabilities at FVTPL		
Held for trading	-	2,074
Financial liabilities at amortized cost (2)	6,199,859	5,598,734

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable (including related parties) and other receivables (including related parties).

2) The balances include financial liabilities at amortized cost, which comprise short-term and long-term loans (including current portion), short-term bills payable, accounts payable (including related parties) and other payables (including related parties).

d. Financial risk management objectives and policies

The Company's risk control and hedging strategy are influenced by its operational environment. The Company properly monitors and manages the risks related to business nature and according to the principle of risk diversification. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There has been no change to the Company's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk. In order to avoid the impact of foreign currency exchange rate changes, which lead to deductions in foreign currency denominated assets and fluctuations in their future cash flows, the Company used the natural offset between foreign currency assets and liabilities and foreign exchange forward contracts on the net position. The Company sought to minimize the effects of these risks by using foreign exchange forward contracts to hedge risk exposures. The use of foreign exchange forward contracts was governed by the Company's policies approved by the board of directors. Compliance with policies and exposure limits was reviewed by internal auditors on a continuous basis. The Company did not enter into or trade foreign exchange forward contracts for speculative purposes.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities is set out in Note 29 and of the derivatives exposing the Company to foreign currency risk at the end of the reporting period are set out in Note 7.

Sensitivity analysis

The Company was mainly exposed to the USD. The sensitivity analysis includes only outstanding foreign currency denominated monetary items at the end of the reporting period. For a 3% strengthening/weakening of the Company's functional currency against the USD, there would be a decrease/an increase of $7,269 thousand and $7,284 thousand in pre-tax profit for the years ended December 31, 2019 and 2018, respectively.

In management's opinion, this sensitivity analysis is unrepresentative of the Company's inherent foreign exchange risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

b) Interest rate risk

The Company was exposed to fair value interest rate risk because the Company held financial assets and financial liabilities at fixed rates; the Company was exposed to cash flow interest rate risk because the Company held financial assets and financial liabilities at floating rates. The Company's management personnel monitors the changes in the market rates on a regular basis and adjusts the floating rate financial liabilities to make the Company's rates approach market rates in response to the risk caused by changing market rates.

The carrying amount of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2019	**2018**
Fair value interest rate risk		
Financial assets	$ 555,654	$ 807,744
Financial liabilities	1,779,941	1,949,914
Cash flow interest rate risk		
Financial assets	24,852	24,628
Financial liabilities	3,950,000	3,100,000

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for both financial assets and liabilities at the end of the reporting period. A 50-basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2019 and 2018 would have decreased/increased by $19,626 thousand and $15,377 thousand, respectively.

c) Other price risk

The Company was exposed to securities price risk through its investments in securities listed in the ROC or other countries. The Company manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Company has appointed a special team to monitor price risk.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to securities price risk at the end of the reporting period.

If securities prices had been 5% higher/lower, pre-tax profit for the year ended December 31, 2019 and 2018 would have increased/decreased by $129,260 thousand and $77,423 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2019 and 2018 would have increased/decreased by $118,098 thousand and $114,161 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Company, could be equal to the total of the following:

a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and

b) The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored.

The Company transacted with a large number of unrelated customers in a variety of areas, and, thus, no concentration of credit risk was observed. Ongoing credit evaluations are performed on the financial conditions of trade receivables; therefore, the Company's credit risk is limited.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

As such cash and cash equivalents are sufficient to finance the Company's operations, there is no liquidity risk arising from the deficiency of funds to fulfill contractual obligations.

a) Liquidity and interest rate risk table for non-derivative financial liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods based on the probable earliest repayment dates. The table was drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

December 31, 2019

	Weighted Average Interest Rate	On Demand or Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities				
Non-interest bearing liabilities		$ 381,101	$ 41,350	$ -
Lease liabilities	1.06%	5,496	22,576	1,925
Fixed interest rate liabilities	0.83%	1,750,000	-	-
Floating interest rate liabilities	1.05%	-	3,950,000	-
		$ 2,136,597	$ 4,013,926	$ 1,925

December 31, 2018

	Weighted Average Interest Rate	On Demand or Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities				
Non-interest bearing liabilities		$ 486,276	$ 32,860	$ -
Fixed interest rate liabilities	0.91%	1,950,000	-	-
Floating interest rate liabilities	1.06%	-	3,100,000	-
		$ 2,436,276	$ 3,132,860	$ -

b) Financing facilities

Bank loans are an essential source of liquidity for the Company. The table below details the used and unused amount of bank loans at the end of the reporting period.

	December 31	
	2019	2018
Unsecured bank facilities		
Amount used	$ 5,700,000	$ 5,050,000
Amount unused	3,029,800	3,028,943
	$ 8,729,800	$ 8,078,943

27. TRANSACTIONS WITH RELATED PARTIES

The Company's ultimate parent is USI Corporation, which held 36.08% of the ordinary shares of the Company as of December 31, 2019 and 2018.

Besides the information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed below.

a. Related parties' names and relationships

Related Party Name	Relationship with the Company
USI Corporation	Ultimate parent entity
Union Polymer Int'l Investment Corp. ("Union Polymer")	Parent entity
USI International Corporation ("USIIC")	Subsidiary
USI Trading (Shanghai) Co., Ltd. ("USITA")	Subsidiary
APC Investment Co., Ltd.	Subsidiary
China General Plastics Corporation ("CGPC")	Associate
China General Terminal & Distribution Corporation ("CGTD")	Associate
Acme Electronics Corporation ("ACME")	Associate
Thintec Materials Corporation ("TMC")	Associate
USI Optronics Corporation ("USIO")	Associate
Swanson Plastics Corporation ("SPC")	Associate
Taiwan VCM Corporation ("TVCM")	Associate
CGPC Polymer Corporation ("CGPCP")	Associate
Forever Young Company Limited ("Forever Young")	Associate
Swanson Technologies Corporation ("STC")	Associate
Taita Chemical Company, Limited ("TTC")	Fellow subsidiary
Taiwan United Venture Management Corporation ("TUVM")	Fellow subsidiary
USI Management Consulting Corporation ("UM")	Fellow subsidiary
USIFE Investment Co., Ltd. ("USII")	Fellow subsidiary
INOMA Corporation ("INOMA")	Fellow subsidiary
Chong Loong Trading Co., Ltd. ("CLT")	Fellow subsidiary
USI (Hong Kong) ("USI (HK)")	Fellow subsidiary
USI Education Foundation ("USIF")	Essential related party

b. Sales of goods

	For the Year Ended December 31	
Related Party Category/Name	**2019**	**2018**
Ultimate parent entity		
USI Corporation	$ 842,692	$ 670,909
Associate	55,290	70,150
Fellow subsidiary	20,973	27,263
Subsidiary	113,478	87,418
	$ 1,032,433	$ 855,740

Sales of goods to related parties were made at the Company's usual prices and conditions which were the same as those of the unrelated parties.

c. Purchases of goods

	For the Year Ended December 31	
Related Party Category/Name	**2019**	**2018**
Ultimate parent entity		
USI Corporation	$ 153,099	$ 131,257
Associate	33,572	36,708
	$ 186,671	$ 167,965

Purchases from related parties were made at market prices which were at the Company's usual prices and conditions which were the same as those from unrelated parties.

d. Management fee (under general and administrative expenses)

Related Party Category/Name	For the Year Ended December 31 2019	2018
Ultimate parent entity		
USI Corporation	$ 8,403	$ 5,879
Fellow subsidiary		
UM	42,488	33,279
	$ 50,891	$ 39,158

e. Lease arrangements - Company is lessee

Lease expense

Related Party Category/Name	For the Year Ended December 31 2019	2018
Ultimate parent entity		
USI Corporation	$ 2,424	$ 2,433
Subsidiary	11	-
	$ 2,435	$ 2,433

f. Lease arrangement - Company is lessor

Lease income

Related Party Category/Name	For the Year Ended December 31 2019	2018
Ultimate parent entity	$ 2,819	$ 2,572
Parent entity	176	140
Subsidiary	135	135
Associate		
TVCM	12,912	12,790
Others	6,063	6,912
	18,975	19,702
Fellow subsidiary		
TTC	7,156	7,049
Others	1,891	1,865
	9,047	8,914
	$ 31,152	$ 31,463

The previously indicated associates leased pipelines from the Company with lease terms of 1 year. The lease contracts are to be regarded as renewed if there is no declaration of termination. The lease payments are calculated according to actual operating volume and are paid on a monthly basis.

g. Donation expenses (under general and administrative expenses)

Related Party Category/Name	For the Year Ended December 31 2019	2018
Essential related party		
USI Education Foundation	$ 2,000	$ 2,000

h. Management income (under other income)

Related Party Category/Name	For the Year Ended December 31 2019	2018
Associate	$ 1,577	$ 1,738

i. Investment consultant fees (under other gains and losses)

Related Party Category/Name	For the Year Ended December 31 2019	2018
Fellow subsidiary		
TUVM	$ 1,734	$ 1,822

j. Receivables from related parties

Related Party Category/Name	December 31 2019	2018
Ultimate parent entity		
USI Corporation	$ 147,057	$ 162,209
Associate	6,211	1,675
Subsidiary		
USITA	27,988	7,371
Fellow subsidiary	3,516	2,472
	$ 184,772	$ 173,727

k. Other receivables from related parties

Related Party Category/Name	December 31 2019	2018
Ultimate parent entity		
USI Corporation	$ 1,974	$ 190
Associate		
CGTD	832	959
Others	396	360
	1,228	1,319
Fellow subsidiary		
TTC	667	655
Others	108	73
	775	728
	$ 3,977	$ 2,237

Other receivables from related parties were the payments from the ultimate parent entity and associates to rent office from the Company.

l. Accounts payable to related parties

Related Party Category/Name	December 31 2019	December 31 2018
Ultimate parent entity		
USI Corporation	$ 12,940	$ 18,496
Associate		
SPC	2,727	4,945
	$ 15,667	$ 23,441

m. Other payables to related parties

Related Party Category/Name	December 31 2019	December 31 2018
Ultimate parent entity		
USI Corporation	$ 160,382	$ 127,843
Subsidiary	120	37
Associate	5,590	938
Fellow subsidiary	613	620
	$ 166,705	$ 129,438

Other payables to related parties were the payments from the Company for the allocation and transfer of ethylene from related parties.

n. Compensation of key management personnel

	For the Year Ended December 31 2019	For the Year Ended December 31 2018
Short-term employee benefits	$ 14,922	$ 16,663
Post-employment benefits	27	108
	$ 14,949	$ 16,771

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Significant commitments

The amount available under unused letters of credit as of December 31, 2019 was $174,990 thousand.

b. Significant contract

1) The Company and USI Corporation signed a joint venture contract for a Fujian Gulei Petrochemical Co., Ltd. investment on April 17, 2014. The related entities of the contract or commitments are Ho Tung Chemical Corporation, LCY Chemical Corporation, Hengtai Petroleum Company Limited, Chenergy Global Corporation and Lien Hwa Corporation. The main contents of the contract and commitments include: (1) the shareholders shall establish Ever Victory Global Limited (hereinafter referred to the "Joint Venture") and agree to pass the establishment of the 100% owned company named Dynamic Ever Investments Limited in Hong Kong (hereinafter referred to as the "Hong Kong Company"), whose purpose is to build oil refineries and produce ethylene as well as seven other products on the Gulei Peninsula in Zhangzhou, Fujian Province, as approved by the Investment Commission at Taiwan's Ministry of Economic Affairs and according to the operating business permitted by the Joint Venture's board of directors; and (2) the Hong Kong Company will establish a joint venture company in accordance with the laws of the People's Republic of China between China Petrochemical Corporation or its affiliated enterprises; Fujian Refining and Chemical Co., Ltd. will establish a joint venture company in accordance with the laws of the People's Republic of China in Fujian Province between China Petrochemical Corporation or its affiliated enterprises (hereinafter referred to as "Gulei Company") and acquire 50% of the shares of Gulei Company as a basis for cooperative investment. The amount which the Joint Venture invested in Gulei Company after the signing of the original investment contract increased due to the capital needs of the investment plan, which led to part of the original related contract entities being unable to purchase the shares based on their respective investment ratio as provided by the original contract. Therefore, the Company and USI Corporation resigned the joint venture contract on September 30, 2016 and added a new contractually promised related entity, CTCI Corp. Also, the termination stipulations of the original joint venture contract are the same time.

   The Company and USI Corporation originally invested US$2,171 thousand (approximately $65,202 thousand) and US$3,131 thousand (approximately $94,221 thousand), respectively, to establish Ever Conquest Global Limited (recognized as investments accounted for using the equity method) in order to invest in the Joint Venture via the third party.

   The Company and USI Corporation increased the investment in Ever Conquest Global Limited by US$44,099 thousand (approximately $1,377,923 thousand) and US$74,215 thousand (approximately $2,313,514 thousand) in January and July 2017, respectively.

   The Company and USI Corporation increased the investment in Ever Conquest Global Limited by US$56,970 thousand (approximately $1,747,780 thousand) and US$98,922 thousand (approximately $3,034,601 thousand), respectively, in August 2018.

   The Company and USI Corporation increased the investment in Ever Conquest Global Limited by US$40,920 thousand (approximately $1,280,719 thousand) and US$70,402 thousand (approximately $2,203,644 thousand), in May and August 2019, respectively.

   As of December 31, 2019, the Company and USI Corporation invested US$144,160 thousand (approximately $4,471,624 thousand) and US$246,670 thousand (approximately $7,645,980 thousand), respectively, in Ever Conquest Global Limited. Via Ever Conquest Global Limited, the Company and USI Corporation increased the capital in the joint venture by US$335,169 thousand. The Joint Venture reinvested US$82,588 thousand, US$82,689 thousand, US$178,700 thousand, US$63,855 thousand and US$63,855 thousand in January and July 2017, August 2018, and June and August 2019, respectively, in the Hong Kong Company. The Hong Kong Company invested a total amount of RMB3,457,200 thousand (approximately US$501,095 thousand) in Gulei Company in April and August 2017, November 2018, and June and August 2019.

In order to increase Gulei Company's operating capital, Ever Victory Global Limited and Hong Kong Dor Po Investment Company Limited ("DOR PO") signed a joint venture contract to invest in Dynamic Ever Investment Limited which was approved by the board of directors on June 5, 2019. According to the contract, DOR PO will invest US$109,215 thousand in Dynamic Ever Investment Limited in 2019. As of December 31, 2019, DOR PO invested US$54,608 thousand and held 10.0% ownership interest in Dynamic Ever Investment Limited.

2) The Company was involved in a proposal of urban renewal, in which it coordinates with neighbors by right of transfer dominated by Huaku Development Co., Ltd. and provides around ten of its investment properties (located at Yanji St., Songshan Dist., Taipei City) to increase its operating efficiency. Thus, the Company signed an agreement with Huaku Development Co., Ltd. and received $6,400 thousand as security deposits. The Taipei City Government approved the proposal on November 30, 2017. In addition, the Company, Huaku Development Co., Ltd. and the Trust Department of E.SUN Commercial Bank, who was commissioned to manage, consolidate, split up, transfer and dispose of the properties and buildings within the duration of the agreement, signed a tripartite agreement on the real estate trust. As of December, 31, 2019, the properties were handed over.

c. Contingencies

Regarding China General Terminal & Distribution Corporation ("CGTD"), which was commissioned to operate the LCY Chemical Corp.'s propene pipeline had a gas explosion incident on July 31, 2014. The first-instance judgment of the criminal procedures was reached on May 11, 2018, whereby three employees of CGTD were each sentenced to four years and six months of imprisonment, and CGTD assisted the employees by filing an appeal. The second-instance judgement of the criminal procedures is expected to be reached on April 24, 2020.

CGTD arrived at an agreement with the Kaohsiung City Government on February 12, 2015, pledging certificates of bank deposits of $227,351 thousand, interests included, to the Kaohsiung City Government as collateral for the loss caused by the gas explosion. The Kaohsiung City Government also filed civil procedure requests in succession against LCY Chemical Corp., CGTD and CPC Corporation, Taiwan ("CPC"). Taiwan Power Company applied for provisional attachment against CGTD's property on August 27 and November 26, 2015. Taiwan Water Corporation also applied for provisional attachment against CGTD's property on February 3 and March 2, 2017. At the end of February 2020, the provisionally attached property was worth $138,273 thousand.

As for the victims, CGTD, LCY Chemical Corp. and the Kaohsiung City Government signed a tripartite agreement for the compensation of the 32 victims' families on July 17, 2015. Each victim's family received $12,000 thousand, and the compensation was $384,000 thousand in total, which was paid in four annual payments by LCY Chemical Corp. LCY Chemical Corp. was in charge of negotiating the compensation with the victims' families and signing the settlement agreement on behalf of the three parties.

As for the seriously injured, CGTD, LCY Chemical Corp. and the Kaohsiung City Government signed a tripartite agreement for the compensation of the 65 seriously injured victims' families on October 25, 2017. Compensation was paid by CGTD and the Kaohsiung City Government, and CGTD was in charge of negotiating the compensation with the seriously injured victims' families and signing the settlement agreement on behalf of the three parties with the 64 seriously injured victims' families.

As of February 27, 2020, the victims and victims' families had written letters or filed civil procedures (and criminal procedures) against CGTD, LCY Chemical Corp. and CPC for compensation. To reduce the litigation costs, CGTD had reached a settlement on the original claim of $26,890 thousand, and the amount of the settlement was $4,019 thousand. Along with the case which is still under the litigation process and the above-mentioned compensation, the accumulated amount of compensation is $3,876,234 thousand. The first-instance judgments of some of the abovementioned civil cases (with a total amount of compensation of approximately $1,196,808 thousand) have been gradually announced, starting from June 22, 2018. The proportion of fault liability of the Kaohsiung City Government, LCY Chemical Corp. and CGTD is 4:3:3 in most judgments. The total amount of compensation that CGTD, LCY Chemical Corp. and the other defendants should pay is about $388,503 thousand, of which CGTD was exempted to pay $6,194 thousand, but should pay $191,155 thousand, which is the estimated portion of compensation that CGTD should pay at the moment according to the first-instance judgment. CGTD has appealed in those civil cases which were announced but not yet settled and entered into the second trials. In addition, with regard to the above-mentioned compensation, CGTD estimated and recognized an amount of $136,375 thousand based on its fault liability proportion in the first-instance judgment. The actual liability of CGTD depends on the future judgments of the remaining civil cases.

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company' significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2019

	Foreign Currency (In Thousands)	Exchange Rate		Functional Currency (In Thousands)	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					
Investments accounted for using the equity method					
USD	163,110	29.9800	(USD:NTD)	4,890,051	$ 4,890,051
Derivative instruments					
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

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate	Functional Currency (In Thousands)	Carrying Amount
Non-monetary items				
Derivative instruments				
RMB	$ 72,000	4.2975 (RMB:NTD)	$ 583	$ 583

(Concluded)

December 31, 2018

	Foreign Currency (In Thousands)	Exchange Rate	Functional Currency (In Thousands)	Carrying Amount
Financial assets				
Monetary items				
USD	$ 10,829	30.715 (USD:NTD)	$ 332,599	$ 332,599
RMB	93,091	4.4753 (RMB:NTD)	416,609	416,609
JPY	5	0.2780 (JPY:NTD)	1	1
				$ 749,209
Non-monetary items				
Investments accounted for using the equity method				
USD	122,916	30.715 (USD:NTD)	3,775,368	$ 3,775,368
Derivative instruments				
USD	2,710	30.715 (USD:NTD)	132	132
				$ 3,775,500
Financial liabilities				
Monetary items				
USD	2,926	30.715 (USD:NTD)	89,881	$ 89,881
Non-monetary items				
Derivative instruments				
RMB	70,200	4.4753 (RMB:NTD)	2,206	$ 2,206

For the years ended December 31, 2019 and 2018, realized and unrealized net foreign exchange (losses) gains were $(12,373) thousand and $14,763 thousand, respectively. It is impractical to disclose net foreign exchange (losses) gains by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Company.

30. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees

1) Financing provided to others. (None)

2) Endorsements/guarantees provided. (None)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures). (Table 1)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital. (Table 2)

5) Acquisitions of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital. (None)

6) Disposals of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital. (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 3)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 4)

9) Trading in derivative instruments. (Note 7)

10) Information on investees. (Table 5)

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 6)

2) Any of the following 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. (Table 7)

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.

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

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.

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

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

Besides Tables 1 to 7 as disclosed, there was no other information about significant transactions, investees and investments in mainland China which should be disclosed.

31. SEGMENT INFORMATION

According to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standard (IFRS) No. 8 on segment information does not apply to these parent company only financial statements.

ASIA POLYMER CORPORATION

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Asia Polymer Corporation	Ordinary shares							
	Harbinger Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income - non-current	2,377	$ 66	1.20	$ 66	
	Riselink Venture Capital	-	Financial assets at fair value through other comprehensive income - non-current	131,587	1,947	1.67	1,947	
	KHL IB Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	15,329,223	235,763	11.90	235,763	
	USI Corporation	Ultimate parent company	Financial assets at fair value through other comprehensive income - non-current	101,355,673	1,403,776	8.53	1,403,776	
	CTCI Corporation	-	Financial assets at fair value through other comprehensive income - non-current	14,446,107	550,397	1.89	550,397	
	AU Optronics Corporation	-	Financial assets at fair value through other comprehensive income - non-current	9,618,516	96,666	0.10	96,666	
	Wafer Works Corporation	-	Financial assets at fair value through other comprehensive income - current	2,017,946	73,352	0.39	73,352	
	United Renewable Energy Co., Ltd.	-	Financial assets at fair value through profit or loss - current	229,580	1,758	0.01	1,758	
	Evergreen Marine Corp.	-	Financial assets at fair value through profit or loss - current	1,753,251	21,740	0.04	21,740	
	Quanta Computer Inc.	-	Financial assets at fair value through profit or loss - current	500,000	32,150	0.01	32,150	
	ITE Tech Inc.	-	Financial assets at fair value through profit or loss - current	1,000,000	44,150	0.62	44,150	
	GMI Technology Inc.	-	Financial assets at fair value through profit or loss - current	1,430,000	23,381	1.21	23,381	
	Beneficiary securities							
	Cathay No. 1 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	4,901,000	86,748	-	86,748	
	Cathay No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	2,500,000	42,750	-	42,750	
	Shin Kong No. 1 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	2,000,000	35,600	-	35,600	
	Fubon No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	4,980,000	68,774	-	68,774	
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss - current	19,951,815	251,215	-	251,215	
	Capital Money Market Fund		Financial assets at fair value through profit or loss - current	3,093,667	50,108	-	50,108	
	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	16,818,904	250,225	-	250,225	
	Nomura Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,056,580	50,064	-	50,664	
	Prudential Financial Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,183,308	50,556	-	50,556	
	UPAMC James Bond Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,986,943	50,116	-	50,116	
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	18,356,835	249,363	-	249,363	
	CTBC Hwa-win Money Market Fund	-	Financial assets at fair value through profit or loss - current	14,112,664	156,117	-	156,117	
	Taishin Ta-Chong Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,832,822	54,661	-	54,661	
	Yuanta De-Li Money Market Fund		Financial assets at fair value through profit or loss - current	3,921,720	64,198	-	64,198	
	FSITC Money Market Fund	-	Financial assets at fair value through profit or loss - current	957,942	171,567	-	171,567	
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	12,624,735	193,954	-	193,954	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	Yuanta De- Bao Money Market Fund	-	Financial assets at fair value through profit or loss - current	6,239,913	$ 75,278	-	$ 75,278	
	Fubon Chi-Hsiang Money Market Fund	-	Financial assets at fair value through profit or loss - current	8,705,147	137,057	-	137,057	
	Eastspring Investment Well Pool Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,678,120	50,230	-	50,230	
	Hua Nan Kirin Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,414,970	53,055	-	53,055	
	Hua Nan Phoenix Money Market Fund	-	Financial assets at fair value through profit or loss - current	5,276,352	86,105	-	86,105	
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	7,109,737	108,086	-	108,086	
	Shin Kong Chi-Shin Money-Market Fund	-	Financial assets at fair value through profit or loss - current	3,930,774	61,097	-	61,097	
	SinoPac TWD Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,510,418	35,081	-	35,081	
	Fuh Hwa You Li Market Fund	-	Financial assets at fair value through profit or loss - current	2,219,296	30,018	-	30,018	
APC (BVI) Holding Co., Ltd.	Shares							
	Budworth Investment Ltd. - ordinary shares	-	Financial assets at fair value through other comprehensive income - non-current	40,467	15	4.45	15	
	Silicon Technology Investment (Cayman) Corp. - preference shares	-	Financial assets at fair value through other comprehensive income - non-current	1,139,776	55,620	2.19	55,620	
	NeuroSky, Inc. - series D preference shares	-	Financial assets at fair value through other comprehensive income - non-current	2,397,364	-	0.37	-	Note 1
	Solargiga Energy Holdings Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	15,863,333	4,946	0.49	4,946	
	Teratech Corp. - ordinary shares	-	Financial assets at fair value through profit or loss - non-current	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	-	Financial assets at fair value through profit or loss - non-current	450,000	-	-	-	Note 1
	Boldworks, Inc. - preference shares	-	Financial assets at fair value through profit or loss - non-current	689,266	-	-	-	Note 1
APC Investment Co., Ltd.	Ordinary shares							
	USI Corporation	Ultimate parent company	Financial assets at fair value through profit or loss - current	44,808	620	-	620	
	Evergreen Marine Corp.	-	Financial assets at fair value through profit or loss - current	584,416	7,247	0.01	7,247	
	Quanta Computer Inc.	-	Financial assets at fair value through profit or loss - current	100,000	6,430	-	6,430	
	ITE Tech Inc.	-	Financial assets at fair value through profit or loss - current	500,000	22,075	0.31	22,075	
	GMI Technology Inc.	-	Financial assets at fair value through profit or loss - current	465,000	7,603	0.39	7,603	
	Beneficiary securities							
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	714,986	10,870	-	10,870	
	Cathay Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	499,525	6,237	-	6,237	
	Ordinary shares							
	United Renewable Energy Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	1,133,531	8,683	0.05	8,683	

Note 1: The carrying amount was zero as of December 31, 2019 due to the impairment loss recognized in prior years.

Note 2: Refer to Tables 5 and 6 for information about subsidiaries and associates.

(Concluded)

- 254 -

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, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain on Disposal	Number of Shares	Amount
APC Corporation	Shares													
	Ever Conquest Global Limited.	Investments accounted for using the equity method	-	Associate	103,240,000	$ 3,167,773	40,920,000	$ 1,280,719	-	$ -	$ -	$ -	144,160,000	$ 4,265,335 (Note 1)
	Fund													
	Fubon Chi-Hsiang Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	3,192,114	50,000	30,613,974	481,000	25,100,941	394,451	394,000	451	8,705,147	137,057 (Note 2)
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	7,165,538	106,000	25,720,547	381,600	16,067,180	238,720	238,000	720	16,818,904	250,225 (Note 3)

Note 1: The ending balance includes the original investment amount, the share of profit (loss) of investees and other related adjustments.

Note 2: The ending balance includes the original investment amount of $137,000 thousand and adjustments for fair value changes of $57 thousand.

Note 3: The ending balance includes the original investment amount of $249,600 thousand and adjustments for fair value changes of $625 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, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)	
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Financial Statement Account and Ending Balance	% of Total
Asia Polymer Corporation	USI Corporation	Ultimate parent company	Sale	$ (842,692)	(12.81)	60 days	No significant difference	No significant difference	Accounts receivable - related parties $ 147,057	18.93
USI Trading (Shanghai) Co., Ltd	USI Corporation	Ultimate parent company	Sale	(411)	(0.01)	60 days	No significant difference	No significant difference	Accounts receivable - related parties -	-
Asia Polymer Corporation	USI Corporation	Ultimate parent company	Purchase	153,099	4.09	30 days	No significant difference	No significant difference	Accounts payable - related parties (12,940)	(8.63)
USI Trading (Shanghai) Co., Ltd	USI Corporation	Ultimate parent company	Purchase	130,255	3.48	30 days	No significant difference	No significant difference	Accounts payable - related parties (27,668)	(18.45)

- 256 -

ASIA POLYMER CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance		Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 2)	Allowance for Impairment Loss
						Amount	Actions Taken		
Asia Polymer Corporation	USI Corporation	Ultimate parent company	Receivables	$ 147,057	5.41	$ -	-	$ 147,057	Note 1
			Other receivables	1,974		-	-	1,974	Note 1

Note 1: There is no allowance of impairment loss after an impairment assessment.

Note 2: The subsequent period is between January 1 and March 5, 2020.

ASIA POLYMER CORPORATION

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2019	December 31, 2018	Number of Shares	%	Carrying Amount			
Asia Polymer Corporation	APC (BVI) Holding Co., Ltd.	British Virgin Islands	Reinvestment	$ 412,969 (US$ 13,774,806)	$ 412,969 (US$ 13,774,806)	11,342,594	100.00	$ 491,974	$ 5,658	$ 5,658	Subsidiary (Note)
	APC Investment Co., Ltd.	Taipei, Taiwan	Investment	200,000	200,000	20,000,000	100.00	95,236	(1,588)	(1,588)	Subsidiary (Note)
	USI International Corp.	British Virgin Islands	Reinvestment	83,944 (US$ 2,800,000)	83,944 (US$ 2,800,000)	2,800,000	70.00	132,742	8,490	5,943	Subsidiary (Note)
	China General Plastics Corporation	Taipei, Taiwan	Manufacture and marketing of PVC plastic cloth and three-time processed products	247,412	247,412	42,527,153	8.07	665,776	642,678	51,859	Investments accounted for using the equity method
	China General Terminal & Distribution Corporation	Taipei, Taiwan	Warehousing and transportation of petro chemical raw materials	41,082	41,082	18,667,464	33.33	257,584	79,638	26,546	Investments accounted for using the equity method
	Swanson Plastics Corporation	Taipei, Taiwan	Manufacture and marketing of stretch film, diaper film, embossed film, heavy-duty sacks	75,242	75,242	12,266,779	7.95	198,065	130,740	11,018	Investments accounted for using the equity method
	Acme Electronics Corporation	Taipei, Taiwan	Manufacture and marketing of manganese-zinc and ferrite core	61,348	61,348	6,056,623	3.31	41,454	(103,610)	(3,433)	Investments accounted for using the equity method
	Taiwan United Venture Capital Corp.	Taipei, Taiwan	Investment in high technology businesses	52,791	52,791	3,913,533	8.33	20,142	(1,930)	(161)	Investments accounted for using the equity method
	Thintec Materials Corporation	Taipei, Taiwan	Manufacture and marketing of reinforced plastic products	36,250	36,250	1,825,000	30.42	4,399	(54)	(16)	Investments accounted for using the equity method
	USI Optronics Corporation	Taipei, Taiwan	Manufacture and marketing of sapphire products	59,725	59,725	5,972,464	9.20	18,313	(110,824)	(10,198)	Investments accounted for using the equity method
	Ever Conquest Global Ltd.	British Virgin Islands	Reinvestment	4,321,917 (US$ 144,160,000)	3,095,135 (US$ 103,240,000)	144,160,000	36.89	4,265,335	(27,823)	(10,228)	Investments accounted for using the equity method
APC (BVI) Holding Co., Ltd.	ACME Electronics (Cayman) Corp.	Cayman Islands	Reinvestment	157,242 (US$ 5,244,903)	157,242 (US$ 5,244,903)	8,316,450	16.64	199,043	(54,215)	-	Investments accounted for using the equity method
	USI International Corp.	British Virgin Islands	Reinvestment	35,976 (US$ 1,200,000)	35,976 (US$ 1,200,000)	1,200,000	30.00	56,890	8,490	-	Investments accounted for using the equity method (Note)
APC Investment Co., Ltd.	Acme Electronics Corporation	Taipei, Taiwan	Manufacture and marketing of manganese-zinc and ferrite core	14,889	14,889	1,884,548	1.03	12,898	(103,610)	-	Investments accounted for using the equity method
	Swanson Technologies Corporation	Taipei, Taiwan	Manufacture and marketing of EVA film	30,000	30,000	3,000,000	15.00	(14,049)	(14,527)	-	Investments accounted for using the equity method
Ever Conquest Global Ltd.	Ever Victory Global Ltd.	British Virgin Islands	Reinvestment	11,717,083 (US$ 390,830,000)	8,379,650 (US$ 279,508,000)	390,830,000	80.01	11,563,685 (US$385,713,317)	(34,165) (US$ 1,099,981)	-	Ever Conquest Global Ltd. Investments accounted for using the equity method
Ever Victory Global Ltd.	Dynamic Ever Investment Limited	Hong Kong	Reinvestment	14,638,814 (US$ 488,286,000)	10,810,098 (US$360,577,000)	488,286,000	89.94	14,432,823 (US$481,415,054)	(38,406) (US$ 1,236,808)	-	Ever Victory Global Ltd. Investments accounted for using the equity method

Note: All intercompany transactions have been eliminated on consolidation.

ASIA POLYMER CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 3)	Method and Medium of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019	Net Income (Loss) of Investee (Note 3)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of December 31, 2019 (Note 4)	Accumulated Repatriation of Investment Income as of December 31, 2019
					Outflow	Inflow						
ACME Electronics (Kunshan) Co., Ltd.	Manufacture and marketing of manganese-zinc soft ferrite core	$ 921,136 (US$ 30,725,000)	(2) ACME Electronics (Cayman) Corp.	$ 125,238 (US$ 4,177,369)	$ -	$ -	$ 125,238 (US$ 4,177,369)	(Note 3,b,2) $ (48,338)	16.64	$ (8,045)	$ 127,383	$ -
USI Trading (Shanghai) Co., Ltd.	Management of chemical products, equipment, and plastic products; wholesale of electronic materials, commission agency services and related supporting import and export services	74,950 (US$ 2,500,000)	(2) APC (BVI) Holding Co., Ltd.	91,007 (US$ 3,035,601)	-	-	91,007 (US$ 3,035,601)	(Note 3,b,2) 11,336	100.00	11,336	106,849	-
Fujian Gulei Petrochemical Co., Ltd.	Manufacture of crude oil and petroleum products	29,714,634 (RMB 6,914,400,000)	(2) Dynamic Ever Investments Ltd. (Note 2)	2,877,978 (US$ 95,996,586)	1,111,565 (US$ 37,076,879)	-	3,989,543 (US$ 133,073,466)	(Note 3,b,1) (24,780)	13.27	(2,863)	3,945,775	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$4,350,295 (Note 5) (US$145,106,571)	$4,838,221 (US$161,381,608)	$ - (Note 6)

Note 1: Investments are divided into three categories as follows:

a. Direct investment: 1.
b. Investments through a holding company registered in a third region: 2.
c. Others: 3.

Note 2: The Company reinvested 50% of the outstanding shares of Gulei via Ever Conquest Global Limited (36.89%), then via Ever Victory Global Ltd. (80.01%), and finally via Dynamic Ever Investments Ltd. (89.94%).

Note 3: For the column of investment gain (loss):

a. If there is no investment gain (loss) during the preparation, it should be noted.

b. If the basis for the recognition of investment gain (loss) is classified into the following three type, it should be noted as follows:

1) Financial statements audited by international accounting firms which have a cooperation relationship with an accounting firm in the Republic of China.
2) Financial statements audited by the parent company's CPA.
3) Others.

Note 4: The calculation was based on the exchange rate as at December 31, 2019.

Note 5: The investment in China is indirectly invested by Silicon Technology Investment (Cayman) Corp. (STIC) and Solargiga Energy Holdings Ltd., which are both invested by APC (BVI) Holding Co., Ltd., a subsidiary 100% held by the Company.

Note 6: As the Company has obtained the certificate of qualification for operating headquarters issued by the Industrial Development Bureau, MOEA in Order No. 10820423710 on September 10, 2019, the upper limit on investments in mainland China pursuant to the "Principle of Investment or Technical Cooperation in Mainland China" is not applicable.

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, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss
		Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance	%	
USI Trading (Shanghai) Co., Ltd.	Sales revenue	$ 113,478	1.72	No significant difference	T/T 90 days	No significant difference	$ 27,989	3.61	$ -
	Commission expenses	508	-	-	-	-	-	-	-
	Other payables	117	-	-	-	-	-	-	-

- 260 -

VI. Impact on the Company's financial status due to financial difficulties experienced by the Company and its affiliates during the last fiscal year up to the publication date of this report: None.

Chapter 7 Review and Analysis of Financial Position and Performance and Risk Items

I. Financial Position

Comparison Analysis of Financial Position

Unit: NT$ thousands

	End of 2019	End of 2018	Difference	
			Amount	%
Current assets	$4,940,438	$4,606,590	333,848	7.25
Long-term investment	8,040,888	6,908,541	1,132,347	16.39
Property (including investment), plant and equipment	3,813,798	4,016,532	(202,734)	(5.05)
Other assets	127,967	66,080	61,887	93.65
Total assets	16,923,091	15,597,743	1,325,348	8.50
Current liabilities	2,469,828	2,603,655	(133,827)	(5.14)
Other liabilities	4,223,443	3,389,652	833,791	24.60
Total Liabilities	6,693,271	5,993,307	699,964	11.68
Capital	5,543,827	5,543,827	0	0.00
Capital surplus	24,400	19,619	4,781	24.37
Retained earnings	4,785,613	4,101,347	684,266	16.68
Other equity	(124,020)	(60,357)	(63,663)	105.48
Total equity	10,229,820	9,604,436	625,384	6.51

(I) The main reasons for major changes in assets, liabilities and equity in the most recent two years (variance of 20% and exceeding NT$10 million between periods):

1. Other assets: Mainly caused by the exchange differences of foreign operations, resulting in increase in deferred tax assets.
2. Other liabilities: Mainly caused by the increase in long-term borrowings.
   Other equity: Mainly caused by the decrease in exchange differences of foreign operations because of exchange rate fluctuations.

(II) Impact:

No major impact.

(III) Future response plan

N/A

II. Financial Performance

(I) Comparison and analysis of financial performance

Unit: NT$ thousands

	2019	2018	Amount of Increase (Decrease)	Percentage of change (%)
Net revenue	$6,791,157	$6,375,134	416,023	6.53
Operating costs	5,755,709	6,090,668	(334,959)	(5.50)
Gross profit	1,035,448	284,466	750,982	264.00
Operating expenses	237,041	212,484	24,557	11.56
Operating margin	798,407	71,982	726,425	1,009.18
Non-operating revenue and expenses	186,434	244,881	(58,447)	(23.87)
Net profit before tax	984,841	316,863	667,978	210.81
Income tax	163,820	30,037	133,783	445.39
Net profit	$821,021	$286,826	534,195	186.24
Other comprehensive income for the year	($30,290)	($445,775)	415,485	(93.21)
Total comprehensive income for the year	$790,731	($158,949)	949,680	(597.47)

(I) The main reasons for significant percentage of changes in the most recent two years:

1. Increase in gross profit, net operating profit, and net income before tax: Mainly caused by increase in operating income and decrease in operating costs.
2. Decrease in non-operating income: Mainly caused by decrease in interests of associates using equity method.
3. Increase in income tax: Mainly caused by increase in net operating profit.
4. Other comprehensive income for the year: Mainly caused by the unrealized gains on financial assets measured at fair value through other comprehensive gains and losses due to the increase in market prices.
5. Total comprehensive income for the year: Mainly caused by the increase in net profit and other comprehensive income for the year.

(II) Projected sales volume in the following year and its basis:

The sales target for 2020 is approximately 130,000 tons and sales of niche products shall be prioritized.

(III) Impact on the Company’s future financial business: No significant impact.

(IV) Future response plan: Not applicable.

(II) Analysis of changes in gross margin

Unit: NT$ thousands

	Amount of increase (decrease)	Reason for Difference		
		Price difference	Cost difference	Quantity difference
Sales Margin	750,982	(209,830)	930,048	30,764
Explanation	The sales volume increased by 11% compared with the previous year. Although the average sales price decreased by 4%, due to the significant decline in the cost of main raw materials, the cost pressure was effectively relieved, resulting in a favorable cost price difference. In summary, the gross profit this year increased by NT$750,982 thousand.			

III. Cash Flows

Unit: NT$ thousands

Year	Beginning cash balance	Annual net cash flow from operating activities	Annual net cash flow from investing activities	Annual net cash flow from financing activities	Effect of exchange rate changes	Cash surplus (deficit)	Remedial measures for cash deficit
2019	1,134,203	498,621	(1,162,465)	479,045	(10,788)	938,616	N/A

1. Analysis of changes in cash flow during the year
   (1) Operating activities: The net cash inflow from operating activities was NT$498,621 thousand, which was mainly caused by the increase in annual profit.
   (2) Investing activities: The net cash outflow from investment activities was NT$1,162,465 thousand, which was mainly caused by the increase in long-term equity investments accounted for using the equity method.
   (3) Financing activities: The net cash inflow from financing activities was NT$479,045 thousand which was mainly caused by the increase in bank loans.
2. Remedy for cash shortage and liquidity analysis: Not applicable.
3. Cash liquidity analysis for the following year:

Unit: NT$ thousands

Beginning cash balance	Estimated net cash flow from operating activities in the entire year	Estimated other cash inflows (outflows) during the year	Estimated balance of cash surplus (deficit)	Remedial measures for cash deficit
938,616	1,479,000	(1,276,000)	1,141,616	N/A

IV. Impact of major capital expenditures on financial operations in the most recent year: None.

V. Investment policy in the most recent year, main reasons for its profit or loss, improvement plans and investment plan for the coming year:

(I) Investments whose amounts exceed five (5) percent of paid-in capital at the end of 2019:

Explanation / Item	Amount (NT$ thousands)	Policy	Main reasons for profit or loss	Improvement plan	Other future investment plans
USI Corporation	1,403,776	Steady cash dividends	Stable performance	None	-
CTCI Corporation	550,397	Diversification investment	The overall performance has grown steadily, so it remains profitable	None	-
Ever Conqueat Global Ltd	4,265,335	Investment in petrochemicals	Construction period	None	-
China General Plastics Corporation	665,776	Diversification investment	The overall performance has grown steadily, so it remains profitable	None	-

(II) Investment plans for the following year:

1. The Company will invest indirectly in the Gulei Petrochemical project located in Zhangzhou City, Fujian in China via investment by a company established in a third region, in order to produce petrochemical-related products, downstream deep processing equipment and packages for public projects. The amount of investment in this project will not exceed NT$6 billion, which will be invested gradually from year to year upon approval by the competent authority.
2. To ensure sufficient supplies of ethylene materials, the Company plans to invest NT$1.02 billion in the construction of an ethylene storage tank and underground ethylene pipelines.

VI. Risk Analysis and Assessment

Risk Management Organizational Structure

Key risk assessment items	Execution and responsible units	Supervision unit
(I) Impact of interest rates and exchange rate fluctuations, as well as inflation on the Company's profit and loss, as well as future response measures	Finance Division	Auditing Office
(II) Policies on Engaging in High-risk and High-leverage Investments, Provision of Loans to Others, Making of Guarantees and Endorsements, and Derivatives Trading, Major Reasons for Profit or Loss, and Future Response Measures		
(III) Future R&D Projects and R&D Expenditures to Be Invested	Linyuan Research and Development Division	
(IV) Impact of Changes in Local and Overseas Policies and Laws on the Company's Financial Operations, and Response Measures	Finance Division/Legal Division/Business Department	
(V) Impact of Changes in Technology and Industry on the Company's Financial Operations, and Response Measures	Information Systems Division/Business Department	
(VI) Impact of Changes in Corporate Image on the Company's Risk Management, and Response Measures	Human Resources Division	
(VII) Expected Benefits and Possible Risks of Mergers and Acquisitions, and Response Measures	Finance Division	
(VIII) Expected Benefits and Possible Risks of Plant Expansion, and Response Measures	Linyuan Plant	
(IX) Risks Caused by Concentration of Purchases and Sales, and Response Measures	Procurement and Logistics Division/Business Department	
(X) Impact and risks resulted from major equity transfer or replacement of Directors, Supervisors, or shareholders holding more than 10% of the Company's shares, and related response measures	Finance Division	
(XI) Impact and Risks Arising from Any Changes in Management Control over the Company, and Response Measures	Board of Directors	
(XII) For Any Litigious or Non-litigious Matters, the Company and Its Directors, Supervisors, General Managers, Persons with Actual Responsibility in the Company, and Major Shareholders Holding More than 10% of the Company's Shares Shall Be Disclosed. If There Has Been Any Substantial Impact upon Shareholders' Equity or Prices for the Company's Securities as a Result of Any Litigation, Non-litigious Proceeding, or Administrative Dispute Involving the Company that Has Been Finalized or Has Remained Pending, the Facts in Dispute, Amount in Dispute, Commencement Date, Main Parties Involved, and Current Status of the Case as of the Date of Publication of the Annual Report Shall Be Disclosed	Legal Division	
(XIII) Other important risks, and mitigation measures being or to be taken	Information Department / CSR Committee	

Risk Management Policy

(I) Impacts of fluctuations in interest rates and foreign exchange rates and inflation on the Company's profitability and future response measures:

1. Interest rate: In order to replenish working capital and avoid the risk of rising interest rates, the Company entered into a 3-year medium-term loan contract with O-Bank in 2017 with floating interest rates. In 2018, the Company entered into a three-year medium-term loan contract worth NT$500 million with First Commercial Bank with floating interest rates; entered into a 3-year medium-term loan contract worth NT$300 million with E. SUN Commercial Bank with floating interest rates; entered into a 3-year medium-term loan contract worth NT$500 million with Yuanta Commercial Bank with floating interest rates; entered into a three-year medium-term comprehensive limit contract worth NT$450 million with Shin Kong Bank with floating interest rates; entered into a 3-year medium-term loan contract worth NT$400 million with KGI Bank with floating interest rates. In 2019, the Company entered into a three-year medium-term loan contract worth NT$500 million with Chang Hwa Bank with floating interest rates; entered into a three-year medium-term loan contract worth NT$500 million with Bank SinoPac with floating interest rates; entered into a three-year medium-term loan contract worth NT$500 million with Taipei Fubon Bank with floating interest rates; entered into a three-year medium-term loan contract worth NT$300 million with Far Easter International Bank with floating interest rates; entered into a three-year medium-term loan contract worth NT$500 million with Taishin International Bank with floating interest rates; entered into a three-year medium-term loan contract worth NT$500 million with Hua Nan Bank with floating interest rates; entered into a three-year medium-term loan contract worth NT$500 million with Entie Commercial Bank with floating interest rates. In addition, the Company entered into a three-year medium-term loan contract worth NT$300 million with Bank of China, Taipei Branch, with floating interest rates. The Company will choose the appropriate time to undertake IRS to avoid the risk of rising interest rates.

   For short-term loans, the Company conducted flexible adjustments to take out short-term bank loans or issue commercial papers to reduce the overall funding cost.

2. The current strategy of the Company is to apply excess funds to a diverse range of investments below, so that it not only mitigates the risk of interest rate fluctuation, but also contributes to the profitability of the Company:
   1.1 Monetary fund beneficiary certificates: The investment amount is approximately NT$2,219,701 thousand, and the return on investment rate is around 0.53%.
   1.2 REITs (Domestic Real Estate Investment Trust): The average investment amount is approximately NT$68,132 thousand. It generates a fixed yield of approximately 4.03%, which is better than the long-term government bond yield.
   1.3 Stocks with better yields: The amount of investment is roughly NT$324,858 thousand.
3. Exchange rates: At present, there are many variables in foreign exchange, with 100% of the Company's net position as a hedge against the risk of exchange rate fluctuations.
4. Inflation: No material impact.
   3.1 Some countries (including Taiwan) have not experienced significant inflation. The current inflation level is moderate.
   3.2 The main cost of the Company is the cost of raw materials. Product price move in the same direction as the raw material cost.

(II) Policies on engaging in high-risk and high-leverage investments, provision of loans to others, making guarantees and endorsements, as well as derivatives trading, major reasons for profits and losses, as well as future response measures:

1. Engaging in high-risk and high-leverage investments, and provision of loans to others
   The Company’s “Procedures for Acquisition and Disposition of Assets” stipulates that it does not engage in high-risk, highly-leveraged investments. There is also the “Procedures for Lending Funds to Others”. However, this operation has not yet been carried out.
2. Endorsement/Guarantee: Proceed in accordance with the Company’s "Endorsement and Guarantee Procedures." However, this operation has not yet been carried out.
3. Derivatives trading: The Company engages in derivatives trading for the purpose of avoiding risks. Trading instruments are primarily selected with the aim of avoiding risks arising from the business operations of the Company. The counterparties for hedging transactions are reputable financial institutions in response to the Company’s business needs to avoid credit risks.

3.1 Hedging transactions: Forward foreign exchange contracts are used mainly to hedge the currency fluctuations in existing or future transactions. The Company does not engage in speculative trading.

(III) Future R&D projects and R&D expenditure to be invested:

1. Future R&D Plan: The Linyuan Research and Development Division is in charge of planning and execution.
   - Plastic particle crusher renewal
   - MI analyzer renewal
   - Installation of one high-temperature microwave muffle furnace and one VA cracking furnace project
   - Process equipment renewal.
2. Estimated R&D expenses: A total of approximately NT$27,255 thousand.

(IV) Changes to local and overseas policies and laws that impact the company's financial operations and response measures:

1. Impacts of changes in major domestic and overseas policies and regulations on Company's finance and business within the most recent year up to the publication date of this report are not significant.
2. Countermeasures:
   The Company has established the Legal Division to assess legal risks and formulate countermeasures, review important contracts in advance and provide legal advance to handle legal affairs where necessary. In addition, the Accounting Division evaluates the impacts of changes in accounting and tax-related laws and regulations on the financial operations of the Company at all times and come up with action plans. It would discuss with CPAs to make prior planning for the relevant changes.

(V) Impact of Changes in Technology and Industry on Corporate Finance and Business, and Response Measures:

1. Introducing a BI sales management reporting system, providing consistent indicator data and management report definition for the whole company, and integrating the Company's operation and target management reports, so that senior managers can obtain relevant information at any time, to improve the overall operation and management efficiency of the Company.
2. Introducing a mobile inspection round system at the Linyuan Plant and updating the inspection round system and equipment for

employees to maintain inspection records and verifying them accordingly, which is of great help to the safety of the operating environment of the plant and to the control of the status of production equipment.

3. Introducing an electronic system for petty cash and payment application to simplify the application procedures for employees, avoid manual approval process, and facilitate supervisor approval anytime and anywhere, making the payment process more streamlined and increasing administrative efficiency.
4. In addition to the introduction of the aforementioned systems, the Company is committed to developing artificial intelligence (AI), big data analytics, and Industry 4.0 to provide references in the decision-making for the Company's production, quality control, and sales so as to strengthen the Company's competitiveness.
5. Promote social engineering exercises to enhance employees' awareness of information security for the purpose of maintaining information security and protecting information from foreign intrusion.

(VI) Changes to corporate image that impact the company’s risk management and response measures:

The Company always upholds the principles of professionalism and integrity. The Company pays close attention to corporate governance and fulfill corporate social responsibility. Therefore, there is no foreseeable risk associated with changes in corporate image.

(VII) Expected benefits and possible risks of mergers and response measures:

The Company does not carry out mergers and acquisitions.

(VIII) Expected benefits and possible risks of expanding factory buildings and response risks:

Construction of ethylene storage tanks and underground pipelines

Expected benefits: Ensuring sufficient ethylene raw material supply to maintain stable production and to enhance the connection with existing customers.

Possible risk: Increased supply may make product price decrease.

Response measures: Developing high-quality and niche products to avoid price competition.

(IX) Risks resulting from consolidation of purchasing or sales operations and response measures:

Purchases: The Company purchases more than 50% of the Company’s overall ethylene from CPC Corporation, Taiwan. However, we signed a contract with CPC to ensure the supply of ethylene. Shortages may be supplemented by imports of CPC or the Company.

Sales: Most of our customers are SMEs, so there is no concentration risk.

(X) Impact and risks resulted from major equity transfer or replacement of Directors, Supervisors, or shareholders holding more than 10% of the Company's shares, and related response measures:

There was no major exchange or transfer of shares by directors, supervisors or shareholders with over 10% of shares in the Company as at the date of publication of the report. Thus, there was no impact on the Company's operation.

(XI) Impact, risk, and response measures related to any change in governance rights in the Company:

1. Implementation and responsible unit: Board of Directors.
2. There has not been any changes in management rights within the last year, up to the publication date of this annual report.

(XII) For any litigious or non-litigious matters, the Company and its Directors, Supervisors, General Managers, person with actual responsibility in the Company, and major shareholders holding more than 10% of the Company's shares, shall be disclosed. If there has been any substantial impact upon shareholders' equity or prices for the Company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the Company that has been finalized or has remained pending during the most recent two fiscal years or during the current fiscal year up to the publication date of this annual report, the report shall disclose the facts in dispute, amount in dispute, commencement date, main parties involved, and current status of the case as of the publication date of this annual report:

1. Executive and responsible unit: Legal Division
2. Concluded or pending litigious, non-litigious or administrative litigation event in the most recent year and as of the date of report:
   (1) The Company: None.
   (2) Directors, Supervisors, General Managers, persons with actual responsibility in the Company, and major shareholders holding more than 10% of the Company's shares: None.
   (3) Investee companies using equity method:
   With regard to the gas explosions in the evening on July 31, 2014, where the Company’s investee company accounted for using the equity method China General Terminal & Distribution Corporation (CGTD) was contracted by LCY Chemical Corp.

(LCY) to operate the propene pipelines, the second-instance judgment was announced on April 24, 2020, and all three of CGTD's employees were acquitted.

CGTD reached an agreement with Kaohsiung City Government on February 12, 2015 and pledged a term deposit NT$227,351 thousand (including interest) to the Government as a guarantee for losses caused by the gas explosions. Kaohsiung City Government has also filed civil lawsuits against LCY, CGTD and CPC Corporation. Taiwan Power Company applied to the court to execute provisional attachments on the assets of CGTD on August 27, 2015 and November 26, 2015, respectively. On the other hand, Taiwan Water Corporation applied to the court to execute provisional attachments on the assets of CGTD on February 3, 2017 and March 2, 2017, respectively. As of April 30, 2020, the value of the seized property of CGTD is around NT$146,706 thousand.

For the deceased who were killed in the gas explosion, CGTD, LCY, and the Kaohsiung City Government signed a tripartite agreement on July 17, 2015 agreeing to negotiate the compensation first with the 32 deceased's successors and persons entitled to the claims (hereinafter, “family of the deceased”). Each family was entitled to NT$12 million and the total compensation was NT$384 million. LCY paid the compensation first and also represented the three parties in the settlement negotiation and the signing of settlement agreements with the family of the deceased.

For the severely injured, CGTD, LCY, and the Kaohsiung City Government signed a tripartite agreement for severe injuries on October 25, 2017 agreeing to negotiate the compensation first with the 65 severely injured victims. The compensation was first paid by CGTD and Kaohsiung City Government. CGTD also represented the three parties in negotiating settlements with victims who suffered from severe injuries in the incident. It has signed settlement agreements with the 64 severely injured victims.

As of April 30, 2020, there have been civil (including civil claims on top of criminal claims) claims against LCY, CGTD, and CPC from individuals who suffered damage from the Kaohsiung gas explosions, victims, and their relatives. CGTD has reached settlement on the original claim of NT$26,890 thousand in an effort to reduce litigation expenses. The settlement amount was NT$4,019 thousand. The total amount including the compensation paid to the deceased and severely injured specified in the preceding paragraph is approximately NT$3,876,234 thousand. Some of the civil cases above (the amount of compensation requested is around NT$1,199,809 thousand) The judgement of first instance has been finalized successively since June 22, 2018, and in most of the cases, it has determined that the proportion of fault liability of the Kaohsiung City Government, LCY, to CGTD is 4: 3: 3. CGTD, LCY, and other defendants shall pay an amount of approximately NT$390,304 thousand (of which NT$6,194 thousand shall be exempted from the compensation liability for CGTD according to the court's judgment). For the civil cases in which sentence has been pronounced but not settled, CGTD has filed an appeal and has successively proceeded to the second-instance procedure. CGTD and its insurance company signed a settlement agreement, covering the proportion of the liability for negligence determined in the first-instance judgment, the estimated amount of the settlement with the victims and the severely injured, and the amount of compensation in civil cases (including cases that have been settled); after the upper limit of insurance claims is deducted, the estimated amount that should be borne by CGTD and has been recognized is NT$136,375 thousand. However, the actual amount of the aforementioned relevant settlements and compensation will not be confirmed until the proportion of the liabilities that should be borne by CGTD is determined in the civil case judgment in the future.

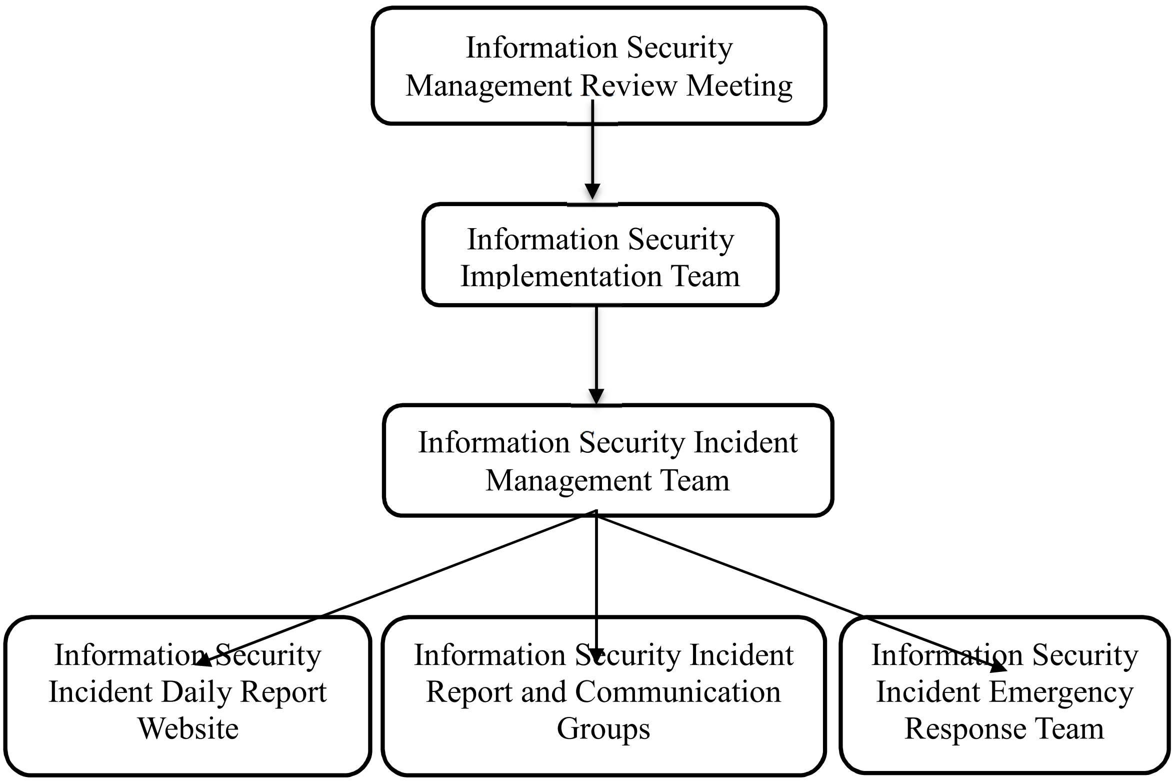
(XIII) Other material risks and responsive measures:

1. Information security risk management, policy, and management plans:

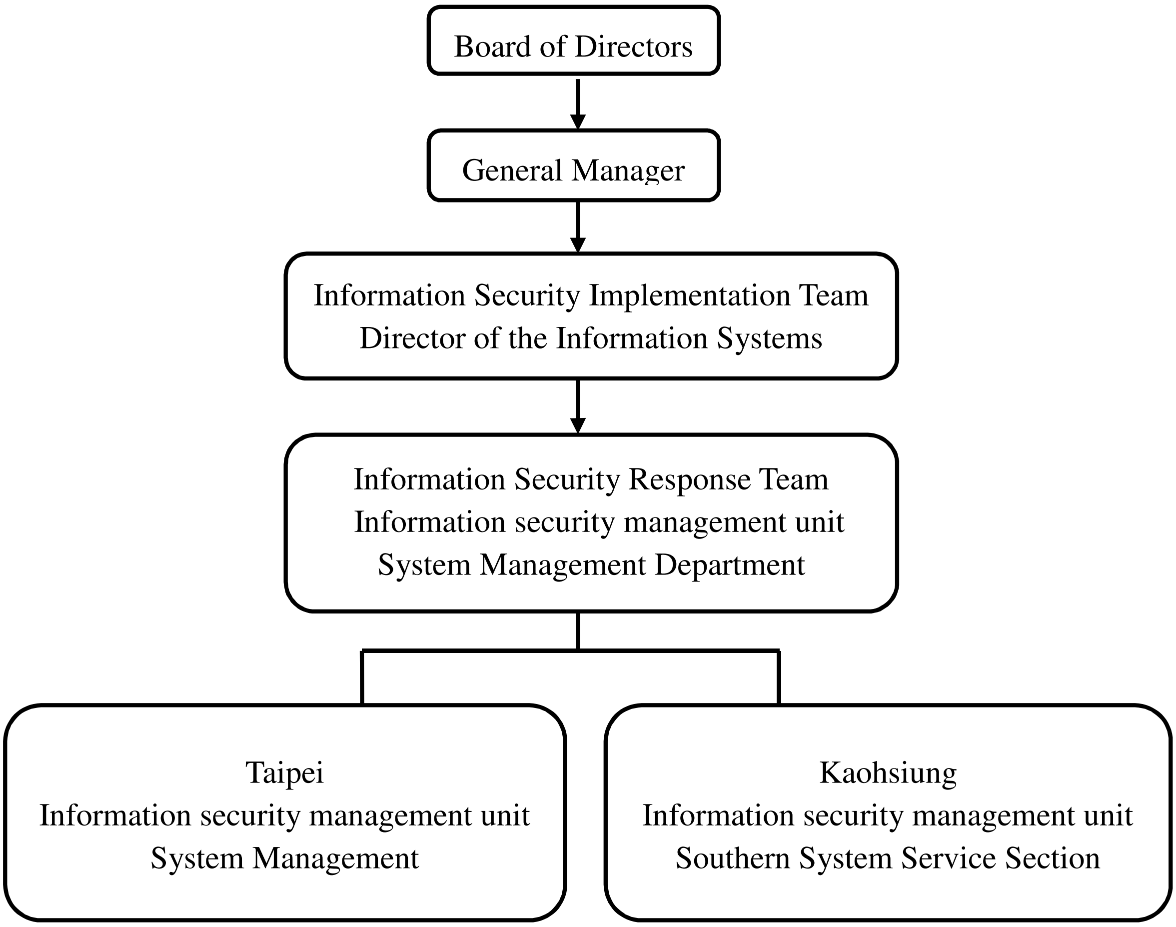
(1) Information security risk management framework

Information security management system:

To improve the information security management, the Company has introduced ISO 27001 and obtained the certificate since 2014. According to the standards of ISO 27001, the Company holds the "Information Security Management Review Meeting" every year to improve the information security across the group. The meeting decides on the six input items (implementation of past proposals, changes in internal and external issues relating to the information security management system, information security performance feedback, feedback from parties concerned, risk assessment results and implementation of risk management plans, and continuous improvement) and resolves on the two output items (decisions on continuous improvement and need of changes in the information security management system) to confirm whether the objectives of the information security management system are achieved. We established the "Information Security Implementation Team" in accordance with the regulations defined in the "Information Security Implementation Organization Regulations" in the Company's internal standard operating procedures to supervise the implementation status of information security management of the Group and clarify the roles and duties of various organizations. The Team convenes one regular meeting each year and meetings can be organized immediately in the event of material information security incidents of the Group. The Director of the Information Technology Department serves as the convener of the Team and takes charge of the meetings of the Information Security Implementation Team as well as decisions and arbitration of opinions in the meetings. The supervisors of units under the jurisdiction of the Information Technology Department are members of the Team. In the event of a material information security incident, the Director of the Information Technology Department shall report to the General Manager or heads of related departments.



Operations of the Information Security Implementation Team:



Responsibilities:

(1) Establish the information security risk management framework and information security policies

(2) Conduct information security risk assessments and analyses

(3) Information security maintenance and execution

(4) Verification of the effectiveness of information security operations

The Information Technology Department established related policies, plans, governance, supervision, and execution methods in accordance with ISO 27001 regulations to ensure the Group's information security protection capabilities and strengthen employees' information security awareness.

(2) Specific management measures for information security management

a. Internal audit is conducted by the Company's auditing department on a regular basis, while for external audit, BSI, an internationally renowned certification company, is recruited to preform audit of ISO 27001 certification every year. After obtaining the ISO 27001 certificate from BSI in July 2014, the Company have passed BSI information security system reviews for five consecutive years. In addition to reviewing the information security risk assessment management framework, we also provide assistance and prevention measures for internal and external issues and conduct information security risk assessments and analyses.

b. In order to strengthen information security management and prevent the occurrence of hacker invasion or data leakage, the Company provides information personnel with information security education for four hours every year, and commissions an external professional information security consulting firm to conduct information security check, and provide appropriate data protection in line with relevant data protection norms.

c. At least twice a year, the Company entrusts an external professional security consulting company to carry out social engineering drills, so as to effectively enhance employees' awareness of security, protect data from external intrusion and tampering.

d. For the operating system of the server host and other equipment, the Company entrusts an external professional security consulting company to conduct a vulnerability scan every year to identify potential risks for system correction or propose compensatory measures.

e. In order to protect personal data, since 2017, the Company has successively covered and restricted the relevant information fields of personal data in various information application systems and provided appropriate protection. We have also applied related measures in response to requirements in the General Data Protection Regulation (GDPR) of the European Union.

f. We established secure transaction platforms and introduced Secure Sockets Layer (SSL) to allow customers and suppliers to log into the platform to query and download related transaction documents to prevent mail interception and business email compromise frauds derived from altered transaction documents. We improved the companies' security in external transactions and reduced the possibility of frauds against customers and suppliers who have low information security protection. We converted the connection method of the Company's official website from http to https to improve the security of the general public's access to our official website.

(3) Establishment of the information security policy
The three major factors, namely information security governance, compliance of related regulations, and applications of technologies are taken into account

Information Security Policy		
Information security governance	• Ensure the continuous and stable operations of the information security management system. • Ensure the confidentiality, integrity, and availability of information and operations. • Control and prevent risks. • Optimizing management systems. • Establish a network framework the meets the highest information security standards and verify the reliability of network transmissions.	• Convene the ISMS Information Security Management Review Meeting to confirm whether the objectives of the information security management system are achieved. • Enhance employees' awareness of information security and information security training to ensure that information is well protected from foreign intrusion and leakage. • Conduct information security risk assessments for internal and external issues. • Review the information security framework design.
Compliance of related regulations	• Review regulations and amendments on a regular basis. • Establish up-to-date and appropriate information operating systems.	Regularly review and establish internal operation procedures and regulations to meet related domestic and foreign information security regulations.
Applications of technologies and tools	• Collect internal and external information of the Group. • Make good use of data analysis. • Forecast potential information security threats.	The Company establishes internal firewalls and network traffic monitoring; screen packages with information security concerns; analyze potential threats; prevent illegal intrusions, and prevent the direct exposure of internal network information.

The Company evaluates the amount of insurance policies and the selection of insurance companies (e.g. quotations, insurance underwriting conditions, and status of insurance approval and providing compensation for claims) for the information security insurance based on analyses of crisis management, loss of business revenue, additional fees, third-party liabilities, and fines and penalties. The Company continues to assess suitable information security insurance policies.

2. Continuing attention to global climate change issues:
Regarding the identification of climate change risks and response measures, detailed information of the implementation of social responsibility, as well as deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons, please refer to VII. Other for more information of the operation of corporate social responsibility.

VII. Other important items: The Company's key performance indicators

(I) Operating hour without accidents: The Company's Linyuan Plant is a high-temperature and high-pressure production environment, so it puts great emphasis on occupational safety, health, and environmental protection. As of December 31, 2019, the cumulative operating hours without accidents was 3,936,987 hours.

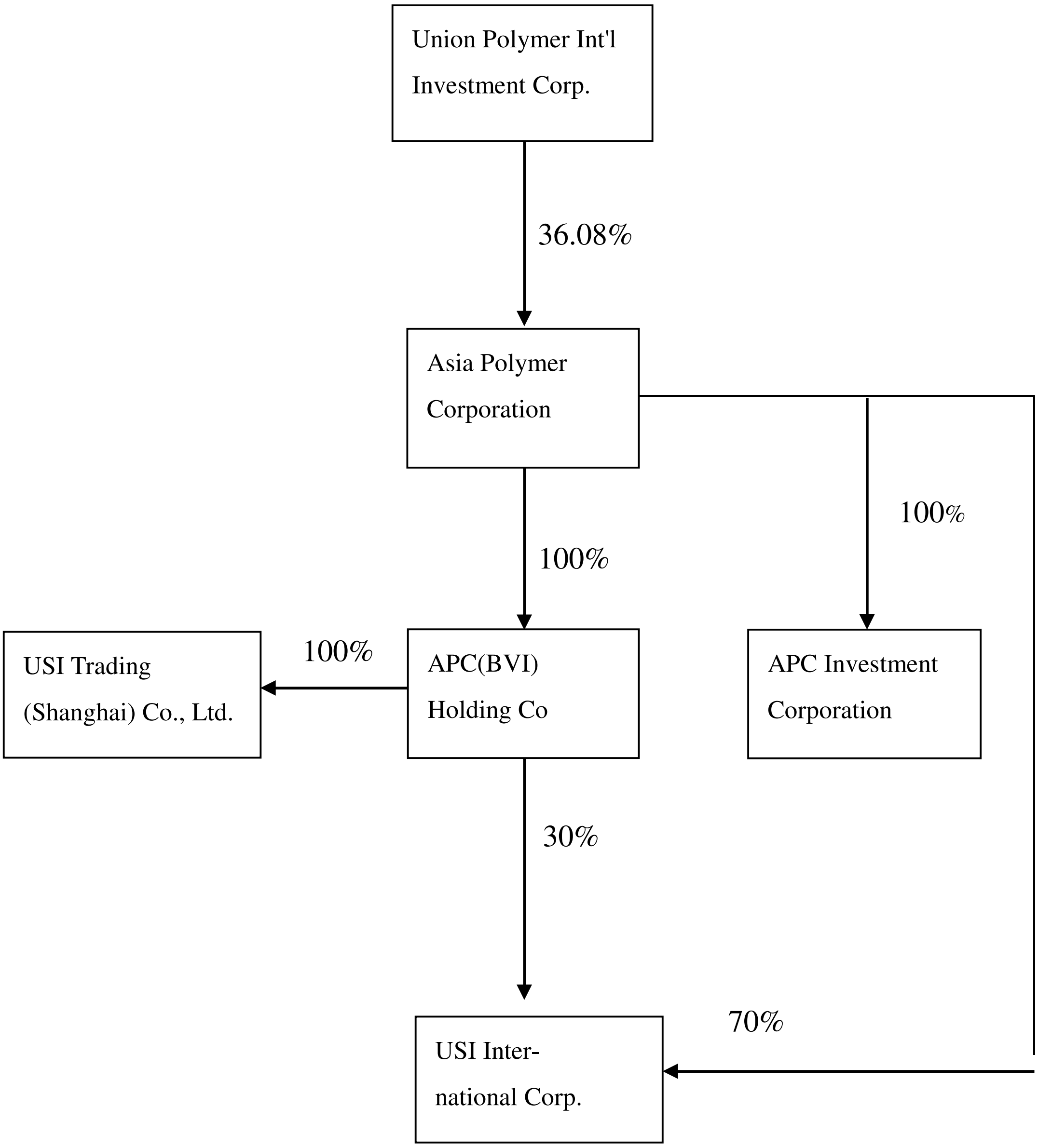
(II) Operating rate of equipment: Except for maintenance and repair or downtime due to power failure of Taipower, the equipment operates normally. The equipment operating rate was 96.37% in 2019.

Chapter 8 Special Notes

I. Information on Affiliated Companies

(I) Consolidated Business Report of Affiliated Companies

1. Organizational Structure of Affiliated Companies



2. Basic information on affiliates

Unit: NT$ thousands

Name of Company	Date of Incorporation	Address	Paid-in Capital	Major Business or Production Items
APC (BVI) Holding Co., Ltd.	April 10, 1997	Citco Building,Wickham Cay, P.O.Box 662,Road Town, Tortola,British Virgin Islands	340,051	Reinvestment
USI International Corporation	September 20, 2002	TrustNet Chambers, P.O.Box3444,Road Town,Tortola, British Virgin Islands	119,920	Investment
APC Investment Corporation	December 20, 2007	10F, No. 39, Jihu Road, Neihu District, Taipei City	200,000	Investment
USI Trading (Shanghai) Co., Ltd.	March 13, 2006	6A, Yinglong Building, No.1358, Yan'an West Road, Shanghai 200052, P.R.C.	74,950	Sales of chemical products and equipment, etc.

3. Information of shareholders with corporate governance power while working in the Company: None.

4. Business of affiliates and their relationships

Industry	Name of Affiliated Company	Business relationship with other affiliates
Holding company	APC (BVI) Holding Co., Ltd.	None
Investment	USI International Corporation	None
Investment	APC Investment Corporation	None
Trading	USI Trading (Shanghai) Co., Ltd.	Purchases from APC

5. Information on Directors, Supervisors, and General Managers of Affiliated Companies

Unit: NT$ thousands; shares; %

Name of Company	Title	Name or Representative	Number of Shares Held in Person/Shareholding Percentage	Number of shares held by juristic persons represented/shareholding percentage
APC (BVI) Holding Co., Ltd.	Director	Wu, Quintin	0/0%	—
	Director	Wu, Pei-Chi	0/0%	
	Director	Ko, I-Shao	0/0%	
	Director	Chen-Tu Liu	0/0%	
USI International Corporation.	Director	Wu, Quintin	0/0%	—
	Director	Wu, Pei-Chi	0/0%	
	Director	Chen-Tu Liu	0/0%	
	Director	Ya-I Huang	0/0%	
APC Investment	Chairman	Quintin Wu (representative of Asia Polymer Corporation)	0/0%	20,000,000/100

Name of Company	Title	Name or Representative	Number of Shares Held in Person/Shareholding Percentage	Number of shares held by juristic persons represented/shareholding percentage
Corporation	Director	Wu, Pei-Chi (representative of Asia Polymer Corporation)	0/0%	
	Director	Huang, Ya-I (representative of Asia Polymer Corporation)	0/0%	
	Supervisor	Liu, Chen-Tu (representative of Asia Polymer Corporation)	0/0%	
	General Manager	Ya-I Huang	0/0%	—
USI Trading (Shanghai) Co., Ltd.	Chairperson and General Manager	Wu, Pei-Chi (appointed by APC (BVI) Holding Co., Ltd.)	0/0%	US$2,500,000/100
	Vice Chairman	Wu, Chiao-Feng (appointed by APC (BVI) Holding Co., Ltd.)	0/0%	
	Director	Wang, Ko-Shun (appointed by APC (BVI) Holding Co., Ltd.)	0/0%	
	Director	Wu, Ming-Tsung (appointed by APC (BVI) Holding Co., Ltd.)	0/0%	
	Supervisor	Huang, Yung-Hui (appointed by APC (BVI) Holding Co., Ltd.)	0/0%	

6. Operating Status of Affiliated Companies

Unit: NT$ thousands

Name of Company	Capital Contribution	Total assets	Total Liabilities	Net Value	Operating Revenue	Operating (loss) gain	Net income (loss) (after tax) for the current period	Earnings per share (NT$) (after tax)
APC (BVI) Holding Co., Ltd.	340,051	491,974	0	491,974	0	(257)	5,658	0.50
USI International Corporation.	119,920	192,996	3,364	189,632	0	(1,892)	8,490	2.12
APC Investment Corporation	200,000	109,408	14,172	95,236	0	(441)	(1,588)	(0.08)
USI Trading (Shanghai) Co., Ltd.	74,950	191,527	84,678	106,849	327,201	17,270	11,336	-

(II) Consolidated Financial Statements of Affiliated Companies

Statement of Consolidated Financial Statements of Affiliated Companies

The entities that are required to be included in the consolidated financial statements of the Company in 2019 (January 1st, 2019 to December 31st, 2019) under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, the Company did not prepare a separate set of combined financial statements.

Company name: Asia Polymer Corporation

Chairman: Wu, Quintin

March 5, 2020

(III) Affiliation Report

1. Declaration of affiliation report

The Company's 2019 (from January 1 to December 31, 2019) affiliation report is compiled in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" and there was no material inconsistency between the information disclosed in the affiliation report and the one disclosed in the notes to financial statements for the same period.

Company name: Asia Polymer Corporation

Chairman: Wu, Quintin

March 5, 2020

2. Independent auditor's opinion on affiliation report

Chin Shen 10904179 dated April 30, 2020

Attn: Asia Polymer Corporation

Subject: We express our opinions on Asia Polymer Corporation’s 2019 declaration of affiliation report that it does not contain any material inconsistency.

Explanation:

I. The Company's affiliation reports for the fiscal year of 2019 (from January 1, 2019 to December 31, 2019) was prepared in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," and the disclosed information is not materially inconsistent with the information disclosed in the notes to the financial statements in the above-mentioned period. The declaration is as in the attachment.

II. We had audited the affiliation report in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” and compared it with the information disclosed in the notes to the 2019 financial statements of the Company. We did not identify any material inconsistency in the above-mentioned declaration.

Deloitte, Taiwan

CPA Chiu, Cheng-Chun

邱政俊

CPA Huang, Hsiu-Chun

黃秀椿

3. Overview of Relationships between Affiliated Companies and Controlling Companies

Unit: Share; %

Name of Controlling Company	Reason for Control	Shares Held and Pledged by Controlling Company			Directors, Supervisors or managerial officers appointed by the controlling company	
		Number of Shares Held	Percentage of Shares Held	Number of Shares Pledged	Title	Name
Shing Lee Enterprise (Hong Kong) Limited	The major shareholder and representative of USI was elected as chairman	0	0	0	None	
USI Corporation	The parent company of the major shareholder (Union Polymer Int'l Investment Corp.) and the same chairman	0	0	0	None	
Union Polymer Int'l Investment Corp.	Major shareholder with more than half of the director seats	200,042,785	36.08%	0	Chairman Director Director Director Director	Wu, Quintin Li, Kuo-Hung Wu, Pei-Chi Liu, Chen-Tu Wu, Hung-Chu

4. Purchase and sales transactions

Units: NT$ thousands; %

Name of Controlling Company	Transaction with Controlling Company				Transaction Terms with Controlling Company		Normal Transaction Terms		Reason for Difference	Accounts and Notes Receivable (Payable)		Overdue Accounts Receivable			Notes
	Purchases (Sales)	Amount	Percentage of Total Purchases (Sales)	Sales Margin	Unit Price (NT$)	Payment Terms	Unit Price (NT$)	Payment Terms		Balance	Percentage to total accounts/notes receivables	Amount	Action Taken	Allowance for Doubtful Accounts	
USI Corporation	Sales	842,692	12.41%	128,716	40~55	60 days	33~66	30-90 days	None	147,057	19.60%	0	None	0	–
	Purchases	153,099	3.88%	–	25~29	30 days	25~31	30 days	None	12,940	6.93%	–	–	–	–

5. Property transactions: None

6. Financing: None.

7. Lease of assets

Unit: NT$ thousands

Name of Controlling Company	Type of Transaction	Subject		Lease Term	Nature of Lease	Basis for Determining Rent	Payment method	Comparison with General Rent Levels	Total Rent for the Year	Collection status for the current period	Other Agreements
		Name	Location								
USI Corporation	Lessor	Office and parking spaces	9th and 10th Floor, No. 37, Jihu Road, Taipei City	2019.1.1-2019.12.31	Operating lease	Market price	Monthly payment	Comparable	2,825	Normal	None
	Lessee	Office and parking spaces	12F, No. 37, Jihu Road, Taipei City, Taiwan	2019.1.1-2019.12.31	Operating lease	Market price	Monthly payment	Comparable	2,424	Normal	None
Union Polymer Int'l Investment Corp.	Lessor	Office	10th Floor, No. 37, Jihu Road, Taipei City	2019.1.1-2019.12.31	Operating lease	Market price	Monthly payment	Comparable	176	Normal	None

8. Endorsements and Guarantees: None.

II. Private placement of securities within the most recent year up to the publication date of this report: None.

III. Holding or disposal of the Company's shares by subsidiaries within the most recent year up to the publication date of this report: None.

IV. Other necessary supplementary notes to be included: None.

V. Any Event which has a Material Impact on Shareholders' Rights and Interests or the Company's Securities as Prescribed in Subparagraph 2, Paragraph 2, Article 36 of the Securities and Exchange Act, that Have Occurred in the Most Recent Fiscal Year up to the Publication Date of this Annual Report Shall be Indicated Individually:

The previous General Manager Mr. Li, Kuo-Hung retired on March 26, 2019 and the Board of Directors resolved to appoint Mr. Wu, Pei-Chi to take over as General Manager.

Asia Polymer Corporation

Chairman: Wu, Quintin