Asia Polymer Corporation and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2019 and 2018 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the combined financial statements of Asia Polymer Corporation as of and for the year ended December 31, 2019, under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standard 10, "Consolidated Financial Statements". In addition, the information required to be disclosed in the combined financial statements of affiliates is included in the consolidated financial statements of Asia Polymer Corporation and Subsidiaries. Consequently, we do not prepare a separate set of combined financial statements of affiliates.

Very truly yours,

ASIA POLYMER CORPORATION

By:

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YI-GUI WU
Chairman

March 5, 2020

Deloitte.

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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

<u>*Notice to Readers*</u>

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)

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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)									
	Share Capital			Retained Earnings			Other Equity			
	Shares (In Thousands)	Ordinary Shares	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	-	-	(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

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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)

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.

<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 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

<u>2019</u>

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.

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 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	December 31 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	December 31 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	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	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 Comprehensive 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 Comprehen-sive 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	Financial Assets at FVTOCI Equity Instruments
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	Financial Assets at FVTOCI Equity Instruments
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.

<u>Sensitivity analysis</u>

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

	For the Year Ended December 31	
Related Party Category/Name	**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

	For the Year Ended December 31	
Related Party Category/Name	**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)

	For the Year Ended December 31	
Related Party Category/Name	**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		Non-current Assets	
	For the Year Ended December 31		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)

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.

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.

TABLE 6

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.

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.