

USI CORPORATION

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

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Independent Auditors' Report

To the Board of Directors of USI Corporation

Audit Opinion

We have audited the accompanying balance sheets of USI Corporation (the "Company") as of the years ended December 31, 2020 and 2019, and the Accompanying Statements of Comprehensive Income, Accompanying Statements of Changes in Equity, Accompanying Statements of Cash Flows and Notes to the accompanying Financial Statements (including the Summary of Significant Accounting Policies) for the months from January 1 to December 31 of 2020 and 2019.

The accountant opinions are that the preparations of significant issues of the accompanying financial statements are made in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. They fairly present the accompanying financial conditions for the and December 31 of 2020 and 2019 of USI Corporation and the accompanying financial performance and accompanying cash flows for the months from January 1 to December 31 of 2020 and of 2019.

Basis for audit opinion

For the accompanying financial statements for the year ended December 31, 2020, the audit was conducted in accordance with the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards. For the year ended December 31, 2019, We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by

the Financial Supervisory Commission of the Republic of China on February 25, 2020 and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant, and keep independent of USI Corporation. 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 for USI Corporation in our audit of the accompanying financial statements for the year 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the audit of the Company's the accompanying financial statements for the year ended December 31, 2020 is as follows.

Assessment of inventory write-down

As of December 31, 2020, the inventory nets of the Company are NT\$776,109 (The total inventory costs NT\$812,549 deducting the allowance for inventory write-down NT\$36,440). They account for 2% of total assets of the accompanying Financial Statements assets. The inventory of the Company is measured by adopting the lower between costs and net realisable value. The inventory valuation is affected by the price fluctuation of main raw material ethylene, and international oil price fluctuates strongly. Besides, the related assessment of inventory net realisable value involves the critical judgements and assessment of the

management. Therefore, the assessment of inventory write-down is deemed as the year's key audit matter.

Please refer to the accompanying Financial Statements Note 4 (5), 5 (1) and 11 for the accounting policies, critical accounting judgment and estimation uncertainty and relevant disclosure information related to the assessment of inventory write-down.

The following are the main audit processes audited by the accounts for the above assessment of inventory write-down:

1. Based on the understanding of the Company, assess the appropriateness of the counting and drawing policies and methods of inventory write down.
2. Obtain the assessment information compiled by the management about adopting the lower between inventory costs or net realisable value authority. Then, make sampling check the latest raw material quotation or the sales invoices, recalculating the net realisable value of inventory and assessing the basis and the reasonableness of the net realisable value estimated by the management.
3. Observe the year-end inventory taking and sample the products to understand the condition of inventory. Assess the reasonableness of the obsolescence inventory allowance for write-down.

Responsibilities of management and those charging with governance for the accompanying financial statements

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

In preparing the accompanying financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of

accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those in charge with the Company's governance (including the Audit Committee) are responsible for overseeing its financial reporting process.

Auditors' responsibilities for the audit of the accompanying financial statements

Our objectives are to obtain reasonable assurance about whether the accompanying financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 accompanying financial statements.

As part of an audit in accordance with 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 accompanying financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material

uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the accompanying 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We communicate with those in charge 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 a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, (and where applicable, related safeguards).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Year Ended December 31, 2020 the accompanying financial statements of the Company and are therefore the key audit matters. We describe these matters in our auditor's 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 Pi-Yu Chuang (Financial Supervisory Commission, Approval No. 1070323246) and Cheng-Hung Kuo (Securities and Futures Bureau, Approval No. 0920123784).

Deloitte& Touche
Taipei, Taiwan
Republic of China

Notice to Readers

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

March 22, 2021

USI CORPORATION
BALANCE SHEET
For the Years Ended December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars)

Code	Assets	For the Year Ended December 31, 2020		For the Year Ended December 31, 2019	
		Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 991,966	3	\$ 811,321	3
1110	Financial assets at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	2,096,700	7	2,173,322	7
1136	Financial assets measured at amortized cost - current (Notes 4, 9 and 31)	60,893	-	60,561	-
1150	Notes receivable, net (Notes 4 and 10)	64,154	-	73,926	-
1170	Accounts receivable, net (Notes 4 and 10)	1,364,308	4	1,229,356	4
1180	Accounts receivable, related parties (Notes 4, 10 and 30)	94,080	-	89,750	-
1200	Other receivables (Notes 4 and 10)	41,932	-	60,075	-
1210	Other receivables, related parties (Notes 4, 10 and 30)	220,189	1	332,962	1
130X	Inventories (Notes 4, 5 and 11)	776,109	2	1,049,295	3
1410	Prepayments	172,471	1	158,311	1
1470	Other current assets	<u>1</u>	-	<u>21</u>	-
11XX	Total current assets	<u>5,882,803</u>	<u>18</u>	<u>6,038,900</u>	<u>19</u>
	NON-CURRENT ASSETS				
1517	Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 4 and 8)	972,639	3	900,398	3
1550	Investments accounted for using the equity method (Notes 4, 12 and 33)	19,133,959	58	17,263,486	55
1600	Property, plant and equipment (Notes 4, 13 and 31)	6,473,623	20	6,609,957	21
1755	Right-of-use assets (Notes 4 and 14)	14,091	-	18,768	-
1760	Investment properties (Notes 4, 15 and 30)	186,758	1	213,844	1
1821	Other intangible assets (Notes 4 and 16)	155	-	333	-
1840	Deferred tax assets (Notes 4 and 25)	110,905	-	124,570	-
1990	Other non-current assets (Note 31)	<u>117,702</u>	-	<u>161,665</u>	<u>1</u>
15XX	Total non-current assets	<u>27,009,832</u>	<u>82</u>	<u>25,293,021</u>	<u>81</u>
1XXX	TOTAL	<u>\$ 32,892,635</u>	<u>100</u>	<u>\$ 31,331,921</u>	<u>100</u>
	Liabilities and Equity				
	CURRENT LIABILITIES				
2100	Short-term borrowings (Notes 17)	\$ 499,000	1	\$ 500,000	2
2120	Financial liabilities at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	11,522	-	1,807	-
2170	Notes payable and accounts payable (Note 19)	712,367	2	769,412	2
2180	Notes payable and accounts payable, related parties (Notes 19 and 30)	188,290	1	147,395	1
2200	Other accounts payable (Notes 20 and 24)	364,098	1	395,417	1
2220	Other accounts payable, related parties (Notes 20 and 30)	11,906	-	17,871	-
2230	Current tax liabilities (Notes 4 and 25)	196,426	1	172,500	1
2280	Lease liabilities - current (Notes 4 and 14)	30,974	-	30,732	-
2320	Current portion of long-term borrowings (Notes 18)	1,999,233	6	999,956	3
2399	Other current liabilities (Notes 23 and 30)	<u>76,012</u>	-	<u>67,069</u>	-
21XX	Total current liabilities	<u>4,089,828</u>	<u>12</u>	<u>3,102,159</u>	<u>10</u>
	NON-CURRENT LIABILITIES				
2530	Bonds payable (Note 18)	4,995,069	15	6,991,327	22
2540	Long-term borrowings (Notes 17 and 31)	2,300,000	7	1,950,000	6
2580	Lease liabilities - non-current (Notes 4 and 14)	146,523	1	177,517	1
2570	Deferred tax liabilities (Notes 4 and 25)	145,390	-	164,197	-
2640	Net defined benefit liabilities - non-current (Notes 4 and 21)	213,608	1	274,935	1
2650	Investments credits balances for using equity method (Notes 4 and 12)	-	-	576	-
2670	Other non-current liabilities	<u>11,439</u>	-	<u>11,737</u>	-
25XX	Total non-current liabilities	<u>7,812,029</u>	<u>24</u>	<u>9,570,259</u>	<u>30</u>
2XXX	Total liabilities	<u>11,901,857</u>	<u>36</u>	<u>12,672,418</u>	<u>40</u>
	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 8, 12, 21, 22, 25 and 29)				
3100	Share capital	11,887,635	36	11,887,635	38
3200	Capital surplus	321,798	1	271,613	1
	Retained earnings				
3310	Legal reserve	3,109,625	10	2,979,753	10
3320	Special reserve	781,059	2	430,526	1
3350	Unappropriated earnings	5,606,462	17	4,346,640	14
3300	Total retained earnings	<u>9,497,146</u>	<u>29</u>	<u>7,756,919</u>	<u>25</u>
3400	Other equity	(240,195)	(1)	(781,058)	(2)
3500	Treasury shares	(475,606)	(1)	(475,606)	(2)
31XX	Total equity attributable to owners of the Company	<u>20,990,778</u>	<u>64</u>	<u>18,659,503</u>	<u>60</u>
	Total liabilities and equity	<u>\$ 32,892,635</u>	<u>100</u>	<u>\$ 31,331,921</u>	<u>100</u>

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

USI CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
For the Years ENDED DECEMBER 31, 2020 and January 1 to December 2019

In Thousands of New Taiwan Dollars, Except for Earnings per Share

Code		For the Year Ended December 31, 2020		For the Year Ended December 31, 2019	
		Amount	%	Amount	%
4100	OPERATING REVENUE (Notes 4, 23 and 30)	\$ 10,172,220	100	\$ 10,966,471	100
5110	COST OF GOODS SOLD (Notes 4, 11, 13, 16, 21, 24 and 30)	8,664,406	85	9,584,497	88
5900	GROSS PROFIT	1,507,814	15	1,381,974	12
5910	The unrealized profits with the subsidiaries (Notes 4 and 30)	(1,247)	-	(842)	-
5920	The realized profit with the subsidiary (Notes 4 and 30)	842	-	1,035	-
5950	The realized gross profit	1,507,409	15	1,382,167	12
	OPERATING EXPENSES (Notes 4, 13, 14, 16, 21, 24 and 30)				
6100	Selling and marketing expenses	235,617	2	247,127	2
6200	General and administrative expenses	246,533	3	254,404	2
6300	Research and development expenses	116,819	1	177,916	2
6000	Total operating expenses	598,969	6	679,447	6
6900	PROFIT FROM OPERATIONS	908,440	9	702,720	6
	NON-OPERATING INCOME AND EXPENSES				
7100	Interest income (Notes 4 and 24)	6,604	-	15,978	-
7010	Other income (Notes 4, 8, 13, 24 and 30)	152,304	2	348,770	3
7020	Other gains and losses (Notes 4, 15, 24 and 30)	42,667	-	(22,752)	-
7050	Finance costs (Notes 4, 14, 17, 18 and 24)	(105,041)	(1)	(104,336)	(1)
7070	Share of profit or loss of subsidiaries accounted for using equity method (Notes 4 and 12)	1,555,348	15	518,637	5
7000	Total non-operating income and expenses	1,651,882	16	756,267	7
7900	PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	2,560,332	25	1,458,987	13
7950	INCOME TAX EXPENSE (Notes 4 and 25)	150,544	1	177,623	1
8200	NET PROFIT FOR THE PERIOD	2,409,778	24	1,281,364	12
	OTHER COMPREHENSIVE INCOME (LOSS)				
	Items that will not be reclassified				
8311	Remeasurements of the defined benefit plan (Notes 4 and 21)	(1,589)	-	(3,106)	-
8316	Profit (loss) of equity instruments at FVTOCI (Notes 4 and 22)	107,870	1	(104,930)	(1)
8330	Share of profit or loss of other comprehensive income of subsidiaries accounted for using equity method (Notes 4 and 22)	340,144	3	42,151	-
8349	Income taxes which are related to the items that will not be reclassified (Notes 4, 22 and 25)	318	-	621	-
8310		446,743	4	(65,264)	(1)
	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating foreign operations (Notes 4 and 22)	11,182	-	(339,848)	(3)
8380	Share of profit or loss of other comprehensive income of subsidiaries accounted for using equity method (Notes 4 and 22)	10,070	-	(122,069)	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4, 22 and 25)	(2,236)	-	67,970	1
8360		19,016	-	(393,947)	(3)
8300	Other comprehensive income for the period, (net revenue after tax)	465,759	4	(459,211)	(4)
8500	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ 2,875,537	28	\$ 822,153	8
	EARNINGS PER SHARE (Note 26)				
9750	Basic	\$ 2.25		\$ 1.19	
9850	Diluted	\$ 2.24		\$ 1.19	

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

USI CORPORATION
STATEMENT OF CHANGES IN EQUITY
2020 and January 1 to December 31, 2019

In Thousands of New Taiwan Dollars

C o d e	C a p i t a l S u r p l u s					R e t a i n e d E a r n i n g s			O t h e r E q u i t y			T o t a l E q u i t y
	Share Capital (Notes 4 and 22)	Treasury Share Transactions (N o t e 2 2)	Shares of Changes in Capital Surplus of A s s o c i a t e s (Notes 4 and 22)	O t h e r s (N o t e 2 2)	Legal Reserve (N o t e 2 2)	Special Reserve (N o t e 2 2)	Unappropriated E a r n i n g s (Notes 4, 8, 12, 21, 22 a n d 2 5)	Exchange Differences on Translating Foreign O p e r a t i o n s (Notes 4, 22 and 25)	Unrealized Gain (Loss) on Financial Assets at F V T O C I (Notes 4, 8, 22 and 29)	Treasury Shares (Notes 4 and 22)		
A1	BALANCE AT JANUARY 1, 2019	\$ 11,887,635	\$ 233,983	\$ 2,592	\$ 17,163	\$ 2,925,759	\$ 375,127	\$ 3,513,943	(\$ 208,307)	(\$ 85,136)	(\$ 475,606)	\$ 18,187,153
A3	Effects of retrospective application	-	-	-	-	-	-	(9,509)	-	-	-	(9,509)
A5	Reclassified balance at January 1, 2019	11,887,635	233,983	2,592	17,163	2,925,759	375,127	3,504,434	(208,307)	(85,136)	(475,606)	18,177,644
B1	Appropriation of 2018 earnings											
B3	Legal reserve	-	-	-	-	53,994	-	(53,994)	-	-	-	-
B5	Special reserve	-	-	-	-	-	55,399	(55,399)	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	(356,629)	-	-	-	(356,629)
D1	Net profit for the year 2019	-	-	-	-	-	-	1,281,364	-	-	-	1,281,364
D3	Other comprehensive income for the year 2019, net of income tax	-	-	-	-	-	-	(3,563)	(393,947)	(61,701)	-	(459,211)
D5	Total comprehensive income for the year 2019	-	-	-	-	-	-	1,277,801	(393,947)	(61,701)	-	822,153
C7	Changes in capital surplus and retained earnings from investments in subsidiaries	-	-	4,699	-	-	-	28,819	-	(29,742)	-	3,776
C17	Changes in other capital surplus	-	-	-	1,677	-	-	-	-	-	-	1,677
M3	Dispose the subsidiaries	-	-	-	-	-	-	-	(617)	-	-	(617)
M1	Changes in capital surplus from distributing cash dividends to subsidiaries	-	11,499	-	-	-	-	-	-	-	-	11,499
Q1	Disposal of equity instruments measured at FVTOCI	-	-	-	-	-	-	1,608	-	(1,608)	-	-
Z1	BALANCE AT December 30, 2019	11,887,635	245,482	7,291	18,840	2,979,753	430,526	4,346,640	(602,871)	(178,187)	(475,606)	18,659,503
B1	Appropriation of 2019 earnings											
B3	Legal reserve	-	-	-	-	129,872	-	(129,872)	-	-	-	-
B5	Special reserve	-	-	-	-	-	350,533	(350,533)	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	(594,382)	-	-	-	(594,382)
D1	Net profit for the year 2020	-	-	-	-	-	-	2,409,778	-	-	-	2,409,778
D3	Other comprehensive income for the year 2020, net of income tax	-	-	-	-	-	-	2,974	19,016	443,769	-	465,759
D5	Total comprehensive income for the year 2020	-	-	-	-	-	-	2,412,752	19,016	443,769	-	2,875,537
C7	Changes in retained earnings from investments in subsidiaries	-	-	29,920	-	-	-	(76,278)	-	76,213	-	29,855
C17	Changes in capital surplus	-	-	-	1,100	-	-	-	-	-	-	1,100
M1	Changes in capital surplus from distributing cash dividends to subsidiaries	-	19,165	-	-	-	-	-	-	-	-	19,165
Q1	Disposal of equity instruments measured at FVTOCI	-	-	-	-	-	-	(1,865)	-	1,865	-	-
Z1	BALANCE AT December 30, 2020	\$ 11,887,635	\$ 264,647	\$ 37,211	\$ 19,940	\$ 3,109,625	\$ 781,059	\$ 5,606,462	(\$ 583,855)	\$ 343,660	(\$ 475,606)	\$ 20,990,778

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

USI CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

In Thousands of New Taiwan Dollars

<u>C o d e</u>		<u>Year 2020</u>	<u>Year 2019</u>
	CASH FLOWS FROM OPERATING		
	ACTIVITIES		
A10000	Income before income tax	\$ 2,560,322	\$ 1,458,987
A20010	Adjustments for:		
A20100	Depreciation expenses	603,125	504,898
A20200	Amortization expenses	14,249	12,801
A20400	Net loss (gain) on fair value change of financial assets and liabilities as at FVTPL	19,085	(66,813)
A20900	Finance costs	107,540	121,666
A21200	Interest income	(6,604)	(15,978)
A21300	Dividend Income	(50,630)	(48,117)
A22300	Share of profit of subsidiaries accounted for using the equity method	(1,555,348)	(518,637)
A22500	Loss (gain) on disposal of property, plant and equipment	161	(785)
A23200	The investment loss of disposing with the equity method	527	-
A23700	Inventory write-downs and obsolescence loss recognized	23,413	5,435
A29900	Gain on government grants	-	(155,710)
A23900	The unrealized profit with the subsidiaries	1,247	842
A24000	The realized profit with the subsidiaries	(842)	(1,035)
A30000	Changes in operating assets and liabilities		
A31115	Decrease (increase) in financial assets mandatorily classified as at FVTPL	67,252	(874,758)
A31130	Decrease in notes receivable	9,772	18,595
A31150	(Increase) decrease in accounts receivable	(134,952)	182,505
A31160	Accounts receivable - related parties increase	(4,330)	(28,424)
A31180	Decrease in other receivables	18,918	1,867
A31190	Other receivable - related parties decrease (increase)	164,574	(3,117)
A31200	Decrease in inventories	249,773	314,031
A31230	(Increase) decrease in prepayments	(14,046)	14,594
A31240	Decrease in other current assets	20	10
A32130	Decrease of the accounts payable	(57,045)	(18,827)

<u>C o d e</u>		<u>Year 2020</u>	<u>Year 2019</u>
			(Continued)
A32160	Accounts payable -related parties		
	Increase (decrease)	\$ 40,895	(\$ 15,951)
A32180	(Decrease) increase in other payables	(16,322)	110,534
A32190	Other payable - related parties		
	decrease)increase	(5,965)	1,692
A32230	Increase in other current liabilities	8,943	7,570
A32240	Decrease in net defined benefit		
	liabilities	(<u>62,916</u>)	(<u>37,105</u>)
A33000	Cash generated from operations	1,980,816	970,770
A33100	Interest received	5,829	15,652
A33300	Interest paid	(118,418)	(105,382)
A33500	Income tax paid	(<u>133,648</u>)	(<u>21,282</u>)
AAAA	Net cash generated from		
	operating activities	<u>1,734,579</u>	<u>859,758</u>
	CASH FLOWS FROM INVESTING		
	ACTIVITIES		
B00020	Proceeds from sale of financial assets at		
	FVTOCI	2,784	2,389
B00030	Reduction of capital by returning cash		
	of financial assets at FVTOCI	32,845	13,784
B00040	Acquisition of the financial assets which are at		
	the amortized cost	(332)	(61)
B02200	Acquisition of the cash (flow out) of the		
	subsidiaries	-	(2,203,645)
B02400	Use the equity method on the investing		
	company which reduces the capitals		
	and returns the shares	3,877	-
B02700	Payments for property, plant and		
	equipment	(438,675)	(438,684)
B02800	Proceeds from disposal of property,		
	plant and equipment	2,483	409
B03700	Decrease (increase) in refundable		
	deposits	6,951	(4,448)
B04500	Payments for other intangible assets	(113)	(207)
B06700	Decrease (increase) in other non-current		
	assets	23,054	(72,288)
B07600	Dividends received	89,489	65,023
B07400	Compensatory prices of land		
	readjustment	<u>-</u>	<u>192,994</u>
BBBB	Net cash used in investing		
	activities	(<u>277,637</u>)	(<u>2,444,734</u>)
	CASH FLOWS FROM FINANCING		
	ACTIVITIES		
C00100	Decrease in short-term borrowings	(1,000)	(1,253,000)
C00500	(Decrease) Increase in short-term bills		
	payable	-	(199,981)
C01200	Proceeds from issuance of bond	-	1,995,630
C01300	Repayments of bonds	(1,000,000)	-

<u>C o d e</u>		<u>Year 2020</u>	<u>Year 2019</u> (Continued)
C01600	Proceeds from mid- to long-term borrowings	\$ 5,200,000	\$ 4,450,000
C01700	Repayments of mid- to long-term borrowings	(4,850,000)	(4,000,000)
C03000	Increase the deposits received	186	532
C04020	Repayments of the principal portion of lease liabilities	(30,752)	(29,784)
C04500	Decrease in dividends payable	(594,382)	(356,629)
C05400	Acquisition of the stock right of the subsidiaries	(349)	-
CCCC	Net cash (used)generated from financing activities	(1,276,297)	606,768
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 180,645	(\$ 978,208)
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>811,321</u>	<u>1,789,529</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 991,966</u>	<u>\$ 811,321</u>

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

USI CORPORATION

NOTES TO THE ACCOMPANYING FINANCIAL STATEMENTS

For the years ended December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

USI Corporation (“USI”, the “Company” or the “parent company”) was incorporated in May 1965. The Company mainly produces and sells polyethylene. In May 1972, the Company’s shares have been listed on the Taiwan Stock Exchange (“TWSE”).

The accompanying financial statements of the Company and its subsidiaries, collectively referred to as the “Company”, are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The accompanying financial statements were reported to and issued by the Company’s board of directors on March 8, 2021.

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).

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Company's accounting policies.

b. New IFRSs endorsed and issued into effect by the FSC applied to 2021

New/ Revised/ Amended Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	Effective after January 1, 2021, for the annual reporting period starting
Amendments to IFRS 16 "The COVID-19 Pandemic-related Rental Concessions"	Effective after June 1, 2020 for the annual reporting period starting

As of the date the accompanying financial statements were authorized for issue, the Company assessed that the above standards and the amendments of the interpretations would not have a significant impact on the Company's accompanying financial position and financial performance.

c. IFRSs issued by IASB but not endorsed and issued by FSC

New/ Revised/ Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
“Annual Improvements to IFRS Standards 2018–2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
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, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “The Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “The Definition of Accounting Estimate”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contract – Costs of Fulfilling a Contract”	January 1, 2022 (Note 5)

Note 1: Unless stated otherwise, the above New/ Revised/ Amended Standards and Interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” are applied

retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable 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, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments are applicable to the delay of the annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to the changes of the accounting estimates and changes of accounting policies which happen on the annual reporting periods beginning on or after January 1, 2023.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on measurement day;
- 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).
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing the individual financial statements, the Company used the equity method to account for its investments in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income/equity for the year and total equity in the accompanying financial statements to be the same with the amounts attributable to the owners of the Company in its financial

statements, adjustments arising from the differences in accounting treatments were made for “investments accounted for using the equity method”, “the recognized share of profit or loss of subsidiaries by using the equity method”, “the recognized share of other comprehensive income of subsidiaries by using the equity method” and other equity items.

c. Classification standard 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 (not including the asset 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 balance sheet date;
and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the balance sheet date.

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

d. Foreign currencies

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

Monetary items denominated in foreign currencies are retranslated at the rates prevailing on each balance sheet 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 that are measured at historical cost in a foreign currency are translated using the exchange rate on the date of the transaction and will not be translated again.

In presenting accompanying financial statements, the assets and liabilities of the Company's foreign operations (including subsidiaries in other countries that use currencies different from the functional currency of the Company) are translated into the presentation currency, the New Taiwan dollar. Income and expense items are translated at the average exchange rates on the balance sheet date. The resulting currency translation differences are recognized in other comprehensive income.

When disposing of all or part of the subsidiaries of foreign operations which resulted in losing control of the foreign operations, all the accumulated exchange differences related to the foreign operations will be classified as profit and loss.

But when disposing of part of the subsidiaries and associates which did not result in losing control of the foreign operations, the accumulated exchange differences will be incorporated into the calculation of equity transactions rather than profit or loss. In other disposal of foreign operations, the accumulated exchange differences will be classified as profit and loss based on its proportion.

e. Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process 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 Company similar or related items. Net realizable value is the balance that the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventory costs are calculated by moving average method.

f. Investment in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. In addition, changes in the Company's interests of subsidiaries are recognized according to the ownership proportion.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. As for any differences between the carrying amount of the investment and the fair value of the consideration paid or received, the Company recognizes them directly as equity.

When the Company's shares of losses of a subsidiary equal or exceed its equity in that subsidiary (which includes any carrying amount of the investment accounted for by using the equity method and long-term equity that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its losses according to the ownership proportion.

When the acquisition cost exceeds the net fair value of the Company's identifiable assets and liabilities of the subsidiary on the acquisition date, the exceeding amount is classified as goodwill, which is included in the carrying value of the investment and is not amortized; when the net fair value of the Company's net fair value of the subsidiary exceeds the acquisition cost, the exceeding amount is classified as current income.

When the Company assesses its investment for any impairment, it considers cash generating units on the entire financial statements and comparing the carrying amount with the estimated recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes the reversal of the impairment loss as gain; however, the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized after deducting the amortization had no impairment loss been recognized. The impairment loss attributable to goodwill shall not be reversed in subsequent periods.

When the Company loses control over a subsidiary, it measures the investment retained in the former subsidiary at its fair value on the date when control is lost. The difference between the fair value of the retained investment plus any disposal proceeds and the carrying amount of the previous investment on the date when the control is lost is recognized as a profit or loss for current period. Besides, the Company accounts for all amounts previously recognized in other comprehensive income related to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

The unrealized profits or losses resulting from downstream transactions between the Company and the subsidiaries are eliminated in the accompanying financial statements. Profits and losses resulting from upstream transactions and

transactions between subsidiaries are recognized in the accompanying financial statements only to the extent of interests in the subsidiaries of parties that are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are stated at cost, subsequently are measured at the amount of cost less accumulated depreciation.

Property, plant and equipment in the course of construction are carried 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 self-owned land, depreciation of property, plant and equipment is recognized using the straight-line basis during useful life. 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 estimates accounted for on a prospective basis.

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

h. Investment property

Investment property refers to property held for the purpose of earning rent or capital appreciation or both (including right-of-use assets that meet the definition of investment property).

Self-owned investment property is initially measured at cost (including transaction costs), and subsequently measured at the amount of cost less accumulated depreciation.

The investment property acquired by lease is initially measured at cost (including the original measurement amount of the lease liability and the lease payment paid before the lease start date), and subsequently measured at cost less the accumulated amount of depreciation and adjusted the re-measurement amount of the lease liability.

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

When investment property is de-recognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit and loss.

i. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at the amount of cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis during the useful life. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

j. Impairment of property, plant and equipment, investment property, right-of-use asset and intangible assets

On each balance sheet date, the Company reviews the carrying amounts of its property, plant and equipment, investment property,

right-of-use asset and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Shared assets are allocated to the Company of the smallest cash-generating unit on a reasonable and consistent basis.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually.

The recoverable amount is the higher of fair value less costs of sale 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.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (less amortization or depreciation) that would have been determined to have no impairment loss recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized in the accompanying balance sheet when the Company becomes a party to the contractual provisions of the instruments.

When financial assets and financial liabilities are initially measured, in case financial assets and financial liabilities are not measured at FVTPL, they are measured with the fair value added to transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL 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 held by the Company are classified into the following categories: financial assets measured at fair value through profit and loss, financial assets measured at amortized cost, investment in equity instruments measured at fair value through other comprehensive profits and losses.

i. Financial assets measured at fair value through profit and loss

Financial assets measured at fair value through profit and loss are financial assets that are forced to be measured at fair value through profit and loss. They include investments in equity instruments that are not designated to be measured at fair value through other comprehensive

profits and losses, and are not classified as derivative instruments measured at amortized cost or at fair value through other comprehensive profits and losses, and beneficiary certificate of fund.

Financial assets measured at fair value through profit and loss are measured at fair value, and the dividends and interest generated are recognized in other income and interest income respectively, and profits or losses generated by re-measurement are recognized in other profits and losses. Please refer to Note 29 for the method of determining the fair value.

ii. Financial assets measured at amortized cost

The Company's 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 cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, (including cash and cash equivalents, notes receivable at amortized cost, trade receivables, other receivables, pledged time deposit and refundable deposits) are measured at amortized cost, which equals to gross

carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Except for the following cases, the interest income is calculated by applying the effective interest rate to multiply the gross carrying amount of a financial asset:

- i) For credit-impaired financial assets purchased or initiated, the interest income is calculated based on the adjusted effective interest rate multiplying the amortized cost of the financial asset.
- ii) For the financial assets that are not purchased or initiated, but subsequently become credit-impaired, the interest income shall be calculated based on the effective interest rate multiplying the amortized cost of the financial asset from the next reporting period after the credit impairment.

Credit-impaired financial assets refer to the issuer or debtor who has major financial difficulties, defaults, and the debtor is likely to apply for bankruptcy or other financial restructuring, or the active market for financial assets disappear due to financial difficulties.

Equivalent cash includes Reverse Repurchase bond and time deposits 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. Investment in equity instruments measured at fair value through other comprehensive profits and losses

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

Investments in equity instruments at FVTOCI are measured at fair value, and subsequently gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in other equity. The cumulative gains 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 using equity instruments at other FVTOCI are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

- b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including account receivables) on each balance sheet date.

The Company always recognizes lifetime expected credit losses for amount receivables as losses allowance. For all other financial instruments, the Company evaluates if there has been a significant increase in credit risk since initial recognition. If the credit risk on the financial instrument has not increased significantly, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. If there is a significant increase, the Company recognizes the lifetime expected credit losses accordingly.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. 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. In contrast, lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

For the purpose of internal credit risk management, the Company determines, in the following situations, that the default of financial assets have occurred without considering the collateral held by it:

- i. There is internal or external information showing that it is impossible for the debtor to pay off the debt.

- ii. After overdue for more than 90 days, unless there is reasonable and corroborative information showing that it will be more appropriate to postpone the default criteria.

The impairment loss of all financial assets is adjusted through a loss allowance account.

c) De-recognition of financial assets

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

On de-recognition 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. Upon de-recognition of investment using equity instruments measured at fair value through other comprehensive profits and losses as a whole, the accumulated gains and losses are directly transferred to retained earnings and are not reclassified in profit and loss.

2) Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received less the cost of direct issuance.

Reacquiring the company's own equity instruments is recognized and deducted under equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Follow-up measurement

Except for financial liabilities measured at fair value through profit and loss, all financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities measured at fair value through profit and loss are financial liabilities held for trading. Related profits or losses are recognized in other profits and losses. Please refer to Note 29 for the method of determining the fair value.

b) De-recognition of financial liabilities

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

4) Derivatives

The derivatives signed by the company are forward foreign exchange contracts used to manage the company's exchange rate risk.

Derivatives are initially recognized at fair value when the derivative contract is signed, and then re-measured at fair value on the balance sheet date. The profits or losses resulting from

subsequent measurement are directly included in profit and loss. When the fair value of the derivative is positive, it is classified as a financial asset; when the fair value is negative, it is classified as a financial liability.

l. Revenue recognition

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

Revenue from the sale of goods mainly comes from sales of polyethylene plastic pellets and related plastic products. When the goods are delivered to customer, the customer has full discretion to set the price and use of the goods, and has the main responsibility for resale, and bears the risks of obsolescence. The company recognizes revenue and accounts receivable concurrently. The receipts in advance from goods sales are recognized as contract liabilities.

When the material is removed for processing, the control of the ownership of the processed product has not been transferred, so the income is not recognized when the material is removed.

m. Leasing

At the inception of a contract, the Company assesses whether the contract is a lease.

1) The Company as lessor

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

When the company subleases the right-of-use asset, it uses the right-of-use asset (not the underlying asset) to determine the classification of sublease. However, if the main lease is a short-term lease for which the company applies the recognition exemption, the sublease is classified as an operating lease.

Under operating leases, lease payments are recognized as income on a straight-line basis during the relevant lease period.

2) The Company as lessee

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

The right-of-use asset is initially measured at cost (including the original measured amount of the lease liability and the lease payment paid before the lease start date), and subsequently measured at the amount after the cost less the accumulated depreciation, and the re-measured amount of the lease liability is adjusted. Except for those that meet the definition of investment property, the right-to-use assets are separately expressed on the accompanying balance sheets. For the recognition and measurement of right-of-use assets that meet the definition of investment property, please refer to the above.

(8) Accounting Policy for Investment Property.

Right-of-use assets are depreciated using the straight-line basis 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, which comprise fixed payments, in-substance fixed payments. The lease payments are discounted using the interest rate implicit in a lease if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term leading to a change in future lease payments, the Company re-measures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the re-measurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

n. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until the time when the assets are substantially ready for their intended use or sale.

Other than the above-stated, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Government subsidy

Government subsidies are recognized only when it is reasonably certain that the company will comply with the conditions attached to the government subsidies and will receive such subsidies.

Government subsidies related to income are recognized in profit and loss on a systematic basis during the period when the relevant costs that they intend to compensate are recognized as expenses by the Company.

If the government subsidy is used to compensate for expenses or losses that have occurred or for the purpose of providing the company with immediate financial support and there is no future related cost, it is recognized in the profit and loss during the period when it can be received.

p. 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 service.

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and re-measurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Re-measurement (comprising actuarial gains and losses, and the return on plan assets excluding interest) is recognized in other comprehensive income in the period in which

it occurs. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Company's defined benefit plan.

q. Taxation

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

1) Current tax

The Company determines the current income (loss) in accordance with the laws as well as regulations established by the income tax reporting jurisdiction, and calculates the payable (recoverable) income tax accordingly.

According to the Income Tax Law, an additional tax on unappropriated earnings is provided for as income tax in the year of the shareholder meetings.

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.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of 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 balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each balance sheet date and recognized to the extent that it has become probable that sufficient taxable profits will be available to allow all or part of the 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 liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the balance

sheet, to recover or settle the carrying amount of its assets and liabilities.

3) Current tax and deferred tax for the year

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Company took the economic impact caused by the COVID-19 into consideration in its major accounting estimates. The estimates and underlying assumptions are reviewed by management on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The main source of estimation and assumption uncertainty-inventory impairment

Since inventory must be priced whichever is lower of cost and net realizable value, the Company must use judgment and estimation to

determine the net realizable value of inventory at the end of the financial reporting period. The Company evaluates the amount of inventory including normal wear and tear, obsolescence, or without market sales value at the end of the financial reporting period, and offsets the inventory cost to the net realizable value. The basis for estimation of the inventory evaluation is mainly based on the experience of the product sales in the past and product demand in a specific period in the future, so it may have major changes. Please refer to Note 11 for the carrying amount of the company's inventory.

6. CASH AND CASH EQUIVALENTS

	December 31, 2020	December 31, 2019
Cash on hand and petty cash	\$ 620	\$ 520
Checking accounts and demand deposits	44,065	47,182
Cash equivalents		
Time deposits	946,696	603,342
Reserve repurchase agreements collateralized by bonds	-	160,277
	<u>\$ 991,966</u>	<u>\$ 811,321</u>

At the end of the balance sheet date, the ranges of the market rates for bank deposits and reserve repurchase agreements collateralized by bonds were as follows:

	December 31, 2020	December 31, 2019
Bank deposits	0.07% ~ 2.00%	0.60% ~ 1.50%
Reserve repurchase agreements collateralized by bonds	-	0.58% ~ 0.61%

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

	December 31, 2020	December 31, 2019
<u>Financial assets mandatorily at FVTPL</u>		
Derivative financial assets (not under hedge accounting)		
—Foreign exchange forward contracts	\$ -	\$ 732
Non-derivative financial assets		
—Domestic listed shares and over-the-counter shares	175,884	123,179
—Mutual funds	1,859,260	1,756,327
—Beneficiary securities	61,556	293,084
Sub-total	<u>2,096,700</u>	<u>2,172,590</u>
	<u>\$ 2,096,700</u>	<u>\$ 2,173,322</u>
<u>Financial liabilities held for trading</u>		
Derivative financial liabilities (not under hedge accounting)		
—Foreign exchange forward contracts	\$ 11,522	\$ 1,807

At the end of the balance sheet date, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2020</u>			
Sell	RMB/NTD	110.01.11-110.04.07	RMB 176,600 /NTD755,870
<u>December 31, 2019</u>			
Sell	RMB/NTD	109.01.10-109.03.30	RMB 165,700 /NTD711,128

The Company entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet

the criteria of hedge effectiveness, and therefore, the Company did not apply hedge accounting treatments for derivative contracts.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME-Non-current

	December 31, 2020	December 31, 2019
<u>Investments in equity instruments at FVTOCI</u>		
<u>Domestic investments</u>		
Domestic listed shares and over-the-counter shares	\$ 697,187	\$ 662,044
Unlisted shares	<u>275,452</u>	<u>238,354</u>
	<u>\$ 972,639</u>	<u>\$ 900,398</u>

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

The Company sold 310 thousand shares of Global BioPharma, Inc. for the year ended December 31, 2020. The related other equity interests - the \$1,865 thousand unrealized loss on FVTOCI financial assets was transferred retained earnings.

The Company sold 50 thousand shares of CTCI Corporation for the year ended December 31, 2020. The related other equity interests - the \$1,608 thousand unrealized loss on FVTOCI financial assets was transferred retained earnings.

The investee, DSY Venture Capital Co., announced a reduction of capital by returning cash during May and December 2020 and April 2019, respectively. The Company received \$25,293 thousand, \$7,552 thousand, and 13,784 thousand, respectively, according to its ownership percentage.

The Company recognized dividend income of \$48,646 thousand and \$42,085 thousand, respectively, for the years ended December 31, 2020 and 2019.

9. FINANCIAL ASSETS MEASURED AT AMORTIZED COST-Current

	December 31, 2020	December 31, 2019
Pledged time deposits	\$ 60,893	\$ 60,561
Range of interest rates	0.10%-1.035%	0.19%-1.035%

The trading partners of the Company's pledged time deposits are financial institutions with good credit ratings. After assessing that the time deposits have low credit risk, no allowance for loss is recognized.

Please refer to Note 31 for the information related to financial assets measured at amortized cost pledged as security.

10. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31, 2020	December 31, 2019
<u>Notes receivable (1)</u>		
Operating	<u>\$ 64,154</u>	<u>\$ 73,926</u>
<u>Accounts receivable (1)</u>		
At amortized cost		
Gross carrying amount	\$ 1,366,959	\$ 1,232,007
Less: Allowance for impairment loss	(2,651)	(2,651)
	<u>\$ 1,364,308</u>	<u>\$ 1,229,356</u>

	December 31, 2020	December 31, 2019
<u>Accounts receivable-related party (1)</u>		
Operating (Note 30)	<u>\$ 94,080</u>	<u>\$ 89,750</u>
<u>Other receivables (2)</u>		
Tax refund receivable	\$ 37,611	\$ 51,062
Lent material fees receivable	-	7,323
Others	<u>4,321</u>	<u>1,690</u>
	<u>\$ 41,932</u>	<u>\$ 60,075</u>
Other receivables- related party (Note 30)	<u>\$ 220,189</u>	<u>\$ 332,962</u>

a. Notes and accounts receivable

The average credit period of sales of goods was 10 to 90 days. No interest was charged on the receivables.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Before accepting a new customer, the Company surveys the customers' credit history and measures the potential customer's credit quality to grant a credit term. A customer's credit term and rating are reviewed periodically. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the balance sheet date to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk is significantly reduced.

The Company applies the simplified approach to the recognition of allowance loss of accounts receivable based on expected credit losses during the reporting period. The expected credit losses on trade receivables are estimated using an allowance matrix by reference to past default experience with the respective debtors and an analysis of the debtors' current financial positions, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date.

The Company writes off a trade receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, they are recognized as profit or loss.

The following table details the loss allowance of trade receivable based on the Company's allowance matrix:

December 31, 2020

Based on the number of days past due

	<u>Up to 60 Days</u>	<u>61~90 Days</u>	<u>Over 91 Days</u>	<u>Total</u>
Gross carrying amount	\$ 1,525,193	\$ -	\$ -	\$ 1,525,193
Loss allowance (Lifetime ECLs)	(<u>2,651</u>)	(<u>-</u>)	(<u>-</u>)	(<u>2,651</u>)
Amortized cost	<u>\$ 1,522,542</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,522,542</u>

December 31, 2019

Based on the number of days past due

	<u>Up to 60 Days</u>	<u>61~90 Days</u>	<u>Over 90 Days</u>	<u>Total</u>
Gross carrying amount	\$ 1,395,683	\$ -	\$ -	\$ 1,395,683
Loss allowance (Lifetime ECLs)	(<u>2,651</u>)	<u>-</u>	(<u>-</u>)	(<u>2,651</u>)
Amortized cost	<u>\$ 1,393,032</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,393,032</u>

The above aging schedule was based on the number of days past due from the end of credit term.

The allowance for impairment loss recognized on notes and accounts receivable was not changed:

	<u>For the year ended December 31, 2020</u>	<u>For the year ended December 31, 2019</u>
Balance between the start of the year and the end	<u>\$ 2,651</u>	<u>\$ 2,651</u>

b. Other receivables

Other receivables were mainly tax refund receivable. The average aging of other receivables was less than 60 days based on the number of days past due from the invoice date, and an impairment loss was assessed based on the expected credit losses. There were no other overdue receivables with an unrecognized allowance for doubtful accounts in the Company as of December 31, 2020 and 2019.

11. INVENTORIES

	December 31, 2020	December 31, 2019
Finished goods	\$ 487,856	\$ 847,966
Work in progress	41,220	31,571
Raw materials	109,848	60,782
Supplies	<u>137,185</u>	<u>108,976</u>
	<u>\$ 776,109</u>	<u>\$ 1,049,295</u>

The costs of inventories recognized as cost of goods sold for the years ended December 31 in 2020 and 2019 were \$8,664,406 thousand and \$9,584,497 thousand, respectively.

The net realizable value of inventory write-downs included in the cost of goods sold for the years ended December 31 in 2020 and 2019 were \$23,413 thousand, and \$5,435 thousand, respectively.

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	<u>December 31</u>			
	<u>2020</u>		<u>2019</u>	
	<u>Carrying value</u>	<u>Proportion of Ownership (%)</u>	<u>Carrying value</u>	<u>Proportion of Ownership (%)</u>
<u>Investment in subsidiaries</u>				
over-the-counter (OTC) company				
ACME Electronics	<u>\$ 333,831</u>	26.9	<u>\$ 321,749</u>	26.9
Non listed company				
USIFE Investment Co., Ltd. ("USII")	861,889	100.0	708,349	100.0
Swanlake Traders Ltd. (Swanlake)	1,293,513	100.0	1,337,991	100.0
USI (Hong Kong) Company Limited	67,491	100.0	127,837	100.0
USI Management Consulting Corp ("UM")	1,539	100.0	(576)	100.0
Chong Loong Trading Co. Ltd. ("CLT")	55,164	99.9	54,115	99.9
Union Polymer Int'l Investment Corp. ("UPIIC")	7,739,718	100.0	5,981,789	100.0
Cypress Epoch Limited	180,508	70.0	169,325	70.0

December 31

	<u>2020</u>		<u>2019</u>	
	<u>Proportion of</u>		<u>Proportion of</u>	
	<u>Carrying value</u>	<u>Ownership (%)</u>	<u>Carrying value</u>	<u>Ownership (%)</u>
Swanson Plastic Co.(SPC)	\$ 1,050,935	40.6	\$ 1,006,054	40.6
Thintec Materials Corporation ("TMC")	-	-	4,399	30.4
Cypress Epoch Limited	128,814	100.0	125,030	100.0
Inoma Corporation ("INOMA")	19,405	94.4	27,310	93.2
Ever Conquest Global Limited(ECGL)	7,331,651	59.1	7,298,350	63.1
USI Optronics Corporation	<u>69,501</u>	50.9	<u>101,188</u>	50.9
	18,800,128		16,941,161	
Plus: Long-term equity investment loans using the equity method are transferred to non-current liabilities	<u>-</u>		<u>576</u>	
	<u>19,133,959</u>		<u>16,941,737</u>	
	<u>\$19,133,959</u>		<u>\$17,263,486</u>	

The Company's shareholdings in ACME, SPC, and TMC are 26.9%, 40.6%, and 30.4%, respectively. Considering the absolute voting rights, relative size and distribution compared to those held by other shareholders, the Company has the substantial ability to dominate ACME, Swanson Plastic Co., and TMC. Therefore, they are listed as subsidiaries. As for the statements of subsidiaries held indirectly by the Company, refer to Note 35, Attachment 7 and 8.

By using the equity method to account for its investments in the over-the-counter (OTC) company, the fair value based on the closing price for the years ended December 31 in 2020 and 2019 was 930,839 thousand and 603,321 thousand, respectively.

Under the equity method, the Company's share of the profit or loss and other comprehensive income of the subsidiaries for the years ended December 31 in 2020 and 2019 was recognized based on the financial reports of each subsidiary audited by accountants during the same period, except for TMC in 2019. In the opinion of the

management, that the financial reports of TMC are not audited by the accountants will not have a great impact on the Company.

For the year ended December 31 in 2020 and 2019, the Company continued to recognize the losses of USI Management Consulting Corp (“UM”) in accordance with its shareholding ratio, so the carrying value of its long-term equity investment was a loan surplus. The company has listed the related loan surplus under non-current liabilities.

The Company acquired 1.2% of shares from the external shareholders of INOMA, acquired price being \$349 thousand in June, 2020. As a result, the proportion of shares of “INOMA” has increased from 93.2% to 94.4%. The transaction was deemed as equity transaction because it does not change the Company’s control over the subsidiary, and differences generated from the aforementioned equity transactions were adjusted to decreases in retained earnings of \$65 thousand.

CGPC has acquired the remaining assets 78,556 thousand returned from its subsidiary KSIC, which has completed the dissolution and liquidation process in December 2019.

The management of FPTL resolved to make dissolution and liquidation in September, 2019. And CLTC acquired its remaining assets 6,828 thousand in May, 2020. This subsidiary has completed the dissolution and liquidation process in December 29, 2020.

TTC assessed that there was shrinking demand in the local market of expandable polystyrene (EPS), which is the main product produced by its subsidiary TTC (Tianjin), so the management decided to suspend the production in TTC (Tianjin) starting April 2019.

The board of directors of TTC initially decided on November 3, 2020 that TAITA (BVI) Holding Co, Ltd, as well as TTC (Chung Shan) invested RMB 157,000 thousand

to set up a new company, each holding 50% of the shares. The main business was for the production and sales of expandable polystyrene (EPS). However, in order to have the greatest investment profit, the board of directors of TTC resolved to change the above investment and TAITA (BVI) Holding Co, Ltd. would invest the new company, but it has not been established as of March 22, 2021.

TMC has stopped production and sales recently, so the board resolved to make dissolution and liquidation from May 25, 2019 (the date of dissolution). The Company has got back remaining asset distribution from liquidation 3,876 thousand in May 2020. TMC has completed the dissolution and liquidation process in July 22, 2020.

ACME obtained the remaining assets 267 thousand returned by its subsidiary, ACME Electronics (BVI) Corp., which has completed the dissolution and liquidation process in June, 2020.

The board of directors of the Company resolved to approve of the establishment of ECGL with APC in February 19, 2014 and indirectly invested Gulai Park, in Zhangzhou City of Fujian Province, China to invest in oil refining and production of petrochemical products such as ethylene. The Company has invested US\$3,131 thousand (around NT\$94,221 thousand) in it, and the ownership percentage in ECGL is 59.1%, meanwhile the Company reinvested in EVGL and DEIL through ECGL. In addition, the Company reinvested ECGL from January, 2017 to August, 2019, amounting to US\$243,539 thousand (around NT\$7,551,760 thousand). After the capital increases, the ownership percentage is 63.1%. Since the Company did not participate in the cash capital increases of ECGL in March and December, 2020, the ownership percentage after the capital increases decreased from 63.1% to 59.1%. As these transactions did not change the Company's control over these subsidiaries, they are deemed as equity transactions. Differences generated from the aforementioned equity transactions were adjusted to increases in capital surplus of \$5,558 thousand. Please refer to Note 33 for the details.

In order to sell the products by Gulei, the Company and APC resolved on August 13, 2020 and August 12, 2020, respectively, to establish a joint venture sales company in Fujian Province, China, with a planned capital of RMB 300,000 thousand (approximately US\$46,000 thousand). The funds are expected to be US\$32,200 thousand and US\$13,800 thousand, respectively invested by Swanlake and APC (BVI). But as of March 22, 2021 the establishment has not been completed.

13. PROPERTY, PLANT AND EQUIPMENT-for self-use

	Freehold land	Land improvement	Building improvements	Machinery and equipment	Transportation equipment	Other equipment	Construction in progress and equipment under installation	Total
<u>Cost</u>								
Balance as of January 1, 2020	\$ 495,159	\$ 112,381	\$ 1,583,473	\$ 8,741,072	\$ 32,025	\$ 170,030	\$ 285,899	\$11,420,039
Addition	-	-	-	-	-	-	419,347	419,347
Disposal	-	-	(1,943)	(318,518)	(2,969)	(2,704)	-	(326,134)
Internal transfer	-	213	990	204,283	-	6089	(192,247)	19,328
Balance as of December 31, 2020	<u>\$ 495,159</u>	<u>\$ 112,594</u>	<u>\$ 1,582,520</u>	<u>\$ 8,626,837</u>	<u>\$ 29,056</u>	<u>\$ 173,415</u>	<u>\$ 512,999</u>	<u>\$ 11,532,580</u>
<u>Accumulated depreciation</u>								
Balance as of January 1, 2020	\$ -	\$ 105,283	\$ 387,074	\$ 4,124,768	\$ 25,284	\$ 167,673	\$ -	\$ 4,810,082
Depreciation expense	-	1,323	42,787	522,837	2,767	1,772	-	571,476
Disposal	-	-	(1,917)	(315,011)	(2,969)	(2,704)	-	(322,601)
Balance as of December 31, 2020	<u>\$ -</u>	<u>\$ 106,606</u>	<u>\$ 427,944</u>	<u>\$ 4,332,584</u>	<u>\$ 25,082</u>	<u>\$ 166,741</u>	<u>\$ -</u>	<u>\$ 5,058,957</u>
Net on December 31, 2020	<u>\$ 495,159</u>	<u>\$ 5,988</u>	<u>\$ 1,154,576</u>	<u>\$ 4,294,253</u>	<u>\$ 3,974</u>	<u>\$ 6,674</u>	<u>\$ 512,999</u>	<u>\$ 6,473,623</u>
<u>Cost</u>								
Balance as of January 1, 2019	\$ 515,281	\$ 112,381	\$ 1,106,358	\$ 6,753,834	\$ 32,373	\$ 170,415	\$ 2,379,704	\$ 11,070,346
Addition	-	-	-	2,806	-	-	457,659	460,465
Disposal	(20,122)	-	(41,008)	(25,646)	(891)	(1,324)	-	(88,991)
Internal transfer	-	-	518,123	2,010,078	543	939	(2,551,464)	(21,781)
Balance as of December 31, 2019	<u>\$ 495,159</u>	<u>\$ 112,381</u>	<u>\$ 1,583,473</u>	<u>\$ 8,741,072</u>	<u>\$ 32,025</u>	<u>\$ 170,030</u>	<u>\$ 285,899</u>	<u>\$ 11,420,039</u>

(Continued)

	Freehold land	Land improvement	Building improvements	Machinery and equipment	Transportation equipment	Other equipment	Construction in progress and equipment under installation	Total
<u>Accumulated depreciation</u>								
Balance as of January 1, 2019	\$ -	\$ 103,809	\$ 377,245	\$ 3,716,397	\$ 23,252	\$ 167,639	\$ -	\$ 4,388,342
Depreciation expense	-	1,474	33,451	433,728	2,923	1,358	-	472,934
Disposal	-	-	(23,622)	(25,357)	(891)	(1,324)	-	(51,194)
Balance as of December 31, 2019	<u>\$ -</u>	<u>\$ 105,283</u>	<u>\$ 387,074</u>	<u>\$ 4,124,768</u>	<u>\$ 25,284</u>	<u>\$ 167,673</u>	<u>\$ -</u>	<u>\$ 4,810,082</u>
Net on December 31, 2019	<u>\$ 49,5159</u>	<u>\$ 7,098</u>	<u>\$ 1,196,399</u>	<u>\$ 4,616,304</u>	<u>\$ 6,741</u>	<u>\$ 2,357</u>	<u>\$ 285,899</u>	<u>\$ 6,609,957</u>

On March 21, 2013, the board of directors of the Company decided to invest \$1,000,000 thousand for the construction of a CBC production plant. On September 23, 2014, the board of directors of the Company decided to construct a front-end material production plant and utility system, costing \$1,000,000 thousand. In addition, the amount of investment to adjust the plant configuration was increased by \$700,000 thousand after discussion by the board of directors of the Company in its meeting on August 11, 2016, and the total cost was \$2,700,000 thousand. The project was completed for the year ended December 31, 2019, and total fees and charge were \$2,331,883 thousand. In June 2014, the Company received subsidies amounting to \$160,000 thousand from the Industrial Development Bureau, and as of the end of the project, the Company had accepted and recognized the subsidy income \$158,841 thousand according to the schedule and acceptance situation.

According to Rule No. 1072133080 issued by the Land Administration Department of the New Taipei City Government on November 7, 2018, the Company's land and buildings in Linkou which were recognized under property, plant and equipment are within the scope of the "Linkou City Land Rezoning Area". Part of the land will be reclaimed, and a portion of this reclaimed land is expected to be returned in 2022. Based on the area's land reclamation regulations, when the Company reclaims the land,

it does not have the obligation to dismantle the existing buildings on the land, nor does it have the obligation to set up factories in the area after reclamation is complete; its only obligation is to vacate the existing buildings. The Company is also not required to repay or satisfy any other obligations with respect to the compensation fees obtained from moving out of the various existing buildings, incentives for automatic relocation and compensation for operating losses after the buildings on the reclaimed land have been handed over. The related compensation and incentive fees which the Company received as a result of the aforementioned land reclamation case amounted to \$154,764 thousand and \$38,230 thousand in the months of April 2019 and July 2019, respectively, for a combined total of \$192,994 thousand. The Company had completed its obligation to move out from the existing buildings and land and completed the related handover procedures with the New Taipei City Government. As there are no repayment obligations or other obligations to be satisfied, other than recognizing the various compensation fees as adjustments to the costs of the original land and buildings, related compensation fee revenue of \$155,710 thousand was recognized for the year ended December 31 in 2019.

The Company did not make any impairment assessment for the year ended December 31 in 2020 and 2019 since there were no signs of impairment.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Land improvements	7-25 years
Building improvements	3-55 years
Machinery and equipment	2-10 years
Transportation equipment	5-7 years
Other equipment	3-15 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 31.

For the related capitalized interest, please refer to Note 24 (d) finance cost.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
The carrying amounts of the right-of-use assets		
Buildings	<u>\$ 14,091</u>	<u>\$ 18,768</u>
	<u>Year 2020</u>	<u>Year 2019</u>
Depreciation expense of right-of-use assets		
Building	<u>\$ 4,563</u>	<u>\$ 4,787</u>

The Company leased the office in Taipei and then subleased it to the other company with the way of operating leasing. The related right-of-use assets are classified as investment property (please refer to the Note 15). The amounts disclosed above with respect to the right-of-use assets do not include right-of-use assets that meet the definition of investment properties.

b. Lease liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
The carrying amount of the lease liabilities		
Current	<u>\$ 30,974</u>	<u>\$ 30,732</u>
Non-current	<u>\$ 146,523</u>	<u>\$ 177,517</u>

Range of discount rate for lease liabilities was as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Buildings	1.16%	1.16%

c. Material lease in activities and terms

The Company leases the buildings for using as the offices and research center. The leases terms are 1 to 7 years. When the leases terms expire, the Company has the leasehold option to part of the office's lease.

d. Other lease information

Lease arrangements under operating leases for leasing out of investment properties are set out in Note 15. Other information of the Company as lessee is as follows:

	<u>Year 2020</u>	<u>Year 2019</u>
Expenses relating to short-term leases	<u>\$ 6,334</u>	<u>\$ 5,350</u>
Expenses relating to low-value asset leases	<u>\$ 385</u>	<u>\$ 1,360</u>
Total cash (outflow) for leases	<u>(\$ 39,723)</u>	<u>(\$ 39,100)</u>

The Company leases certain buildings, cars and low-value assets which qualify as short-term leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. INVESTMENT PROPERTIES

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Completed investment properties		
Buildings	\$ 30,267	\$ 31,271
Right-of-use assets	<u>156,491</u>	<u>182,573</u>
	<u>\$ 186,758</u>	<u>\$ 213,844</u>

	Buildings	Right-of-use assets	Total
<u>Cost</u>			
Balance on January 1 and December 31, 2020	<u>\$ 69,805</u>	<u>\$ 208,655</u>	<u>\$ 278,460</u>
<u>Accumulated depreciation</u>			
Balance on January 1, 2020	\$ 38,534	\$ 26,082	\$ 64,616
Depreciation expenses	<u>1,004</u>	<u>26,082</u>	<u>27,086</u>
Balance on December 31, 2020	<u>\$ 39,538</u>	<u>\$ 52,164</u>	<u>\$ 91,702</u>
Net amount on December 31, 2020	<u>\$ 30,267</u>	<u>\$ 156,491</u>	<u>\$ 186,758</u>
<u>Cost</u>			
Balance on January 1, 2019	\$ 69,805	\$ -	\$ 69,805
Adjustments on initial application of IFRS 16	<u>-</u>	<u>208,655</u>	<u>208,655</u>
Balance on January 1, 2019 (restated) and December 31, 2019	<u>\$ 69,805</u>	<u>\$ 208,655</u>	<u>\$ 278,460</u>
<u>Accumulated depreciation</u>			
Balance on January 1, 2019	\$ 37,439	\$ -	\$ 37,439
Depreciation expenses	<u>1,095</u>	<u>26,082</u>	<u>27,177</u>
Balance on December 31, 2019	<u>\$ 38,534</u>	<u>\$ 26,082</u>	<u>\$ 64,616</u>
Net amount on December 31, 2019	<u>\$ 31,271</u>	<u>\$ 182,573</u>	<u>\$ 213,844</u>

Right-of-use assets included in investment properties are units of office space located in Taipei and subleased under operating leases to other companies. The investment properties were leased out for 1 to 8 years, with an option to extend. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend.

The Company leases the investments properties with the way of operating leasing and the total future leases payments which it will receive are as follows:

	December 31, 2020	December 31, 2019
The first year	\$ 20,776	\$ 17,528
The second year	17,190	5,637
The third year	12,303	4,311
The fourth year	7,258	4,311
The fifth year	5,786	1,469
Over five years	<u>-</u>	<u>4</u>
	<u>\$ 63,313</u>	<u>\$ 33,260</u>

The above items of investment properties are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	3-55 years
Right-of-use assets	3-12 years

The fair values of the remaining investment properties were not assessed by independent appraisers; instead, they were arrived at by using the valuation model that most market participants would use in determining fair value by using Level 3 inputs, with reference to the transaction prices of similar properties in the vicinity. The fair value of right-of-use assets was determined by adding back the amount of related lease liabilities recognized to the net amount of the expected lease income after deducting all the expected payments.

The fair values of investment properties as of December 31, 2020 and 2019 were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Fair value	\$ <u>389,007</u>	\$ <u>339,426</u>

16. INTANGIBLE ASSETS

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Computer software	\$ 155	\$ 333
Technology royalties and patent right	<u>-</u>	<u>-</u>
	<u>\$ 155</u>	<u>\$ 333</u>

	<u>Technology royalties and patent right</u>	<u>Computer software</u>	<u>Total</u>
<u>Cost</u>			
Balance on January 1, 2020	\$ 174,850	\$ 535	\$ 175,385
Independent acquisition	<u>-</u>	<u>113</u>	<u>113</u>
Balance on December 31, 2020	<u>\$ 174,850</u>	<u>\$ 648</u>	<u>\$ 175,498</u>
<u>Accumulated amortization and impairment</u>			
Balance on January 1, 2020	\$ 174,850	\$ 202	\$ 175,052
Amortization expense	<u>-</u>	<u>291</u>	<u>291</u>
Balance on December 31, 2020	<u>\$ 174,850</u>	<u>\$ 493</u>	<u>\$ 175,343</u>
Net amount on December 31, 2020	<u>\$ -</u>	<u>\$ 155</u>	<u>\$ 155</u>

(Continued)

	Technology royalties and patent right	Computer software	Total
<u>Cost</u>			
Balance on January 1, 2019	\$ 174,850	\$ 30,022	\$ 204,872
Independent acquisition	-	207	207
Disposal	<u>-</u>	(<u>29,694</u>)	(<u>29,694</u>)
Balance on December 31, 2019	<u>\$ 174,850</u>	<u>\$ 535</u>	<u>\$ 175,385</u>
<u>Accumulated amortization and impairment</u>			
Balance on January 1, 2019	\$ 174,850	\$ 29,552	\$ 204,402
Amortization expense	-	344	344
Disposal	<u>-</u>	(<u>29,694</u>)	(<u>29,694</u>)
Balance at December 31, 2019	<u>\$ 174,850</u>	<u>\$ 202</u>	<u>\$ 175,052</u>
Net amount at December 31, 2019	<u>\$ -</u>	<u>\$ 333</u>	<u>\$ 333</u>

Except for the recognition of amortization expense, no impairment assessment was performed periodically as there was no indication of impairment on the Company's intangible assets for the years ended December 31, 2020 and 2019.

The intangible assets of limited services lives are depreciated on a straight-line basis over their estimated useful lives as follows:

Technology royalties and patent right	3 to 7 years
Computer software	1 to 3 years

17. BORROWINGS

a. Short-term borrowings

	December 31, 2020	December 31, 2019
<u>Unsecured borrowings</u>		
Line of credit borrowings	\$ <u>499,000</u>	\$ <u>500,000</u>
Range of interest rates	0.77%~0.80%	0.83%~0.85%

b. Long-term borrowings

	December 31, 2020	December 31, 2019
Credit borrowings	\$ <u>2,300,000</u>	\$ <u>1,950,000</u>
Range of interest rates		
Credit borrowings	0.74%~0.90%	0.98%~1.05%

The Company entered into medium- and long-term loan contracts with banks to increase working capital. The contracts will be effective up to October 2023 with a total credit limit of \$5,012,000 thousand, which is used cyclically during the validity period. As of December 31, 2020, the Company had borrowed \$2,300,000 thousand.

According to the part loan contracts of the financial report of the Company, the current ratio, bank loan ratio, debt ratio, and interest protection multiples should not be less than the specified percentage. The Company should provide improvements to the bank if the requirements were not met. As of December 31, 2020, the Company did not violate the requirements.

18. BONDS PAYABLE

	December 31, 2020	December 31, 2019
Domestic unsecured bonds 104-1A - issuance on February 12, 2015, 5 years, total amount \$1,000,000 thousand, coupon rate 1.55%, bullet repayment	\$ -	\$ 1,000,000
Domestic unsecured bonds 104-1B - issuance on February 12, 2015, 7 years, total amount \$1,000,000 thousand, coupon rate 1.90%, bullet repayment	1,000,000	1,000,000
Domestic unsecured bonds 105-1 - issuance on October 28, 2016, 5 years, total amount \$2,000,000 thousand, coupon rate 0.80%, bullet repayment	2,000,000	2,000,000
Domestic unsecured bonds 106-1 - issuance on October 27, 2017, 5 years, total amount \$2,000,000 thousand, coupon rate 1.10%, bullet repayment	2,000,000	2,000,000
Domestic unsecured bonds 108-1 - issuance on April 26, 2019, 5 years, total amount \$2,000,000 thousand, coupon rate 0.98%, bullet repayment	<u>2,000,000</u>	<u>2,000,000</u>
	7,000,000	8,000,000
Discounts on bonds payable	(<u>5,698</u>)	(<u>8,717</u>)
	6,994,302	7,991,283
Less: Current portions	(<u>1,999,233</u>)	(<u>999,956</u>)
	<u>\$ 4,995,069</u>	<u>\$ 6,991,327</u>

In December 2014, the Company applied for the first issuance of unsecured ordinary corporate bonds issued in 2015 with the amount of \$2,000,000 thousand in order to reimburse the due bonds and to

increase working capital. The unsecured ordinary corporate bonds with a 5-7-year maturity, due for repayment, were all issued in February 2015. The Company repaid \$1,000,000 thousand due in February 2020.

In October 2016, the Company applied for the first issuance of unsecured ordinary corporate bonds issued in 2016 with the amount of \$2,000,000 thousand in order to reimburse the bank loans, and the unsecured ordinary corporate bonds with a 5-year maturity, due for repayment, were all issued in October 2016.

In October 2017, the Company applied for the first issuance of unsecured ordinary corporate bonds issued in 2017 with the amount of \$2,000,000 thousand in order to reimburse the bank loans, and the unsecured ordinary corporate bonds with a 5-year maturity, due for repayment, were all issued in October 2017.

In April 2019, the Company applied for the first issuance of unsecured ordinary corporate bonds issued in 2019 with the amount of \$2,000,000 thousand in order to reimburse the bank loans, and the unsecured ordinary corporate bonds with a 5-year maturity, due for repayment, were all issued in April 2019.

19. ACCOUNTS PAYABLE

	December 31, 2020	December 31, 2019
	<u> </u>	<u> </u>
<u>Accounts payable</u>		
Operating	\$ <u>712,367</u>	\$ <u>769,412</u>
<u>Accounts payable - related party</u>		
(Note 30)		
Operating	\$ <u>188,290</u>	\$ <u>147,395</u>

The average credit period of the Company is between 1 and 3 months. The Company has financial risk management policies to ensure that all payables are paid within the credit terms.

20. OTHER PAYABLES

	December 31, 2020	December 31, 2019
	<u> </u>	<u> </u>
Non related party		
Payables for salaries and bonuses	\$ 172,126	\$ 120,857
Payables for purchases of equipment	10,810	75,422
Payables for utilities	59,847	56,341
Payables for interests	37,775	51,672
Payables for fares	23,387	23,768
Payables for leave payment	23,322	23,549
Others	<u>36,831</u>	<u>43,808</u>
	<u>\$ 364,098</u>	<u>\$ 395,417</u>
 Related party (Note 30)	 <u>\$ 11,906</u>	 <u>\$ 17,871</u>

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The pension plan under the “Labor Pension Act” of ROC (the “LPA”) is considered as a defined contribution plan. Based on the LPA, the Company makes monthly contributions to employees’ individual pension accounts in Bureau of Labor Insurance at 6% of monthly salaries and wages.

b. Defined benefit plans

The Company with the pension mechanism under the “Labor Standards Law” is considered as defined benefit plans. These pension plans provide benefits based on an employee’s length of service and average six-month salary prior to

retirement. The Company contributes an amount 9% (from November 10, 2016, the contribution rate raises to 12%) of salaries paid each month to their respective pension funds, which are administered by the Labor Pension Fund Supervisory Committee and deposited in the names of the Committee in the Bank of Taiwan. Entities are required to contribute the difference in one appropriation to the Funds before the end of next March when the balance of the Funds is insufficient to pay employees who will meet the retirement eligibility criteria within next year. The plan assets are held in a commingled fund which is operated and managed by the government's designated authorities; as such, the Company does not have any right to intervene in the investments of the funds.

The amounts included in the accompanying balance sheets arising from the Company's obligation in respect of its defined benefit plans were as follows:

	December 31, 2020	December 31, 2019
Present value of funded defined benefit obligation	(\$ 577,615)	(\$ 642,262)
Fair value of plan assets	<u>364,007</u>	<u>367,327</u>
Net defined benefit liabilities - non-current	(\$ <u>213,608</u>)	(\$ <u>274,935</u>)

Movements in the net defined benefit liabilities - non-current were as follows:

	Present Value of Funded Defined Benefit Obligation	Fair value of plan assets	Net Defined Benefit Liabilities
Balance on January 1, 2019	(\$ <u>691,947</u>)	\$ <u>383,013</u>	(\$ <u>308,934</u>)
Current cost value	(5,078)	-	(5,078)
Interest revenue (expense)	(<u>5,754</u>)	<u>3,389</u>	(<u>2,365</u>)

(Continued)

Amounts recognized in profit or loss	(\$ <u>10,832</u>)	\$ <u>3,389</u>	(\$ <u>7,443</u>)
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	<u>Present Value of Funded Defined Benefit Obligation</u>	<u>Fair value of plan assets</u>	<u>Net Defined Benefit Liabilities</u>
Re-measurement on the net defined benefit liability			
Return on plan assets (excluding amounts included in net interest)	-	14,285	14,285
Actuarial losses recognized from changes in financial assumptions	(10,817)	-	(10,817)
Actuarial losses recognized from experience adjustments	(6,574)	-	(6,574)
Amounts recognized in other comprehensive income	(17,391)	14,285	(3,106)
Contributions from employer	-	35,924	35,924
Benefits paid	77,908	(69,284)	8,624
Balance on December 31, 2019	(\$ 642,262)	\$ 367,327	(\$ 274,935)
Balance on January 1, 2020	(\$ 642,262)	\$ 367,327	(\$ 274,935)
Current service cost	(4,326)	-	(4,326)
Interest income (expense)	(3,789)	2,261	(1,528)
Amounts recognized in profit or loss	(8,115)	2,261	(5,854)
Re-measurement on the net defined benefit liability			
Return on plan assets (excluding amounts	\$ -	\$ 13,150	\$ 13,150

(Continued)

	<u>Present Value of Funded Defined Benefit Obligation</u>	<u>Fair value of plan assets</u>	<u>Net Defined Benefit Liabilities</u>
included in net interest)			
Actuarial losses recognized from changes in financial assumptions	(10,015)	-	(10,015)
Actuarial losses recognized from experience adjustments	(4,724)	-	(4,724)
Amounts recognized in other comprehensive income	(14,739)	13,150	(1,589)
Contributions from employer	-	51,853	51,853
Benefits paid	87,501	(70,584)	16,917
Balance on December 31, 2020	(\$ 577,615)	\$ 367,007	(\$ 213,608)

The Company is exposed to following risks for the defined benefits plans under the “Labor Standards Law”:

- 1) Investment risk: Through its own use and entrusting operation, Bureau of Labor Funds, MOL invested labor pension funds in domestic (foreign) equity and debt securities and bank deposits. But the allocated amounts of the plan assets shall not be lower than the gain calculated by the average interest rate on a two-year time deposit
- 2) Interest rate risk: The decline in government bond interest rate will increase the present value of the obligation on the defined benefit plan, while the return on plan assets will increase. The net effect on the present value of the obligation on defined benefit plan is partially offset by the return on plan assets.

3) Salary risk: The calculation of the present value of defined benefit obligation is in reference to the plan participants' future salary. Hence, the increase in plan participants' salary will increase the present value of the defined benefit obligation.

The present value of the defined benefit obligation of the Company was calculated by the independent actuary. The principal assumptions on the measurement date were as follows:

	December 31, 2020	December 31, 2019
	<u> </u>	<u> </u>
Discount rate	0.375%	0.625%
Expected rates of salary increase	2.25%	2.25%

If reasonably possible changes of the respective significant actuarial assumptions occur, while holding all other assumptions constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31, 2020	December 31, 2019
	<u> </u>	<u> </u>
Discount rate		
0.25% increase	<u>(\$ 10,016)</u>	<u>(\$ 10,817)</u>
0.25% decrease	<u>\$ 10,331</u>	<u>\$ 11,158</u>
Expected rates of salary increase		
0.25% increase	<u>\$ 9,960</u>	<u>\$ 10,785</u>
0.25% decrease	<u>(\$ 9,708)</u>	<u>(\$ 10,511)</u>

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 the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31, 2020	December 31, 2019
The expected contributions to the plan for the next year	<u>\$ 34,414</u>	<u>\$ 44,184</u>
The average duration of the defined benefit obligation	7.3 years	7.4 years

22. Equity

	December 31, 2020	December 31, 2019
Share capital	\$ 11,887,635	\$ 11,887,635
Capital surplus	321,798	271,613
Retained earnings	9,497,146	7,756,919
Other equity items	(240,195)	(781,058)
Treasury shares	<u>(475,606)</u>	<u>(475,606)</u>
	<u>\$ 20,990,778</u>	<u>\$ 18,659,503</u>

a. Share capital

	September 30, 2020	December 31, 2019
Number of shares authorized (in thousands)	<u>1,342,602</u>	<u>1,342,602</u>
Shares authorized	<u>\$ 13,426,024</u>	<u>\$ 13,426,024</u>
Number of shares issued and fully paid (in thousands)	<u>1,188,763</u>	<u>1,188,763</u>
Shares issued	<u>\$ 11,887,635</u>	<u>\$ 11,887,635</u>

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

b. Capital surplus

The capital surplus generated from donations and the excess of the issuance price over the par value of share capital (including the shares issued from new capital, mergers and treasury shares) may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or share dividends up to a certain percentage of the Company's paid-in capital. The capital surplus arising from investments accounted for using the equity method and from dividends had not been received during the given period by stockholders are used to offset a deficit only. The capital surplus arising from employee stock option may not be used for any purposes.

c. Retained earnings and dividends policy

In accordance with the dividends policy as set forth in the Company's Articles of Incorporation, where the Company made a profit in a fiscal year, the profit after tax shall be first utilized for 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, please refer to employees' compensation and remuneration of directors in Note 24.g.

The industry that the Company operates in is in the maturity stage. Consequently, in order to take R&D needs and diversification into consideration, shareholders' dividends shall be no less than 10% of the distributable earnings in the current year, of which the cash dividends not be no less than 10% of the total dividends. However, if the distributable earnings of the year are less than \$0.1 per share, it shall not be distributed.

The 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 and Rule No. 1010047490 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 the years ended December 31, 2019 and 2018 as approved in the shareholders' meetings on June 12, 2020 and 2019, respectively, were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	For the year ended December 31, 2019	For the year ended December 31, 2018	For the year ended December 31, 2019	For the year ended December 31, 2018
Legal reserve	\$ 129,872	\$ 53,994		
	350,533	55,399		
Special reserve				
	<u>594,382</u>	<u>356,629</u>	\$ 0.5	\$ 0.3
Cash dividends				
	<u>\$ 1,074,787</u>	<u>\$ 466,022</u>		

The appropriations of earnings for the year ended December 31, 2020 had been proposed by the Company's Board of Directors on March 8, 2021. The appropriations were as follows:

	<u>Appropriation of Earnings</u>	<u>Dividends Per Share (NT\$)</u>
Legal reserve	\$ 233,461	
Reversed from a special reserve	(405,932)	
	<u>1,188,763</u>	\$ 1
Cash dividends		
	<u>\$ 1,016,292</u>	

The appropriations of earnings for the year ended December 31, 2020 are subject to the resolution of the stockholders' meeting planned to be held on June 11, 2021

d. Other equity items

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

	For the year ended December 31, 2020	For the year ended December 31, 2019
Balance at January 1	(\$ 602,871)	(\$ 208,307)
Recognized during the period		
Exchange differences on translating foreign operations	11,182	(339,848)
Recognized during the period of the related income tax of the profits and losses on translating foreign operations	(2,236)	67,970
Share from subsidiaries for using the equity method	10,300	(122,069)
Disposition of subsidiaries' equity	(230)	(617)
Balance at December 31	(\$ 583,855)	(\$ 602,871)

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

	Year 2020	Year 2019
Balance at January 1	(\$ 178,187)	(\$ 85,136)
Recognized during the period		
Unrealized gain		

	Year 2020	Year 2019
Equity instruments	107,870	(104,930)
Share from subsidiaries for using the equity method	335,899	43,229
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposals		
Equity method - produced in that year	1,865	(1,608)
Share from subsidiaries for using the equity method	<u>76,213</u>	<u>(29,742)</u>
Balance at December 31	<u>\$ 343,660</u>	<u>(\$ 178,187)</u>

e. Treasury shares

Purpose of Buy-Back	Number of Shares at January 1 (In Thousands of Shares)	Increase During the year ended	Decrease During the year ended	Number of Shares at December 31 (In Thousands of Shares)
<u>Year 2020</u>				
Transfer from shares held by subsidiaries under equity method	<u>116,466</u>	<u>-</u>	<u>-</u>	<u>116,466</u>
<u>Year 2019</u>				
Transfer from shares held by subsidiaries under equity method	<u>116,466</u>	<u>-</u>	<u>-</u>	<u>116,466</u>

The Company's shares held by its subsidiaries on the date of balance sheet were as follows:

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount (Thousands NT\$)	Market Price (Thousands NT\$)
<u>December 31, 2020</u>			
Asia Polymer Corporation ("APC")	101,356	\$ 1,377,381	\$ 2,290,638
Taita Chemical Company, Limited ("TTC")	15,110	<u>81,875</u>	<u>341,484</u>
		<u>\$ 1,459,256</u>	<u>\$ 2,632,122</u>
<u>December 31, 2019</u>			
APC	101,356	\$ 1,377,381	\$ 1,403,776
TTC	15,110	<u>81,875</u>	<u>209,272</u>
		<u>\$ 1,459,256</u>	<u>\$ 1,613,048</u>

The Company's shares held by subsidiaries are regarded as treasury shares. Investments accounted for using the equity method are reclassified as treasury shares.

The Company's shares held by APC and TTC were carried as unrealized gain loss on financial assets at FVTOCI and valued at the closing price of December 31, 2020 and 2019. The carrying amounts of investments accounted for using the equity method and the unrealized gain on financial assets at FVTOCI were reduced by \$390,637 thousand and \$55,255 thousand, respectively.

23. REVENUE

	<u>Year 2020</u>	<u>Year 2019</u>
Product sales revenue		
Plastic materials	<u>\$ 10,172,220</u>	<u>\$ 10,966,471</u>

Product sales revenue of the Company mainly comes from selling polyethylene plastic and other related products.

a. Contract balances

	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>January 1 2019</u>
Notes and account receivables (including related parties) (Notes 10 and 30)	<u>\$ 1,522,542</u>	<u>\$ 1,393,032</u>	<u>\$ 1,565,708</u>
Contract liabilities (as other current liabilities)			
Merchandise sales	<u>\$ 73,628</u>	<u>\$ 64,503</u>	<u>\$ 27,213</u>

b. Please refer to Statement 19 for the breakdown of income.

24. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations includes the following:

a. Interest income

	Year 2020	Year 2019
Bank deposit	\$ 4,628	\$ 7,070
Beneficiary securities	1,328	8,474
Financial assets at amortized cost	578	353
Others	<u>70</u>	<u>81</u>
	<u>\$ 6,604</u>	<u>\$ 15,978</u>

b. Other income

	For the year ended December 31, 2020	For the year ended December 31, 2019
Dividend income	\$ 50,630	\$ 48,117
Rental income	51,056	52,437
Grant income (Note 13)	-	185,710
Management service income	39,398	48,696
Others	<u>11,220</u>	<u>13,810</u>
	<u>\$ 152,304</u>	<u>\$ 348,770</u>

c. Other gains and losses

	Year 2020	Year 2019
Gain on disposal of property, plant and equipment	\$ 3,311	\$ 1,235
Loss on disposal of property, plant and equipment	(3,472)	(450)
Net gain on disposal of financial instruments	111,656	4,821
Net foreign exchange losses	(1,696)	(38,386)
Net gain on financial assets at FVTPL	6,798	89,942
Net loss on financial liabilities at FVTPL	(25,883)	(23,129)
Depreciation of investment properties(Note 15)	(27,086)	(27,177)
Other expenses	<u>(20,961)</u>	<u>(29,608)</u>
	<u>\$ 42,667</u>	<u>(\$ 22,752)</u>

d. Finance costs

	Year 2020	Year 2019
Interest on bond payable	\$ 80,898	\$ 88,887
Interest on bank loans	24,325	29,119
Other interest expense	65	1,054
Interest on lease liabilities	2,252	2,606
Less: Capitalized interest (included in construction in progress)	(<u>2,499</u>)	(<u>17,300</u>)
	<u>\$ 105,041</u>	<u>\$ 104,366</u>

Information about capitalized interest is as follows:

	Year 2020	Year 2019
Capitalized interest	\$ 2,499	\$ 17,300
Capitalization rate	1.1379% ~ 1.2272%	1.1943% ~ 1.2507%

e. Depreciation and amortization

	Year 2020	Year 2019
Property, plant and equipment	\$ 571,476	\$ 472,934
Right-of-use assets	4,563	4,787
Investment properties	27,086	27,177
Intangible assets	291	344
Others	<u>13,958</u>	<u>12,457</u>
	<u>\$ 617,374</u>	<u>\$ 517,699</u>
Summary of depreciation by function		
Operating costs	\$ 552,269	\$ 459,443
Operating expenses	23,770	18,278
Other gains and losses	<u>27,086</u>	<u>27,177</u>
	<u>\$ 603,125</u>	<u>\$ 504,898</u>
Summary of amortization by function		
Operating costs	\$ 13,958	\$ 12,457
General and administrative expenses	<u>291</u>	<u>344</u>
	<u>\$ 14,249</u>	<u>\$ 12,801</u>

f. Employee benefits expense

	Year 2020	Year 2019
Post-employment benefits (Note 21)		
Defined contribution plans	\$ 19,824	\$ 19,320
Defined benefit plans	<u>5,854</u>	<u>7,443</u>
	25,678	26,763
Other employee benefits	<u>649,384</u>	<u>570,736</u>
Total employee benefits expense	<u>\$ 675,062</u>	<u>\$ 597,499</u>
Summary of employee benefits expense by function		
Operating costs	\$ 482,569	\$ 394,413
Operating expenses	<u>192,493</u>	<u>203,086</u>
	<u>\$ 675,062</u>	<u>\$ 597,499</u>

g. Employees' compensation and remuneration of directors

The Company accrued employees' compensation and remuneration of directors at the rate of no less than 1% and no higher than 1%, respectively, of net profit before income tax. The employees' compensation and remuneration of directors for the years ended December 31, 2020 and 2019 were resolved by the Company's board of directors on March 8, 2021 and March 9, 2020 as follows:

Accrual rates

	<u>Year 2020</u>	<u>Year 2019</u>
Employees' compensation	1.00%	1.00%
Remuneration of directors	0.12%	0.37%

Amount

	<u>Year 2020</u>	<u>Year 2019</u>
Employees' compensation	\$ 25,892	\$ 14,793
Remuneration of directors	3,000	5,500

If there is a change in the amounts after the annual accompanying financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate and recognized in the next year.

There was no difference between the actual amounts of employees' compensation and remuneration of directors for the years ended December 31, 2019 and 2018 paid and the amounts recognized in the accompanying financial statements for the years ended December 31, 2019 and 2018.

Information on the employees' compensation and remuneration of directors for the year ended December 31, 2020 and 2019 resolved by the Company's board of directors is available at the "Market Observation Post System" website of the Taiwan Stock Exchange.

h. Gain or loss on foreign currency exchange

	Year 2020	Year 2019
Foreign exchange gains	\$ 55,941	\$ 65,638
Foreign exchange losses	(<u>57,637</u>)	(<u>104,024</u>)
Net loss	(<u>\$ 1,696</u>)	(<u>\$ 38,386</u>)

25. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	Year 2020	Year 2019
Current tax		
In respect of the current year	\$ 154,245	\$ 156,915
Surtax on undistributed earnings	11,243	9,795
Subsidiary repatriation of profits	5,180	-
Adjustments for prior years	(<u>13,094</u>)	(<u>6,281</u>)
	<u>157,574</u>	<u>160,429</u>
Deferred tax		
In respect of the current year	3,330	17,158
The impact on income tax for the deferred subsidiary repatriation of profits	(10,360)	-
Adjustments for prior years	<u>-</u>	<u>36</u>
	(<u>7,030</u>)	<u>17,194</u>
Income tax expense recognized in profit or loss	<u>\$ 150,544</u>	<u>\$ 177,623</u>

The adjustment of accounting income and income tax expenses is as follows:

	Year 2020	Year 2019
Net profit before tax		
for the year	<u>\$2,560,322</u>	<u>\$1,458,987</u>
Income tax expense of net profit before tax calculated at statutory tax rate (20%)	\$ 512,064	\$ 291,797
Non-deductible expenses	439	4,443
Tax-free income	(32,457)	(10,587)
Financial asset evaluation loss (profit)	1980	(9,675)
The share of profits and losses of domestic subsidiaries recognized by using equity method	(321,884)	(102,298)
The invested company's capital reduction and liquidation loss	(2,875)	-
Surtax on undistributed earnings	11,243	9,795
Adjustments of current income tax expenses for prior year	(13,094)	(6,245)
Subsidiaries repatriation profits	(5,180)	-
Others	<u>308</u>	<u>393</u>
Income tax expense recognized in profit or loss	<u>\$ 150,544</u>	<u>\$ 177,623</u>

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. When calculating the tax on unappropriated earnings, the Company only deducts the amount of capital expenditure that has actually been reinvested.

b. Income tax recognized in other comprehensive income

	<u>Year 2020</u>	<u>Year 2019</u>
<u>Deferred tax</u>		
In respect of the current year		
-Translation of foreign operations	(\$ 2,236)	\$ 67,970
-Re-measurements of defined benefit plan	<u>318</u>	<u>621</u>
Total income tax recognized in other comprehensive income	(<u>\$ 1,918</u>)	<u>\$ 68,591</u>

c. Current income tax assets and liabilities

	<u>For the year ended December 31, 2020</u>	<u>For the year ended December 31, 2019</u>
Current income tax liabilities		
Income tax payable	<u>\$ 196,426</u>	<u>\$ 172,500</u>

d. Deferred income tax assets and liabilities

The changes in deferred income tax assets and liabilities are as follows:

For the year ended December 31, 2020

	<u>Balance at beginning of the year</u>	<u>Recognized in profit and loss</u>	<u>Recognized in other comprehensive income</u>	<u>Year-end balance</u>
<u>Deferred income tax assets</u>				
Temporary difference				
Allowance for inventory valuation and obsolescence losses	\$ 2,605	\$ 4,683	\$ -	\$ 7,288
Defined benefit retirement plan	26,258	-	318	26,576
Pension expenditures due to fiscal and taxation difference	12,871	(12,584)	-	287
Payable for annual leave	4,711	(46)	-	4,665
Unrealized sales profits	1,607	(488)	-	1,119

(Continued)

	Balance at beginning of the year	Recognized in profit and loss	Recognized in other comprehensive income	Year-end balance
Amortization of intangible assets due to fiscal and taxation difference over amortization period	7,817	(4,177)	-	3,640
Amortization of depreciation due to fiscal and taxation difference over amortization period	785	-	-	785
Unrealized evaluation gains or losses of financial assets measured at fair value through profit and loss	216	2,089	-	2,305
Exchange differences on translation of foreign financial statements	60,381	-	(2,236)	58,145
Unrealized exchange loss	<u>1,224</u>	<u>(1,224)</u>	<u>-</u>	<u>-</u>
	<u>\$ 124,570</u>	<u>(\$ 11,747)</u>	<u>(\$ 1,918)</u>	<u>\$ 110,905</u>
<u>Deferred income tax liabilities</u>				
Temporary difference				
The share of profits of foreign subsidiaries recognized by using equity method	\$ 120,587	(\$ 21,175)	\$ -	\$ 99,412
Unrealized exchange gains	-	2,398	-	2,398
Land revaluation surplus	<u>43,580</u>	<u>-</u>	<u>-</u>	<u>43,580</u>
	<u>\$ 164,167</u>	<u>(\$ 18,777)</u>	<u>-</u>	<u>\$ 145,390</u>

For the year ended December 31, 2019

	Balance at beginning of the year	Recognized in profit and loss	Recognized in other comprehensive income	Year-end balance
<u>Deferred income tax assets</u>				
Temporary difference				
Allowance for inventory valuation and obsolescence losses	\$ 1,518	\$ 1,087	\$ -	\$ 2,605
Defined benefit retirement plan	25,637	-	621	26,258
Pension expenditures due to fiscal and taxation difference	20,292	(7,421)	-	12,871
Payable for annual leave	4,826	(115)	-	4,711
Unrealized sales profits	1,722	(115)	-	1,607
Impairment loss of financial assets measured at fair value through profit and loss	6,095	-	-	6,095
Amortization of intangible assets due to fiscal and taxation difference over amortization period	12,578	(4,761)	-	7,817
Amortization of depreciation due to fiscal and taxation difference over amortization period	785	-	-	785
Deferred revenue	6,000	(6,000)	-	-
Unrealized evaluation gains or losses of financial assets measured at fair value through profit and loss	1,296	(1,080)	-	216
Exchange differences on translation of foreign financial statements	-	-	60,381	60,381
Unrealized exchange loss	-	1,224	-	1,224
	<u>\$ 80,749</u>	<u>(\$ 17,181)</u>	<u>\$ 61,002</u>	<u>\$ 124,570</u>
<u>Deferred income tax liabilities</u>				
Temporary difference				
The share of profits of foreign subsidiaries recognized by using equity method	\$ 119,157	\$ 1,430	\$ -	\$ 120,587
Exchange differences on translation of foreign financial statements	7,589	-	(7,589)	-
Unrealized exchange gains	1,417	(1,417)	-	-
Land revaluation surplus	43,580	-	-	43,580
	<u>\$ 171,743</u>	<u>\$ 13</u>	<u>(\$ 7,589)</u>	<u>\$ 164,167</u>

e. Income tax assessments

The Company's income tax returns through 2018 have been assessed by the tax authorities.

26. EARNINGS PER SHARE

	Unit: NT\$ Per Share	
	Year 2020	Year 2019
Basic earnings per share	<u>\$ 2.25</u>	<u>\$ 1.19</u>
Diluted earnings per share	<u>\$ 2.24</u>	<u>\$ 1.19</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share from continuing operations were as follows:

Profit for the year

	Year 2020	Year 2019
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 2,409,778</u>	<u>\$ 1,281,364</u>

Number of Ordinary Shares Outstanding

	(In Thousand of Shares)	
	Year 2020	Year 2019
Weighted average number of ordinary shares used in computation of basic earnings per share	1,072,298	1,072,298
Effect of potentially dilutive ordinary shares:		
Employees' compensation issued to employees	<u>1,376</u>	<u>1,162</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>1,073,674</u>	<u>1,073,460</u>

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 board of directors resolves the number of shares to be distributed to employees at their meeting in the following year.

27. CASH FLOW INFORMATION

a. Non-cash transactions

In the year 2020 and 2019, the Company entered into the following non-cash investing and financing activities:

- 1) As of 2020, and December 31, 2019, the amounts of payables for purchases of equipment were \$10,810 thousand, and \$75,422 thousand, respectively.
- 2) As of 2020 and December 31, 2019, the amounts of payables for dividends declared but not issued were \$4,864 thousand, and \$4,983 thousand, respectively.

b. Changes in liabilities arising from financing activities

	January 1, 2020	Cash Flows	Non-cash Changes			December 31, 2020
			New Leases	Amortization of Finance Costs	Others	
Short-term borrowings	\$ 500,000	(\$ 1,000)	\$ -	\$ -	\$ -	\$ 499,000
Bonds payable (including those due within 1 year)	7,991,283	(1,000,000)	-	3,019	-	6,994,302
Long-term borrowings (including those due within 1 year)	1,950,000	(350,000)	-	-	-	2,300,000
Guarantee deposits received	5,861	186	-	-	-	6,047
Lease liabilities (including those due within 1 year)	<u>208,249</u>	<u>(30,752)</u>	<u>-</u>	<u>2,252</u>	<u>(2,252)</u>	<u>177,497</u>
	<u>\$ 10,655,393</u>	<u>(\$ 681,566)</u>	<u>\$ -</u>	<u>\$ 5,271</u>	<u>(\$ 2,252)</u>	<u>\$ 9,976,846</u>

(Continued)

	January 1, 2019	Cash Flows	Non-cash Changes			December 31, 2019
			New Leases	Amortization of Finance Costs	Others	
Short-term borrowings	\$ 1,752,000	(\$ 1,253,000)	\$ -	\$ -	\$ -	\$ 500,000
Short-term bills payable	199,981	(199,981)	-	-	-	-
Bonds payable (including those due within 1 year)	5,992,604	1,995,630	-	3,049	-	7,991,283
Long-term borrowings (including those due within 1 year)	1,500,000	450,000	-	-	-	1,950,000
Guarantee deposits received	5,329	532	-	-	-	5,861
Lease liabilities (including those due within 1 year)	<u>238,033</u>	<u>(29,784)</u>	<u>-</u>	<u>2,606</u>	<u>(2,606)</u>	<u>208,249</u>
	<u>\$ 9,688,947</u>	<u>\$ 963,397</u>	<u>\$ -</u>	<u>\$ 5,655</u>	<u>(\$ 2,606)</u>	<u>\$ 10,655,393</u>

28. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall management strategy remains unchanged from the past year.

The capital structure of the Company consists of its net debt and equity.

Key management personnel of the Company review the capital structure periodically. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, and the amount of new debt issued or existing debt redeemed.

29. FINANCIAL INSTRUMENT

a. Fair value of financial instruments not measured at fair value

December 31, 2020

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Domestic corporate bonds	\$ 6,994,302	\$ -	\$ 7,029,198	\$ -	\$ 7,029,198

December 31, 2019

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Domestic corporate bonds	\$ 7,991,283	\$ -	\$ 8,027,387	\$ -	\$ 8,027,387

Expect for the above, the management of the Company considers that the carrying amounts of financial assets and financial liabilities approximate their fair values. Otherwise, the fair values cannot be reliably measured.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Domestic listed shares and over-				
the-counter shares	\$ 175,884	\$ -	\$ -	\$ 175,884
Fund beneficiary certificates	1,859,260	-	-	1,859,260
Beneficiary securities	<u>61,556</u>	<u>-</u>	<u>-</u>	<u>61,556</u>
	<u>\$ 2,096,700</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,096,700</u>
<u>Financial assets at FVTOCI</u>				
Equity instrument investments				
-Domestic listed shares and				
over-the-counter shares	\$ 697,187	\$ -	\$ -	\$ 697,187
-Domestic unlisted shares and				
emerging market shares	<u>-</u>	<u>-</u>	<u>275,452</u>	<u>275,452</u>
	<u>\$ 697,187</u>	<u>\$ -</u>	<u>\$ 275,452</u>	<u>\$ 972,639</u>
<u>Financial liabilities at FVTPL</u>				
Derivatives	<u>\$ -</u>	<u>\$ 11,522</u>	<u>\$ -</u>	<u>\$ 11,522</u>

December 31, 2019

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Derivatives	\$ -	\$ 732	\$ -	\$ 732
Domestic listed shares and over- the-counter shares	123,179	-	-	123,179
Fund beneficiary certificates	1,756,327	-	-	1,756,327
Beneficiary securities	<u>293,084</u>	<u>-</u>	<u>-</u>	<u>293,084</u>
	<u>\$ 2,172,590</u>	<u>\$ 732</u>	<u>\$ -</u>	<u>\$ 2,173,322</u>
 <u>Financial assets at FVTOCI</u>				
Equity instrument investments				
Domestic listed shares and over- the-counter shares	\$ 662,044	\$ -	\$ -	\$ 662,044
Domestic emerging market shares	<u>-</u>	<u>-</u>	<u>238,354</u>	<u>238,354</u>
	<u>\$ 662,044</u>	<u>\$ -</u>	<u>\$ 238,354</u>	<u>\$ 900,398</u>
 <u>Financial liabilities at FVTPL</u>				
Derivatives	<u>\$ -</u>	<u>\$ 1,807</u>	<u>\$ -</u>	<u>\$ 1,807</u>

There were no transfers between Levels 1 and 2 for Year 2020 and Year 2019.

2) Reconciliation of Level 3 fair value measurements of financial instruments

	<u>Year 2020</u>	<u>Year 2019</u>
<u>Financial assets at FVTOCI</u>		
Balance in the early year	\$ 238,354	\$ 242,758
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	72,727	9,380
Disposition	(2,784)	-
Return of capital	(<u>32,845</u>)	(<u>13,784</u>)
Balance at the end of the year	<u>\$ 275,452</u>	<u>\$ 238,354</u>

3) Valuation techniques and inputs applied for Level 2 fair value

measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Financial liabilities - domestic corporate bonds	The corporate bond interest rate announced by Taipei Exchange, of which per-hundred price is calculated according to the credit rating and the expiration date through interpolation method.
Derivatives - foreign exchange forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

The Company applied the valuation techniques and inputs for Level 3 fair value measurement for its independent fair value authentication of financial instruments which was carried out by the financial department. Through information from independent resources, the Company keeps the results close to the market state and reviews such results 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 its observable company. If the discount for the lack of marketability decreases, the fair value of investments will increase. When the discount for lack of marketability increases/decreases by 10%, the fair value will decrease/increase by \$27,545 thousand and \$23,835 thousand, respectively, for the years ended December 31, 2020 and 2019.

c. Categories of financial instruments

	December 31, 2020	December 31, 2019
<u>Financial assets</u>		
Financial assets at FVTPL		
Financial assets mandatorily classified as at FVTPL	\$ 2,096,700	\$ 2,173,322
Financial assets measured at amortized cost (Note 1)	2,799,911	2,606,889
Financial assets at FVTOCI –		
equity instrument investments	972,639	900,398
Guarantee deposits received	47,630	54,581
 <u>Financial liabilities</u>		
Financial liabilities at FVTPL – Held		
for trading	11,522	1,807
Financial liabilities measured at amortized cost (Note 2)	11,069,963	11,771,378
Guarantee deposits received	6,046	5,861

Note 1: Balance is the financial assets measured at amortized cost, including cash and equivalent cash, debt instrument investment, notes receivable and amounts receivable (including related parties), other receivables (including related parties, excluding business tax refund receivable).

Note 2: Balance is the financial liabilities measured at amortized cost, including short and long- term loan, amounts receivable (including related parties), other receivables (including related parties) and corporation bonds receivable.

d. Financial Risk Management Objectives and Policies

The Company's risk control and hedging strategy are influenced by the operational environment. The Company properly monitors and manages the risks related to business nature in accordance with the principle of risk diversification. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and other price risks.

There has been no change to the Company's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Company had conducted foreign currency sales and purchases, which exposed the Company to foreign currency risk. In order to avoid the impact of foreign currency exchange rate changes, which lead to deductions in foreign currency denominated assets and fluctuations in their future cash flows, the Company used foreign exchange forward contracts to eliminate foreign currency exposure and thus mitigate the impact of the risk. The use of foreign exchange forward contracts was governed by the Company's policies approved by the board of directors. Compliance with policies and exposure limits was reviewed by internal auditors on a continuous basis. The Company did not enter into or traded foreign exchange contracts for speculative purposes.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities are set out in Note 34 and the derivatives exposing the Company to foreign currency risk at the end of the reporting period are set out in Note 7.

Sensitivity analysis

The sensitivity analysis of foreign currency risk mainly focuses on the computation of foreign currency monetary items at the end of the financial reporting period (U.S. dollar and RMB

denominated items). When the Company's functional currency relative to the USD and RMB appreciates/depreciates by 3%, the Company's profit before tax for the year ended December 31, 2020 will decrease/increase by \$38,680 thousand; the profit before tax for the year ended December 31, 2019 will decrease/increase by \$34,736 thousand.

Since this sensitivity analysis is based on the computation of foreign currency exposure at balance sheet date, the management concedes that this analysis cannot properly reflect the mid-year exposures.

b) Interest rate risk

The Company was exposed to fair value interest rate risk because the Company held financial assets and financial liabilities at fixed rates; the Company was exposed to cash flow interest rate risk because the Company held financial assets and financial liabilities at floating rates. The Company's management monitors the changes in the market rates on a regular basis and adjusts the floating rate financial liabilities to make the Company's rates approach market rates in response to the risk caused by changing market rates.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates on the balance sheet date were as follows:

	December 31, 2020	December 31, 2019
Fair value interest rate risk		
-Financial assets	\$ 1,029,201	\$ 845,604
-Financial liabilities	8,671,799	9,799,532
Cash flow interest rate risk		
-Financial assets	28,626	42,865
-Financial liabilities	1,299,000	850,000

Sensitivity analysis

Regarding the sensitivity analysis of interest risk, the Company's computation was based on financial assets and financial liabilities with cash flow interest rate risk. A 0.5% increase/decrease of market interest was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rate. If interest rates had been 0.5% higher/lower and all other variables were held constant, the Company's profit before tax for the year ended December 31, 2020 and 2019 would have decreased/increased by \$6,352 thousand and \$4,036 thousand, respectively.

c) Other price risk

The Company was exposed to equity price risk through its investments in equity securities listed domestically and overseas and beneficiary certificates. The Company manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Company has appointed a special team to monitor the price risk.

Sensitivity analysis

The following analysis was determined based on the price of equity securities on the balance sheet date. However, since the fund beneficiary certificates held by the Company are mainly money market funds and its risk of price fluctuations is very low, they are not included in sensitivity analysis.

If equity prices fluctuate by 5%, the pre-tax profit for the year ended December 31, 2020 and 2019 would have increased/decreased by \$11,872 thousand and \$20,813 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 year ended December 31, 2020 and 2019 would have increased/decreased by \$48,632 thousand and \$45,020 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 a financial loss to the Company. As of the balance sheet date, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation, could be equal to the total of the following:

- a) The carrying amount of the financial assets recognized in the balance sheets.
- b) The maximum amount payable by the Company due to financial guarantees provided by the Company.

The Company adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored. In addition, the financial guarantee provided by the Company is customs duties and endorsement guarantee for the loan of the subsidiary. As of December 31, 2020 and 2019, the amounts for endorsement guarantee are 4,204,800 thousand and 3,919,800 thousand. Based on the expectation of the balance sheet, the subsidiaries are in good operation, so there are few possibilities to pay endorsement guarantee amounts due to the subsidiary's default.

The counterparties of the Company's trade receivables cover a wide range of customers distributed in different districts, and are not centered on a single client or location. Besides this, ongoing credit evaluations are performed on the financial condition of counterparties of the trade receivables, so the Company's credit risk is limited. On the balance sheet date, the Company's maximum exposure to credit risk approximates the carrying amounts of the respective recognized financial assets as stated on the balance sheet.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods based on the probable earliest dates on which the Company can be required to pay. The table has been drawn up

based on the undiscounted cash flows of financial liabilities, including the cash flows of interests and principals.

December 31, 2020

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities		\$ 1,276,661	\$ -	\$ -
Lease liabilities	1.16	32,869	122,655	28,058
Fixed interest rate liabilities	0.80~1.90	2,000,000	6,500,000	-
Floating interest rate liabilities	0.74~0.83	<u>499,000</u>	<u>800,000</u>	<u>-</u>
		<u>\$ 3,808,530</u>	<u>\$ 7,422,655</u>	<u>\$ 28,058</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	15~10 Years
Lease liabilities	<u>\$ 32,869</u>	<u>\$ 122,655</u>	<u>\$ 28,058</u>

December 31, 2019

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities		\$ 1,330,095	\$ -	\$ -
Lease liabilities	1.16	32,582	127,466	56,115
Fixed interest rate liabilities	0.85~1.90	1,150,000	8,450,000	-
Floating interest rate liabilities	0.83~1.00	<u>350,000</u>	<u>500,000</u>	<u>-</u>
		<u>\$ 2,862,677</u>	<u>\$ 9,077,466</u>	<u>\$ 56,115</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	<u>\$ 32,582</u>	<u>\$ 127,466</u>	<u>\$ 56,115</u>

b) Liquidity and interest rate risk tables for derivative financial liabilities

The following table details the Group's liquidity analysis for its derivative financial instruments and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves on the balance sheet date.

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
<u>Gross settled</u>			
Foreign exchange forward contracts			
Inflows	\$ 187,799	\$ 470,813	\$ 97,258
Outflows	(192,052)	(479,688)	(99,081)
	(\$ 4,253)	(\$ 8,875)	(\$ 1,823)

December 31, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
<u>Gross settled</u>			
Foreign exchange forward contracts			
Inflows	\$ 168,590	\$ 542,538	\$ -
Outflows	(168,890)	(543,197)	-
	(\$ 300)	(\$ 659)	\$ -

c) Financing facilities

The Company relies on bank loans as a significant source of liquidity. As of the balance sheet date, the unused amounts of bank financing facilities were as follows:

	December 31, 2020	December 31, 2019
Bank loan facilities		
-Amount unused	<u>\$ 8,587,293</u>	<u>\$ 4,634,992</u>

30. RELATED PARTY TRANSACTIONS

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed as follows.

a. Name of the related party and their relationship

<u>Name of the related party</u>	<u>Relationships with the Company</u>
USIFE Investment Co., Ltd. ("USII")	Subsidiary
Swanson Plastic Co.(SPC)	Subsidiary
ACME Electronics(ACME)	Subsidiary
Chong Loong Trading Co.(CLTC)	Subsidiary
Swanlake Traders Ltd. (STL)	Subsidiary
Union Polymer Int'l Investment Corp. ("UPIIC)	Subsidiary
USI (Hong Kong) Company Limited (USI(Hong kong))	Subsidiary
USI Management Consulting Corp. ("UM")	Subsidiary
Thintec Materials Corporation ("TMC")	Subsidiary
Forever Young Company Limited (Forever Young)	Subsidiary
Swanson Technologies Corporation	Subsidiary
Taiwan United Venture Management Corporation (TUVVM)	Subsidiary
China General Plastics Corporation(CGPC)	Subsidiary
Taita Chemical Co. Ltd. (TTC)	Subsidiary

(Continued)

Asia Polymer Corporation (APC)	Subsidiary
Taiwan VCM Corporation (TVCM)	Subsidiary
CGPC Polymer Corporation	Subsidiary
China General Terminal & Distribution Corporation (CGTD)	Subsidiary
Inoma Corporation (“INOMA”)	Subsidiary
USII Trading (Shanghai) Co., Ltd.(USIT)	Subsidiary
Forum Pacific Trading Ltd.	Subsidiary
USI International Corp.	Subsidiary
USI Trading (Shanghai) Co., Ltd.(USI Trading (Shanghai))	Subsidiary
APC Investment Corporation	Subsidiary
USI Optronics Corporation	Subsidiary
Dynamic Ever Investments Limited(DEIL)	Subsidiary
USI Education Foundation (USIF)	Subsidiary

b. Sales

Related Party Category/Name	Year 2020	Year 2019
Subsidiary	<u>\$ 412,433</u>	<u>\$ 512,075</u>

The Company sold goods to subsidiaries for the year ended December 31 2020 and 2019. As of the end of 2020 and 2019, the unrealized gross profit to SPC is 408 thousand and 236 thousand, respectively. As of the end of 2020 and 2019, the deferred unrealized gross profit to USI Trading (Shanghai) is 839 thousand and 606 thousand, respectively. At the end of 2020 and 2019, the unrealized profit of deferred subsidiaries is 1,247 thousand and 842 thousand, respectively.

There are not great differences in sale condition, sale price and payment condition between the Company and the related parties and unrelated parties.

c. Purchase

Related Party Category/Name	Year 2020	Year 2019
Subsidiaries		
APC	\$ 662,705	\$ 8,250
Others	<u>67,698</u>	<u>83,956</u>
	<u>\$ 730,403</u>	<u>\$ 926,823</u>

d. Allotment of ethylene outside

Related Party Category/Name	Year 2020	Year 2019
Subsidiaries		
APC	\$ 143,669	\$ 367,496
TVCM	<u>81,299</u>	<u>207,324</u>
	<u>\$ 224,968</u>	<u>\$ 574,820</u>

e. Allotment of ethylene inside

Related Party Category/Name	Year 2020	Year 2019
Subsidiaries		
APC	\$ 12,707	\$ 33,666
TVCM	<u>18,215</u>	<u>120,934</u>
	<u>\$ 30,922</u>	<u>\$ 154,600</u>

f. Rental receipt (classified as other revenue)

Related Party Category/Name	Year 2020	Year 2019
Subsidiaries		
SPC	\$ 7,179	\$ 7,517
CGPC	5,110	5,258
TTC	5,535	5,478
ACME	3,026	3,088
Others	<u>9,006</u>	<u>9,554</u>
	<u>\$ 29,856</u>	<u>\$ 30,895</u>

The Company lease parts of the floors of the office building in Neihu to the subsidiaries and the rent is calculated on a monthly basis based on the contract. At the termination of the lease term, the subsidiaries have no right of first refusal of the leased office.

g. Management services income (classified as other revenue)

Related Party Category/Name	Year 2020	Year 2019
Subsidiaries		
DEIL	\$ 19,790	\$ 22,606
APC	8,471	8,403
SPC	5,078	5,117
CGPC	3,768	4,292
ACME	1,637	6,386
Others	<u>654</u>	<u>1,892</u>
	<u>\$ 39,398</u>	<u>\$ 48,696</u>

In response to management needs and integrating the corporate resources, the Company signed a resource support contract with UM, a subsidiary, in July, 2002. UM would coordinate resources and services of the Group's common service department. The fees are calculated and charged based on the contract.

In response to management needs, the Company signed a management service contract with DEIL in May, 2015, and the Company would provide the service of management consultation. The fees are calculated and charged based on the contract.

h. Management service fees - investment (classified as other gain and loss)

Related Party Category/Name	Year 2020	Year 2019
Subsidiaries		
TUVM	<u>\$ 268</u>	<u>\$ 542</u>

i. Management service fees – management (classified as expense of management and research and development)

Related Party		
Category/Name	Year 2020	Year 2019
Subsidiaries		
UM	\$ 122,603	\$ 97,671
Others	<u>5,160</u>	<u>4,891</u>
	<u>\$ 127,763</u>	<u>\$ 102,562</u>

j. Rent expense (classified as operating expenses)

Related Party		
Category/Name	Year 2020	Year 2019
Subsidiaries		
APC	\$ 3,032	\$ 2,546
TTC	<u>910</u>	<u>910</u>
	<u>\$ 3,942</u>	<u>\$ 3,456</u>

Based on the rental contract between the Company and the related parties, the rents refer to the market rents of the neighboring building and are calculated based on the square feet and service proportion. The rents are paid on the monthly basis.

k. Commissions expense (classified as selling expenses)

Related Party		
Category/Name	Year 2020	Year 2019
Subsidiaries		
USI trading (Shanghai)	<u>\$ 513</u>	<u>\$ 437</u>

l. Environment protection expense (classified as cost of goods sold)

Related Party		
Category/Name	Year 2020	Year 2019
Subsidiaries		
	<u>\$ -</u>	<u>\$ 1,360</u>

m. Storage tank operation expense (classified as cost of goods sold)

Related Party		
Category/Name	Year 2020	Year 2019
Subsidiaries		
CGTD	<u>\$ 47,818</u>	<u>\$ 21,243</u>

n. Donation expenses (classified as general & administrative expenses)

Related Party		
Category/Name	Year 2020	Year 2019
Subsidiaries		
USIF	<u>\$ 3,000</u>	<u>\$ 3,000</u>

o. Oversea travelling expenses (classified as operating expenses)

Related Party		
Category/Name	Year 2020	Year 2019
Subsidiaries		
	<u>\$ -</u>	<u>\$ 6</u>

p. Other expenses (classified as operating expenses)

Related Party		
Category/Name	For the year ended December 31, 2020	For the year ended December 31, 2019
Subsidiaries		
	<u>\$ 2,304</u>	<u>\$ 2,442</u>

q. Revenue from selling raw materials (classified as other revenues)

Related Party		
Category/Name	Year 2020	Year 2019
Subsidiaries		
APC	\$ 72,862	\$ 149,110
SPC	<u>270</u>	<u>-</u>
	<u>\$ 73,132</u>	<u>\$ 149,110</u>

r. Revenue from selling functional coatings (classified as other gain and loss) (For the year ended December 31, 2020: none)

Related Party Category/Name	Year 2019
Subsidiaries	
TVCM	\$ 2,925
TTC	1,427
CGPC	<u>427</u>
	<u>\$ 4,779</u>

s. Revenue from survey fee of exporting ethylene (classified as other revenues)

Related Party Category/Name	Year 2020	Year 2019
Subsidiaries		
CGTD	<u>\$ 704</u>	<u>\$ 672</u>

t. Gains on disposals of property, plant and equipment (classified as other gain and loss)

Related Party Category/Name	Year 2020	Year 2019
Subsidiaries		
USI (Hong Kong)	<u>\$ 889</u>	<u>\$ 889</u>

The Hong Kong branch of the Company sold property, plant and equipment to USI (Hong Kong) in August, 2005 for 18,049 thousand (HKD 4,180 thousand). As of the end of 2020 and 2019, the unrealized gain is \$4,146 thousand and \$5,035 thousand, respectively, which have been deferred and are reversed and recognized based on the equipment estimated duration life.

u. Accounts receivable

Related Party Category/Name	December 31, 2020	December 31, 2019
Subsidiaries		
USI Trading (Shanghai)	\$ 33,203	\$ 27,668
Forever Young	28,645	30,018
USI(Hong Kong)	24,644	24,937
SPC	7,512	7,127
CGPC	<u>76</u>	<u>-</u>
	<u>\$ 94,080</u>	<u>\$ 89,750</u>

No collateral has been received for the accounts receivable outstanding from related parties. No allowance for losses was provided for the accounts receivable for the years ended 2020 and 2019.

v. Other accounts receivable

Related Party Category/Name	December 31, 2020	December 31, 2019
Subsidiaries		
TVCM	\$ 96,071	\$ 158,815
APC	58,712	160,620
USI(Hong Kong)	51,190	-
Others	<u>14,216</u>	<u>13,527</u>
	<u>\$ 220,189</u>	<u>\$ 332,962</u>

The other accounts receivable from USI (Hong Kong) are the repatriation of earnings receivable, which has been repatriated in January, 2021 after approved by the Ministry of Finance based on the Management, Utilization, and Taxation of Repatriated Offshore Funds Act. The net amount after tax was deposited into a special foreign

exchange deposit account. This special account is subject to restrictions on free use. Except for financial investment or substantive investment and partly free use in accordance with laws and regulations, the funds will not be withdrawn for three years until five years later from the date when the funds were deposited in the special account.

w. Accounts payable

Related Party Category/Name	December 31, 2020	December 31, 2019
Subsidiaries		
APC	\$ 185,681	\$ 143,791
Others	<u>2,609</u>	<u>3,604</u>
	<u>\$ 188,290</u>	<u>\$ 147,395</u>

No collateral has been received for the accounts payable outstanding from related parties.

x. Other accounts payable

Related Party Category/Name	December 31, 2020	December 31, 2019
Subsidiaries		
CGTD	\$ 5,340	\$ 6,123
UM	5,010	5,174
TVCM	746	3,546
APC	58	1,974
Others	<u>752</u>	<u>1,054</u>
	<u>\$ 11,906</u>	<u>\$ 17,871</u>

y. Other unearned revenue (classified as other current liabilities)

Related Party Category/Name	December 31, 2020	December 31, 2019
Subsidiaries	\$ <u>284</u>	\$ <u>284</u>

z. Endorsement and Guarantees (Customs and bank loans)

Related Party Category/Name	December 31, 2020	December 31, 2019
Subsidiaries		
UPIIC	\$ 3,900,000	\$ 3,600,000
CLTC	<u>304,800</u>	<u>319,800</u>
	<u>\$ 4,204,800</u>	<u>\$ 3,919,800</u>

aa. Compensation of key management personnel

The amounts of the remuneration of directors and other members of key management personnel were as follows:

	Year 2020	Year 2019
Short-term employee benefits	\$ 41,718	\$ 40,351
Post-employment benefits	<u>324</u>	<u>324</u>
	<u>\$ 42,042</u>	<u>\$ 40,675</u>

Compensation of the board and other key management personnel is determined by compensation committee, depending on individual performance and market trend.

31. COLLATERALIZED ASSETS

The following assets were provided as guarantees for the purchase payment, outward documentary bill, and medium-term and long term financing facilities:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Pledged time deposits - classified as financial assets measured at amortized cost	\$ 60,893	\$ 60,561
-Classified as other non- current assets	21,612	21,424
Property, plant and equipment	<u>-</u>	<u>155,928</u>
	<u>\$ 82,505</u>	<u>\$ 237,913</u>

32. SIGNIFICANT CONTINGENT LIABILITY AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

- a. As of December 31, 2020 and 2019, the letter of credit which the Company issued and was unused amounted to \$1,033,822 thousand and \$1,554,355 thousand, respectively. The margins of endorsement of the related parties amounted to \$4,204,800 thousand and 3,919,800 thousand, respectively. Please see the note 29 and note 30.
- b. The following is regarding the subsidiary, CGTD, who was commissioned to operate LCY Chemical Corp.'s propene pipeline resulting in a gas explosion on July 31, 2014. The second instance judgment of criminal procedures was reached on April 24, 2020, whereby three employees of CGTD were all acquitted of the charges.

CGTD arrived at an agreement with the Kaohsiung City Government on February 12, 2015 to pledge certificates of bank deposits of \$227,458 thousand (including interest) to Kaohsiung

City Government as collateral for the losses caused by the gas explosion. Kaohsiung City Government also filed civil procedure requests in succession against LCY Chemical Corp., CGTD and CPC Corporation. Taiwan Power Company applied for provisional attachment against CGTD's property on August 27 and November 26, 2015. CGTD has deposited \$99,207 thousand in cash to the court, exempted from the provisional attachment. Taiwan Water Corporation also applied for provisional attachment against CGTD's property on February 3 and March 2, 2017. As of February 26, 2021, the provisionally attached properties were worth \$9,581 thousand.

As for the victims, CGTD, LCY Chemical Corp. and the Kaohsiung City Government signed a tripartite agreement for the compensation of 32 victims' families on July 17, 2015. Each victim's family received \$12,000 thousand, and the total amount of compensation was \$384,000 thousand, which was paid 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. The 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 26, 2021, the victims and victims' families had written letters or filed civil lawsuits (including criminal lawsuits) against CGTD, LCY Chemical Corp. and CPC for compensation claims. To reduce the lawsuit costs, CGTD came to a compromise and reduced the original claim of \$46,677 thousand and settled for a compensation amount of \$4,519 thousand instead. The compensation amount still in the lawsuit and the settlement amount for the victims and the seriously injured as mentioned in the previous paragraph amounted to \$3,856,447 thousand. The first-instance judgments of some of the abovementioned civil cases (with a total amount of compensation of approximately \$1,341,128 thousand) have been gradually announced starting from June 22, 2018. The proportion of fault-based liabilities of the Kaohsiung City Government, LCY Chemical Corp. and CGTD is 4:3:3 in most of the case judgments. The total amount of compensation that CGTD, LCY Chemical Corp. and the other defendants are liable for was approximately \$401,979 thousand, of which the court ruled an exemption for CGTD in the amount of \$6,194 thousand. CGTD had filed an appeal in those civil cases which were announced but not yet settled and entered into the second-instance trials. CGTD had signed a settlement agreement with insurance companies, where based on CGTD's proportion of fault-based liabilities in the first-instance judgment, an amount of \$136,375 thousand, which is the amount of settlement and civil-case compensation for the victims

and the seriously injured (including settled cases) after deducting the maximum insurance claims, was estimated and recognized as liability. However, the actual amount of the aforementioned settlement and compensation still depends on the future judgments of the remaining civil cases.

33. SIGNIFICANT CONTRACTS

The Company and Asia Polymer Corporation (APC) entered into a joint venture contract for an investment of Fujian Gulei Petrochemical Co., Ltd. on April 17, 2014. The related entities of the contract or commitments are Ho Tung Chemical Corporation, LCY Chemical Corporation, HsinTay Petroleum Company Limited, Chenergy Global Corporation and Lien Hwa Industrial Corporation. The main contents of the contract and commitments include: a) the shareholders shall establish Ever Victory Global Limited (hereinafter referred to as the "Joint Venture") and agree to pass the establishment of the 100%-owned company named Dynamic Ever Investments Limited in Hong Kong, which purpose is to build oil refineries and produce seven products such as ethylene on the Gulei Peninsula in Zhangzhou, Fujian Province, as approved by the competent authorities of the Republic of China and according to the business operation permitted by the Joint Venture's board of directors; and b) Dynamic Ever Investments Limited will establish a joint venture company in accordance with the laws of the People's Republic of China with Fujian Refining and Chemical Co., at Gulei Park located in Zhangzhou, Fujian Province ("Gulei Company") and acquire 50% interest of Gulei Company for cooperative investment.

Dynamic Ever Investments Limited and Fujian Refining and Chemical Co. signed “Fujian Gulei Petrochemical Corporation Limited Joint Venture Contract” which stipulated an increase in the investment amount, and this contract led to part of the original related contract entities being unable to keep their respective investment ratios as provided by the original contract or to participate in the subsequent capital increase procedures. In order to meet the business requirement of the original contract, the Company and APC resigned the joint venture contract on September 30, 2016 and added a new contractually promised related entity, CTCI Corp. On December 18, 2019, the Company and APC again resigned the joint venture contract and added new contractually promised related entities, Fubon Financial Holding Venture Capital Corporation and Hongfu Investment Co., Ltd.

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 for an investment in Dynamic Ever Investment Limited on June 5, 2019. According to the contract, DOR PO would invest US\$109,215 thousand in Dynamic Ever Investment Limited. As of December 31, 2020, DOR PO had invested US\$103,915 thousand and held 15% ownership interest in Dynamic Ever Investment Limited.

As of December 31, 2018, the Company and APC had invested US\$176,268 thousand (approximately \$5,442,336 thousand) and US\$103,240 thousand (approximately \$3,190,905 thousand), respectively, in Ever Conquest Global Limited. Through Ever Conquest Global Limited, the Company and APC increased the capital in Ever

Victory Global Limited and then reinvested in Dynamic Ever Investments Limited. The shareholding ratio of the joint venture was 77.5%. Dynamic Ever Investments Limited had invested RMB2,304,800 thousand in Gulei.

The Company and APC increased the investment in Ever Conquest Global Limited by US\$70,402 thousand (approximately \$2,203,645 thousand) and US\$40,920 thousand (approximately \$1,280,718 thousand), respectively, in the year ended 2019. Through Ever Conquest Global Limited, the Company and APC increased the capital in Ever Victory Global Limited and then reinvested in Dynamic Ever Investments Limited. The shareholding ratio of the joint venture was 80.0% after the capital increase. Dynamic Ever Investments Limited invested RMB1,152,400 thousand in Gulei Company for the year ended 2019.

The Company and APC increased their investment in Ever Conquest Global Limited by US\$26,315 thousand (approximately \$783,964 thousand) in the year ended 2020. Through Ever Conquest Global Limited, the Company and APC increased the capital in Ever Victory Global Limited and then reinvested in Dynamic Ever Investments Limited. The shareholding ratio of the joint venture was 67.4% after the capital increase. Dynamic Ever Investments Limited invested RMB1,200,000 thousand in Gulei Company on the year ended 2020.

34. 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:

Unit: Foreign and Functional Currencies in Thousands

	December 31, 2020		
	Foreign Currency	Exchange Rate	Functional Currency
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
USD	\$ 23,057	28.48	\$ 656,654
RMB	217,015	4.36	947,226
<u>Non-monetary items</u>			
Joint ventures accounted for using the equity method			
USD	307,852	28.48	8,767,625
HKD	18,375	3.67	67,491
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	11,045	28.48	314,559
JPY	8,975	0.28	2,480
<u>Non-monetary items</u>			
Derivatives			
RMB sell	176,600	4.36	11,522
December 31, 2019			
	Foreign Currency	Exchange Rate	Functional Currency
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
USD	\$ 19,716	29.98	\$ 591,084
RMB	209,546	4.30	900,523
<u>Non-monetary items</u>			

(Continued)

Joint ventures accounted for using the equity method			
USD	292,696	29.98	8,775,017
HKD	33,213	3.85	127,837
Derivatives			
RMB sell	61,400	4.30	732
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	\$ 11,132	29.98	\$ 333,740
JPY	19,655	0.28	5,425
<u>Non-monetary items</u>			
Derivatives			
RMB sell	104,300	4.30	1,807

For the years ended December 31, 2020 and 2019, realized and unrealized net foreign exchange losses were \$1,696 thousand and \$38,386 thousand, respectively. It is impractical to disclose net foreign exchange gains by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

35. SEPARATELY DISCLOSED ITEMS

- a. Information on significant transactions and b. Information on reinvestment business:
- 1) Financing provided to others. (Table 1)
 - 2) Endorsements/guarantees provided. (Table 2)
 - 3) Marketable securities held (excluding investment in subsidiaries, associates and joint ventures). (Table 3)

- 4) Marketable securities acquired or disposed of at accumulative costs/prices of at least NT\$300 million or 20% of the paid-in capital. (Table 4)
- 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 5)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 6)
- 9) Trading in derivative instruments:

As of the end of year of 2020, the related information of Company and the subsidiaries which applied the forward exchange transaction is as follows:

<u>December 31, 2020</u>	<u>Currencies</u>	<u>Expiration date</u>	<u>Contract sum (in thousands)</u>
Sell the forward			RMB 254,260/NTD
exchange transaction	RMB to NTD	2021.01.05~2021.04.07	1,089,330
Sell the forward			USD 550/MYR 2,313
exchange transaction	USD to MYR	2021.03.31~2021.08.30	USD 35,790/NTD
Sell the forward			1,014,569
exchange transaction	USD to NTD	2021.01.04~2021.03.18	
Sell the forward			EUR 284/MYR 1,399
exchange transaction	EUR to MYR	2021.05.28~2021.07.30	NTD 211,769/USD
Buy the forward			7,471
exchange transaction	NTD to USD	2021.01.04~2021.03.02	
Buy the forward			JPY 40,000/USD 385
exchange transaction	JPY to USD	2021.01.13~2021.01.27	

- 10) Information on investees. (Table 7)

c. 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 period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 8)
- 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 9)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Tables 5 and 6.
 - c) The amount of property transactions and the amount of the resultant gains or losses: None.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2
 - e) The highest balance during the period, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1

- f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services: None
- d. Information on main shareholders: Names of shareholders with a shareholding ratio of more than 5%, and numbers and ratios of shares held. (Table 10)

USI CORPORATION AND SUBSIDIARIES
(Acme Electronics Corporation (ACME))
FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE 1-1

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 3)	Ending Balance (Note 3)	Actual Borrowing Amount (Note 3)	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)	Note
													Item	Value			
0	Acme Electronics Corporation	ACME Electronics (Cayman) Corp.	Other receivables - related parties	Yes	\$ 265,410 (USD9,000 thousand)	\$ 256,320 (USD9,000 thousand)	\$ 199,360 (USD7,000 thousand)	1.22038%~ 3.68375%	2	\$ -	Business turnover	\$ -	-	-	\$ 518,946	\$ 518,946	

Note 1: Total financing amounts provided to others shall not exceed 40% of ACME's net value, and the highest aggregate financing limits were calculated by the net value as of December 31, 2020.

Note 2: The nature of financing is provided as follows:

- a. Business relationship is coded "1".
- b. For short-term financing is coded "2".

Note 3: The amount was calculated using the spot exchange rate as of December 31, 2020.

USI CORPORATION AND SUBSIDIARIES
(Swanson Plastics Corporation (SPC))
FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE 1-2

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance (Note 3)	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)	Note
													Item	Value			
0	Forever Young Company Limited	Swanson International Ltd.	Other receivables	Yes	\$ 93,926	\$ 88,430	\$ 88,430	-	2	\$ -	Business turnover	\$ -	-	-	\$ 150,885	\$ 226,327	
1	ASK-Swanson (Kunshan) Co., Ltd.	Swanson Plastics (Tianjin) Co., Ltd.	Other receivables	Yes	192,702	183,322	183,322	3.85	2	-	Business turnover	-	-	-	555,645	555,645	
2	Swanson Plastics (Singapore) Pte., Ltd.	Swanson Plastics (India) Private Ltd.	Other receivables	Yes	30,020	28,480	28,480	2.5	2	-	Business turnover	-	-	-	365,574	365,574	

Note 1: The limits of financing provided to others based on the total amount of funds lending to others and the limits of individual objects set by the companies.

Note 2: The nature of financing is provided as follows:

- a. Business relationship is coded "1".
- b. For short-term financing is coded "2".

Note 3: The amount was calculated using the spot exchange rate as of December 31, 2020.

USI CORPORATION AND SUBSIDIARIES
(Taita Chemical Company, Limited (TTC))
FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE 1-3

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 4)	Ending Balance (Notes 4)	Actual Borrowing Amount (Notes 4)	Interest Rate (%)	Nature of Financing (Note 3)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 1, 2 and 4)	Aggregate Financing Limit (Notes 1, 2 and 4)	Note
													Item	Value			
1	Taita Chemical (Zhongsan) Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	Other receivables - related parties	Yes	\$ 240,064 (RMB 55,000 thousand)	\$ - (RMB - thousand)	\$ - (RMB - thousand)	-	2	\$ -	Business turnover	\$ -	-	-	\$ 2,947,550	\$ 2,947,550	

Note 1: The total amount of lending to a company or individual entity shall not exceed 40% of the latest audited equity of TTC. As of December 31, 2020, TTC did not loan funds to anyone.

Note 2: The total amount of lending to a company or individual entity shall not exceed 40% of the latest audited net worth of Taita Chemical (Zhongsan) Co., Ltd. The restriction does not apply to the subsidiaries whose voting shares are 100% owned, directly or indirectly, by TTC. As of December 31, 2020, the audited net worth of Taita Chemical (Zhongsan) Co., Ltd. was RMB675,297 thousand. In November 109, Taita Chemical (Zhongsan) Co., Ltd agreed to waive the loan of RMB 15,000 thousand from Taita Chemical (Tianjin) Co., Ltd.

Note 3: The nature of financing is provided as follows:

- a. Business relationship is coded "1".
- b. For short-term financing is coded "2".

Note 4: The amount was calculated using the spot exchange rate as of December 31, 2020.

USI CORPORATION AND SUBSIDIARIES
ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE 2

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee / Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the year 2020 (Note 2)	Outstanding Endorsement/ Guarantee at the End of the year 2020 (Note 2)	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 1)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	USI Corporation	Union Polymer Int'l Investment Corp.	Subsidiary which directly held more than 50% of ordinary shares	\$ 10,495,389	\$ 3,900,000	\$ 3,900,000	\$ 1,427,000	\$ -	18.58	\$ 12,594,467	Yes	No	No	
0	USI Corporation	Chong Loong Trading Co., Ltd.	Subsidiary which directly held more than 50% of ordinary shares	10,495,389	304,800 (USD10,000 thousand) (NTD20,000 thousand)	304,800 (USD10,000 thousand) (NTD20,000 thousand)	35,909	-	1.45	12,594,467	Yes	No	No	

Note 1: The total amount of endorsements/guarantees provided shall not exceed 60% of the Company's net value. The amount of endorsements/guarantees for an individual entity shall not exceed 50% of the Company's net value. The maximum amount of endorsement/guarantees was calculated based on net value as of December 31, 2020.

Note 2: The amount was calculated using the spot exchange rate as of December 31, 2020.

USI CORPORATION AND SUBSIDIARIES
(Acme Electronics Corporation)
ENDORSEMENTS/GUARANTEES PROVIDED
FROM JANUARY 1 TO DECEMBER 31, 2020

TABLE 2-1

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	E n d o r s e e / G u a r a n t e e		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period (Note 3)	Actual Borrowing Amount (Note 3)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) (Note 1)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	Acme Electronics Corporation	Acme Electronics (Kunshan) Co., Ltd.	Subsidiary of ACME (Cayman)	\$ 1,946,046	\$ 363,000 (USD 12,000 thousand)	\$ 142,400 (USD 5,000 thousand)	\$ 113,920 (USD 4,000 thousand)	\$ -	10.98	\$ 2,594,728	No	No	Yes	
		Acme Electronics (Guang-Zhou) Co., Ltd.	Subsidiary of GAEL	1,946,046	151,250 (USD 5,000 thousand)	-	-	-	-	2,594,728	No	No	Yes	

Note 1: The rate was calculated by the ending balance of equity of the endorser/guarantor as of December 31, 2020.

Note 2: The maximum amount of total endorsement/guarantee shall not exceed 200% of the equity attributable to owners of the endorser/guarantor. The maximum amount of endorsement/guarantee for an individual entity shall not exceed 150% of the equity attributable to owners of the endorser/guarantor. The maximum amount of endorsement/guarantee was calculated based on the equity of the endorser/guarantor as of December 31, 2020.

Note 3: The foreign currency amount was calculated based on the spot exchange rate as of December 31, 2020.

USI CORPORATION AND SUBSIDIARIES
(Swanson Plastics Corporation (SPC))
ENDORSEMENTS/GUARANTEES PROVIDED
FROM JANUARY 1 TO DECEMBER 31, 2020

TABLE 2-2

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	E n d o r s e e / G u a r a n t e e		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period (Note 2)	Actual Borrowing Amount (Note 2)	Amount Endorsed/ Guaranteed by C o l l a t e r a l	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 1)	Endorsement / Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement / Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement / Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	Swanson Plastics Corporation	Swanson Plastics (Singapore) Private Limited	Subsidiary	\$ 5,204,386	\$ 54,078	\$ 50,979	\$ 369	\$ -	1.96	\$ 6,505,483	No	No	No	
0	Swanson Plastics Corporation	Swanson Plastics (Malaysia) Sdn. Bhd.	Sub-subsidiary	5,204,386	36,300	34,176	-	-	1.31	6,505,483	No	No	No	
0	Swanson Plastics Corporation	Swanson Plastics (Kunshan) Co., Ltd.	Sub-subsidiary	5,204,386	121,000	85,440	-	-	3.28	6,505,483	No	No	Yes	
0	Swanson Plastics Corporation	Swanson Technologies Corporation	Subsidiary	5,204,386	219,488	219,488	119,850	-	8.43	6,505,483	No	No	No	
0	Swanson Plastics Corporation	Swanson Plastics (Tianjin) Co., Ltd.	Sub-subsidiary	5,204,386	60,500	28,480	-	-	1.09	6,505,483	No	No	Yes	
0	Swanson Plastics Corporation	PT. Swanson Plastics Indonesia	Subsidiary	5,204,386	60,500	56,960	-	-	2.19	6,505,483	No	No	No	
0	Swanson Plastics Corporation	Forever Young Co., Ltd.	Subsidiary	5,204,386	1,875,850	1,436,032	-	-	55.19	6,505,483	No	No	No	
0	Swanson Plastics Corporation	Swanson Plastics (India) Private Limited	Sub-subsidiary	5,204,386	90,750	-	-	-	-	6,505,483	No	No	No	

Note 1: The amount of endorsements/guarantees for an individual entity shall not exceed 200% of SPC's equity. The maximum amount of total endorsements/guarantees shall not exceed 250% of SPC's equity.

Note 2: The foreign currency amount was calculated based on the spot exchange rate as of December 31, 2020.

USI CORPORATION AND SUBSIDIARIES
(China General Plastics Corporation (CGPC))
ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE 2-3

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee / Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) (Note 1)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	China General Plastics Corporation	CGPC Polymer Corporation	Subsidiary	\$ 5,822,109	\$ 2,450,000	\$ 2,450,000	\$ 14,240	\$ -	25.25	\$ 9,703,515	No	No	No	

Note 1: The ratio was calculated by the ending balance of equity of CGPC as of December 31, 2020.

Note 2: The total amount of guarantee that may be provided by CGPC shall not exceed 100% of CGPC's net worth stated on its latest financial statement. The amount of guarantee that may be provided by CGPC to any individual entity shall not exceed 60% of CGPC's net worth stated on its latest financial statement.

USI CORPORATION AND SUBSIDIARIES
(Taita Chemical Company, Ltd. (TTC))
ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE 2-4

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	E n d o r s e e / G u a r a n t e e		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 1)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 1)	Actual Borrowing Amount (Note 1)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement / Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	Taita Chemical Company, Ltd.	TAITA (BVI) Holding Co., Ltd.	Subsidiary with 100% held ordinary shares	\$ 6,355,806	\$ 1,625,280 (USD36,000 thousand) (NTD600,000 thousand)	\$ 1,340,480 (USD26,000 thousand) (NTD600,000 thousand)	\$ -	\$ -	21.09	\$ 9,533,709	No	No	No	
0	Taita Chemical Company, Ltd.	Taita Chemical (Zhongsan) Co., Ltd.	Subsidiary whose ordinary shares were 100% held by TTC's subsidiaries	6,355,806	436,480 (RMB100,000 thousand)	436,480 (RMB100,000 thousand)	-	-	6.87	9,533,709	No	No	Yes	

Note 1: The amount was calculated at the spot exchange rate as of December 31, 2020.

Note 2: The ceiling to TTC on the total amount of endorsements/guarantees permitted shall not exceed 150% of TTC's net worth; the ceiling to TTC on the total amount of endorsements/guarantees to any individual entity shall not exceed 100% of TTC's net worth.

The ceiling to TTC and its subsidiaries on the total amount of endorsements/guarantees permitted shall not exceed 200% of TTC's net worth stated on its latest financial statement; the ceiling to TTC and its subsidiaries on the total amount of endorsements/guarantees to any individual entity shall not exceed 150% of TTC's net worth on its latest financial statement.

USI CORPORATION AND SUBSIDIARIES
MARKETABLE SECURITIES HELD
DECEMBER 31, 2020

TABLE 3

(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, 2020				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
USI Corporation	Shares							
	AU Optronics Corporation.	—	Financial assets at fair value through other comprehensive income - non-current	8,514,006	\$ 119,196	0.09	\$ 119,196	
	CTCI Corporation.	—	Financial assets at fair value through other comprehensive income - non-current	15,130,656	577,991	1.98	577,991	
	Da Sheng Yi Yi Venture Capital co., Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	12,044,707	275,452	11.20	275,452	
	United Microelectronics Corp	—	Financial assets at fair value through profit or loss - current	450,000	21,217	-	21,217	
	Evergreen Marine Corp. ITE Tech. Inc.	—	Financial assets at fair value through profit or loss - current	1,693,251	68,915	-	68,915	
	Taiwan Cement Corporation.	—	Financial assets at fair value through profit or loss - current	500,000	21,600	-	21,600	
	Quanta Computer Inc.	—	Financial assets at fair value through profit or loss - current	200,000	16,180	-	16,180	
	Unimicron Technology Corporation.	—	Financial assets at fair value through profit or loss - current	300,000	26,220	-	26,220	
	G.M.I. Technology Inc.	—	Financial assets at fair value through profit or loss - current	1,515,800	21,752	-	21,752	
	Teratech Corp.	—	Financial assets at fair value through profit or loss - non-current	110,000	-	-	-	
	Beneficiary certificates							
	Shin Kong Chi-Shin Money Market Fund	—	Financial assets at fair value through profit or loss - current	12,815,912	200,015	-	200,015	
	FSITC Taiwan Money Market Fund	—	Financial assets at fair value through profit or loss - current	3,969,627	61,265	-	61,265	
Hua Nan Kirin Money Market Fund CTBC Hwa-win Money Market Fund	—	Financial assets at fair value through profit or loss - current	5,884,596	71,000	-	71,000		
	—	Financial assets at fair value through profit or loss - current	9,003,412	100,005	-	100,005		

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Union Polymer Int'l Investment Corp.	Franklin Templeton Sinoam Money Market Fund	—	Financial assets at fair value through profit or loss - current	9,589,291	100,001	-	100,001	
	Hua Nan Phoenix Money Market Fund	—	Financial assets at fair value through profit or loss - current	16,662,140	273,023	-	273,023	
	Taishin Ta-Chong Money Market FUND	—	Financial assets at fair value through profit or loss - current	20,116,313	288,074	-	288,074	
	Capital Money Market Fund	—	Financial assets at fair value through profit or loss - current	7,379,140	120,025	-	120,025	
	Mega Diamond Money Market Fund	—	Financial assets at fair value through profit or loss - current	19,933,652	252,159	-	252,159	
	FSITC Money Market	—	Financial assets at fair value through profit or loss - current	372,668	67,024	-	67,024	
	Taishin 1699 Money Market Fund	—	Financial assets at fair value through profit or loss - current	5,497,139	75,013	-	75,013	
	Jih Sun Money Market Fund	—	Financial assets at fair value through profit or loss - current	16,833,145	251,656	-	251,656	
	Beneficiary certificates							
	Cathay No. 1 Real Estate Investment Trust Fund	—	Financial assets at fair value through profit or loss - current	3,290,000	61,556	-	61,556	
	Shares							
	Asia Polymer Corporation	Equity-method investee	Financial assets at fair value through other comprehensive income - non-current	21,747,535	467,572	3.74	467,572	
	China General Plastics Corporation	Equity-method investee	Financial assets at fair value through other comprehensive income - non-current	4,256,482	108,328	0.77	108,328	
Taita Chemical Company, Ltd.	Equity-method investee	Financial assets at fair value through other comprehensive income - non-current	395,025	15,386	0.12	15,386		
Swanlake Traders Ltd.	Shares							
SOHOware Inc.	—	Financial assets at fair value through other comprehensive income - non-current	1,150,000	-	1.05	-	Note 2	
TGF Linux Communications Inc.	—	Financial assets at fair value through other comprehensive income - non-current	300,000	-	2.14	-	Note 2	
Neurosky Inc. Preferred D	—	Financial assets at fair value through other comprehensive income - non-current	2,397,364	-	0.70	-	Note 2	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
USIFE Investment Co., Ltd.	Shares							
	AU Optronics Corporation	—	Financial assets at fair value through other comprehensive income - current	1,266,061	17,725	0.01	17,725	
	AU Optronics Corporation	—	Financial assets at fair value through other comprehensive income - non-current	1,266,061	17,725	0.01	17,725	
	Wafer Works Corporation	—	Financial assets at fair value through other comprehensive income - non-current	3,001,655	128,471	0.59	128,471	
	Solargiga Energy Holdings Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	11,876,111	13,086	0.37	13,086	
	Dah Chung Bills Finance Corporation	—	Financial assets at fair value through other comprehensive income - non-current	470,914	6,880	0.10	6,880	
	Swanson Plastics Corp.	Investor company and investee have the same chairman	Financial assets at fair value through other comprehensive income - non-current	7,605,894	108,992	4.93	108,992	
	USI Optronics Corporation	Investor company and investee have the same chairman	Financial assets at fair value through other comprehensive income - non-current	165,279	296	0.25	296	
	Digimax, Inc.	—	Financial assets at fair value through other comprehensive income - non-current	23,234	-	0.05	-	
	Silicon Technology Investment (Cayman) Corp.	—	Financial assets at fair value through other comprehensive income - non-current	911,849	45,693	1.77	45,693	
	China General Plastics Corporation	Investor company and investee have the same chairman	Financial assets at fair value through profit or loss - current	510,487	12,992	0.09	12,992	
	Asia Polymer Corporation	Investor company and investee have the same chairman	Financial assets at fair value through profit or loss - current	1,668,758	35,878	0.29	35,878	
	Taita Chemical Company, Ltd.	Investor company and investee have the same chairman	Financial assets at fair value through profit or loss - current	1,209,113	47,095	0.35	47,095	
	Quanta Computer Inc.	—	Financial assets at fair value through profit or loss - current	100,000	8,090	-	8,090	
	Evergreen Marine Corp.	—	Financial assets at fair value through profit or loss - current	564,416	22,972	0.01	22,972	
	G.M.I. Technology Inc.	—	Financial assets at fair value through profit or loss - current	498,200	7,149	0.40	7,149	
	Acme Electronics Corp.	Investor company and investee have the same chairman	Financial assets at fair value through profit or loss - current	500,000	9,450	0.27	9,450	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Taiwan United Venture Capital Corp.	Superactive Group Company Limited	—	Financial assets at fair value through profit or loss – current	678,000	386	-	386	
	Taiwan Cement Corporation.	—	Financial assets at fair value through profit or loss – current	300,000	12,960	0.01	12,960	
	United Microelectronics Corp	—	Financial assets at fair value through profit or loss – current	150,000	7,073	-	7,073	
	Unimicron Technology Corporation	—	Financial assets at fair value through profit or loss - current	150,000	13,110	0.01	13,110	
	Beneficiary certificates							
	Yuanta De-Li Money Market Fund	—	Financial assets at fair value through profit or loss - current	1,870,081	30,742	-	30,742	
	Fuh Hwa Money Market Fund	—	Financial assets at fair value through profit or loss - current	3,440,659	50,041	-	50,041	
	Cathay Taiwan Money Market Fund	—	Financial assets at fair value through profit or loss - current	3,451,207	43,258	-	43,258	
	Beneficiary certificates							
	Fuh Hwa Money Market Fund	—	Financial assets at fair value through profit or loss – current	3,399,556	49,443	-	49,443	
	Cathay Taiwan Money Market Fund	—	Financial assets at fair value through profit or loss – current	4,391,849	55,048	-	55,048	
	Shares							
	Innovation & Infinity Global Corp.	—	Financial assets at fair value through profit or loss – non-current	720,804	-	0.73	-	
	Teratech Corp.	—	Financial assets at fair value through profit or loss – non-current	90,000	-	0.58	-	
	MiTAC Holdings Corp.	—	Financial assets at fair value through other comprehensive income – current	2,062,000	60,829	0.17	60,829	
	Chitec Technology Co., Ltd.	—	Financial assets at fair value through other comprehensive income – non-current	399,091	9,626	1.37	9,626	
Leadwell Cnc Machines Mfg., Corp.	—	Financial assets at fair value through other comprehensive income – non-current	419,753	15,145	0.68	15,145		
Digimax, Inc.	—	Financial assets at fair value through other comprehensive income – non-current	518,898	-	1.18	-		
Orgchem Technologies, Inc.	—	Financial assets at fair value through other comprehensive income – non-current	594,594	8,610	1.09	8,610		
Hexawave, Inc.	—	Financial assets at fair value through other comprehensive income – non-current	109,109	939	0.27	939		

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Taiwan United Venture Management Corp.	Uranus Chemicals Co., Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	13,1141	271	0.03	271	
	Neuro Sky, Inc. Preferred A	—	Financial assets at fair value through other comprehensive income - non-current	10,000,000	-	1.42	-	
	Neuro Sky, Inc. Preferred B	—	Financial assets at fair value through other comprehensive income - non-current	12,595,523	-	1.78	-	
	Neuro Sky, Inc. Preferred C	—	Financial assets at fair value through other comprehensive income - non-current	4,532,823	-	0.64	-	
	Beneficiary certificates							
	Fuh Hwa Money Market Fund	—	Financial assets at fair value through profit or loss - current	91,730	1,334	-	1,334	
	Beneficiary certificates							
	Taishin 1699 Money Market Fund	—	Financial assets at fair value through profit or loss - current	595,654	8,128	-	8,128	
	Beneficiary certificates							
	Jih Sun Money Market Fund	—	Financial assets at fair value through profit or loss - current	1,016,620	15,198	-	15,198	
USI Optronics Corp.	Taishin 1699 Money Market Fund	—	Financial assets at fair value through profit or loss - current	1,257,350	17,158	-	17,158	
	Yuanta De-Bao Money Market Fund	—	Financial assets at fair value through profit or loss - current	1,412,688	17,107	-	17,107	
	Beneficiary certificates							
USI Management Consulting Corporation	Eastspring Investments Well Pool Money Market Fund	—	Financial assets at fair value through profit or loss - current	511,561	7,015	-	7,015	
	Fuh Hwa Money Market Fund	—	Financial assets at fair value through profit or loss - current	1,789,315	26,024	-	26,024	
	Fuh Hwa You Li Money Market Fund	—	Financial assets at fair value through profit or loss - current	2,799,305	38,008	-	38,008	
	Beneficiary certificates							

Note 1: All securities in the table include stocks, bonds, beneficiary certificates and items *derived* above which are regulated by IFRS 9 “Financial Instruments”.

Note 2: The amount is already recognized as impairment losses.

Note 3: Please refer to Tables 7 and 8 for detailed information on subsidiaries and associates.

USI CORPORATION AND SUBSIDIARIES
(China General Plastics Corporation (CGPC))

MARKETABLE SECURITIES HELD

December 31, 2020

TABLE 3-1

(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, 2020				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
China General Plastics Corporation	Closed-end fund beneficiary certificates Cathay No. 1 Real Estate Investment Trust	—	Financial assets at fair value through profit or loss - current	2,668,000	\$ 49,918	-	\$ 49,918	Note 1
	Open-end fund beneficiary certificates Shin Kong Chi-Shin Money-Market Fund	—	"	6,407,463	100,000	-	100,000	Note 1
	Taishin 1699 Money Market Fund	—	"	7,255,248	99,005	-	99,005	Note 1
	Taishin Ta-Chong Money Market Fund	—	"	4,190,295	60,007	-	60,007	Note 1
	CTBC Hua Win Money Market Fund	—	"	4,501,666	50,002	-	50,002	Note 1
	Shares KHL IB Venture Capital Co., Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	6,022,353	137,731	5.95	137,731	Note 1
Taiwan VCM Corporation	Open-end fund beneficiary certificates Taishin Ta-Chong Money Market Fund	—	Financial assets at fair value through profit or loss - current	6,983,874	100,012	-	100,012	Note 1
	Capital Money Market Fund	—	"	4,611,100	75,001	-	75,001	Note 1
	Taishin 1699 Money Market Fund	—	"	3,664,588	50,006	-	50,006	Note 1
	FSITC Taiwan Money Market Fund	—	"	3,240,147	50,007	-	50,007	Note 1
	FSITC Money Market Fund	—	"	278,042	50,006	-	50,006	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
CGPC Polymer Corporation	Jih Sun Money Market Fund	—	"	669,954	10,016	-	10,016	Note 1
	Hua Nan Phoenix Money Market Fund	—	"	610,344	10,001	-	10,001	Note 1
	Shares Asia Polymer Corporation	The major shareholders are the same as the those of CGPC	Financial assets at fair value through other comprehensive income - non-current	127,691	2,746	0.02	2,746	Note 1
	Open-end fund beneficiary certificates Taishin 1699 Money Market Fund	—	Financial assets at fair value through profit or loss - current	15,393,455	\$ 210,058	-	\$ 210,058	Note 1
	Capital Money Market Fund	—	"	11,991,180	195,041	-	195,041	Note 1
	Taishin Ta-Chong Money Market Fund	—	"	8,941,582	128,047	-	128,047	Note 1
	Hua Nan Phoenix Money Market Fund	—	"	7,629,121	125,009	-	125,009	Note 1
	FSITC Taiwan Money Market Fund	—	"	3,178,916	49,062	-	49,062	Note 1
	FSITC Money Market Fund	—	"	250,312	45,018	-	45,018	Note 1
	Hua Nan Kirin Money Market Fund	—	"	3,315,451	40,002	-	40,002	Note 1
Shin Kong Chi-Shin Money-Market Fund	—	"	1,601,866	25,000	-	25,000	Note 1	
CGPC (BVI) Holding Co., Ltd.	Stocks Teratech Corporation	—	Financial assets at fair value through profit or loss - non-current	112,000	-	0.67	-	Notes 1 and 3
	SOHOware, Inc - preference shares	—	"	100,000	-	-	-	Notes 1, 2 and 3

Note 1: The marketable securities were not pledged as guarantees or collateral for borrowings and not subject to restrictions.

Note 2: The preference shares are not used in the calculation of shareholding ratio and net worth.

Note 3: As of the year ended December 31, 2020, CGPC evaluated the fair value of equity impairments as \$0.

Note 4: Please refer to Tables 7-3 and 8-3 for detailed information on subsidiaries and associates.

USI CORPORATION AND SUBSIDIARIES
(Taita Chemical Company, Ltd. (TTC))
MARKETABLE SECURITIES HELD
DECEMBER 31, 2020

TABLE 3-2

(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, 2020				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Taita Chemical Company, Ltd.	Shares							
	USI Corporation—ordinary shares	Parent Company	Financial assets at fair value through other comprehensive income - non-current	15,109,901	\$ 341,484	1.27	\$ 341,484	Note 1
	Harbinger Venture Capital—ordinary shares	—	"	990	7	0.50	7	Note 3
	Closed-end fund beneficiary certificates Cathay No. 1 Real Estate Investment Trust Fund	—	Financial assets at fair value through profit or loss - current	3,250,000	60,808	-	60,808	Note 1
	<u>Open-end fund beneficiary certificates</u>							
	Hua Nan Phoenix Money Market Fund	—	"	5,248,671	86,004	-	86,004	Note 2
	Hua Nan Kirin Money Market Fund	—	"	6,962,057	84,000	-	84,000	Note 2
Capital Money Market Fund	—	"	5,225,881	85,001	-	85,001	Note 2	
Jih Sun Money Market Fund	—	"	3,022,043	45,180	-	45,180	Note 2	
TAITA (BVI) Holding Co., Ltd.	Shares							
	Budworth Investment Ltd.—ordinary shares	—	Financial assets at fair value through other comprehensive income - non-current	20,219	6 (USD - thousand)	2.22	6 (USD - thousand)	Note 3
	Teratech Corporation—ordinary shares	—	Financial assets at fair value through profit or loss - non-current	112,000	-	0.73	-	Note 4
	Sohoware Inc.—preference shares	—		100,000	-	-	-	Note 4

Note 1: The fair value was based on the Taiwan Stock Exchange closing price on the last trading day of December 2020.

Note 2: The fair value was calculated based on the net asset value on the last trading day of December 2020.

Note 3: TTC utilized the assets approach and took into account the most recent net asset value, observable financial status as well as the financing activities of investees in order to determine their net asset value.

Note 4: As of the year ended December 31, 2020, TTC evaluated the fair value of equity instruments as \$0.

Note 5: Please refer to Tables 7-4 and 8-4 for detailed information on subsidiaries and associates.

USI CORPORATION AND SUBSIDIARIES
(Asia Polymer Corporation)
MARKETABLE SECURITIES HELD
DECEMBER 31, 2020

TABLE 3-3

(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, 2020				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Asia Polymer Corporation	Shares							
	Harbinger Venture Capital Corp. - ordinary shares	—	Financial assets at fair value through other comprehensive income - non-current	2,377	\$ 18	1.20	\$ 18	
	Risalink Venture Capital - ordinary shares	—	"	2,632	318	1.67	318	
	KHL IB Venture Capital Co., Ltd. - ordinary shares	—	"	12,044,707	275,462	11.90	275,462	
	USI Corporation - ordinary shares	Ultimate parent company	"	101,355,673	2,290,638	8.53	2,290,638	
	CTCI Corporation - ordinary shares	—	"	14,446,107	551,842	1.89	551,842	
	AU Optronic Corporation - ordinary shares	—	"	9,618,516	134,659	0.10	134,659	
	Wafer Works Corporation - ordinary shares	—	Financial assets at fair value through other comprehensive income - current	2,017,946	86,368	0.39	86,368	
	Unimicron Technology Corporation - ordinary shares	—	Financial assets at fair value through profit or loss - current	300,000	26,220	0.02	26,220	
	Evergreen Marine Corp. - ordinary shares	—	"	1,693,251	68,915	0.04	68,915	
	Quanta Computer Incorporated - ordinary shares	—	"	200,000	16,180	0.01	16,180	
	United Microelectronics Corporation - ordinary shares	—	"	450,000	21,218	0.00	21,218	
	G.M.I. Technology Inc. - ordinary shares	—	"	1,515,800	21,752	1.21	21,752	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
APC(BVI) Holding Co., Ltd.	The Taiwan Cement Corporation - ordinary shares	—	"	500,000	21,600	0.01	21,600	
	Beneficiary securities Cathay No. 1 Real Estate Investment Trust Fund	—	"	3,281,000	61,388	-	61,388	
	Beneficiary certificates Mega Diamond Money Market Fund	—	"	5,887,835	74,481	-	74,481	
	Capital Money Market Fund	—	"	2,152,072	35,004	-	35,004	
	Jih Sun Money Market Fund	—	"	16,818,904	251,443	-	251,443	
	Prudential Financial Money Market Fund	—	"	3,137,157	50,053	-	50,053	
	Taishin 1699 Money Market Fund	—	Financial assets at fair value through profit or loss - current	12,021,036	\$ 164,038	-	\$ 164,038	
	CTBC Hua Win Money Market Fund	—	"	5,672,048	63,002	-	63,002	
	FSITC Taiwan Money Market Fund	—	"	3,564,088	55,006	-	55,006	
	Hua Nan Kirin Money Market Fund	—	"	6,381,916	77,000	-	77,000	
	Shares Budworth Investment Ltd. - ordinary shares	—	Financial assets at fair value through other comprehensive income - non-current	40,467	10	4.45	10	
	Silicon Technology Investment (Cayman) Corp. - preference shares	—	"	1,139,776	57,117	2.19	57,117	
	NeuroSky, Inc. - series D preference shares	—	"	2,397,364	-	0.37	-	Note 1
	Solargiga Energy Holdings Ltd.	—	"	15,863,333	17,480	0.49	17,480	
	Teratech Corp. - ordinary shares	—	"	112,000	-	0.67	-	Note 1
	TGF Linux Communication, Inc. - preference shares	—	Financial assets at fair value through profit or loss - non-current	300,000	-	-	-	Note 1
	Sohoware, Inc. - preference shares	—	"	450,000	-	-	-	Note 1
Boldworks, Inc. - preference shares	—	"	689,266	-	-	-	Note 1	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
APC Investment Corporation	Shares							
	USI Corporation - ordinary shares	Ultimate parent company	Financial assets at fair value through profit or loss - current	44,808	1,013	-	1,013	
	The Taiwan Cement Corporation - ordinary shares	—	"	300,000	12,960	0.01	12,960	
	United Microelectronics Corporation - ordinary shares	—	"	150,000	7,072	-	7,072	
	Evergreen Marine Corp. - ordinary shares	—	"	564,416	22,972	0.01	22,972	
	Quanta Computer Incorporated - ordinary shares	—	"	100,000	8,090	-	8,090	
	Unimicron Technology Corporation - ordinary shares	—	"	150,000	13,110	0.01	13,110	
	G.M.I. Technology Inc. - ordinary shares	—	"	492,900	7,073	0.39	7,073	
	Beneficiary securities							
	Cathay Taiwan Money Market Fund	—	Financial assets at fair value through profit or loss - current	499,525	6,261	-	6,261	

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

Note 2: Please refer to Tables 7-5 and 8-5 for detailed information on subsidiaries and associates.

USI CORPORATION AND SUBSIDIARIES
China General Terminal & Distribution Co.
MARKETABLE SECURITIES HELD
DECEMBER 31, 2020

TABLE 3-4

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

H o l d i n g Company Name	Type and Name of Marketable S e c u r i t i e s	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
China General Terminal & Distribution Co.	Shares							
	Asia Polymer Corporation	Equity-method investee	Financial assets at fair value through other comprehensive income - non-current	5,186,748	\$ 111,515	0.89	\$ 111,515	Note 1
	China General Plastics Corporation	"	"	2,800,751	71,279	0.51	71,279	Note 1
	Taita Chemical Company, Ltd. China Steel Corporation	" —	" Financial assets at fair value through profit or loss - current	1,972,483 499,552	76,828 12,363	0.57 -	76,828 12,363	Note 1 Note 2

Note 1: No guarantees, pledged loans, or other restrictions on the use of the contract were provided.

Note 2: 257,000 shares were provided to Taiwan Water Corporation as a provisional attachment.

USI CORPORATION AND SUBSIDIARIES
MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE 4

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance (Notes 1 and 2)		Acquisition		Disposal				December 31, 2020 (Notes 1 and 2)	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain on Disposal	Number of Shares	Amount
USI Corporation	Beneficiary certificates	Financial assets at fair value through profit or loss - current	-	-	7,870,520	\$ 86,900	51,398,608	\$ 570,000	50,265,716	\$ 557,421	\$ 556,900	\$ 521	9,003,412	\$ 100,000
	CTBC Hua Win Money Market Fund													
	Yuanta De-Li Money Market Fund													
	Taishin 1699 Money Market Fund													
	Taishin Ta-Chong Money Market Fund													
	TCB Taiwan Money Market Fund													
	FSITC Money Market Fund													
	Hua Nan Phoenix Money Market Fund													
	Shin Kong Chi-Shin Money-Market Fund													
	FSITC Taiwan Money Market Fund													
	UPAMC James Bond Money Market Fund													
	Fubon Chi-Hsiang Money Market Fund													
	Hua Nan Kirin Money Market Fund													
	Yuanta De- Bao Money Market Fund													

(Continued)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance (Notes 1 and 2)		Acquisition		Disposal				December 31, 2020 (Notes 1 and 2)	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain on Disposal	Number of Shares	Amount
	Capital Money Market Fund	"	-	-	2,920,509	47,100	8,609,644	140,000	4,151,013	67,444	67,100	344	7,379,140	120,000
	Nomura Taiwan Money Market Fund	"	-	-	3,872,087	63,400	9,931,718	163,000	13,803,805	226,507	226,400	107	-	-
	Cathay Taiwan Money Market Fund	"	-	-	-	-	7,832,129	98,000	7,832,129	98,020	98,000	20	-	-
Ever Conquest Global Limited	Shares Ever Victory Global Limited	"	-	Subsidiary	390,830,000	11,563,685	26,315,000	783,964	-	-	-	-	417,145,000	12,398,596
Ever Victory Global Limited	Shares Dynamic Ever Investments Limited	"	-	Subsidiary	488,286,000	14,432,823	100,564,000	3,024,349	-	-	-	-	588,850,000	17,523,490
Dynamic Ever Investments Limited	Shares Fujian Gulei Petrochemical Co., Ltd.	"	-	Joint Venture	Note 3	14,867,168	Note 3	5,122,441	-	-	-	-	Note 3	20,170,030
USIFE Investment Co., Ltd.	Beneficiary certificates Yuanta De-Li Money Market Fund	"	-	-	1,870,081	30,284	-	-	-	-	-	-	1,870,081	30,284
USIFE Investment Co., Ltd.	Beneficiary certificates Cathay Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	5,151,207	\$ 63,044	-	\$ -	1,700,000	\$ 21,300	\$ 20,806	\$ 494	3,451,207	\$ 42,238
Taiwan United	Beneficiary certificates													
Venture Capital Corporation	Cathay Taiwan Money Market Fund	"	-	-	-	-	4,391,849	55,000	-	-	-	-	4,391,849	55,000
INOMA Corporation	Beneficiary certificates Taishin 1699 Money Market Fund	"	-	-	908,375	12,200	-	-	312,721	4,257	4,200	57	595,654	8,000
USI Optronics Corporation	Beneficiary certificates Yuanta De- Bao Money Market Fund	"	-	-	1,412,688	17,000	-	-	-	-	-	-	1,412,688	17,000
	Taishin 1699 Money Market Fund	"	-	-	1,703,082	23,000	367,847	5,000	813,579	11,086	11,000	86	1,257,351	17,000
	Taishin Ta-Chong Money Market Fund	"	-	-	496,715	7,000	-	-	496,715	7,089	7,000	89	-	-
	Jih Sun Money Market Fund	"	-	-	1,016,620	15,000	-	-	-	-	-	-	1,016,620	15,000

Note 1: The carrying cost includes the original investment amount, shares of profit (loss) by equity method, exchange rate conversion and adjustments to net changes.

Note 2: The amount as of the year ended December 31, 2020 was calculated at the original investment cost.

Note 3: Limited company, hence zero shares.

USI CORPORATION AND SUBSIDIARIES
(China General Plastics Corporation (CGPC))

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE 4-1

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance (Note)		Acquisition		Disposal				December 31, 2020 (Note)													
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain on Disposal	Number of Shares	Amount												
China General Plastics Corporation	Beneficiary certificates	Financial assets at fair value through profit or loss - current	-	-	6,722,102	\$ 100,000	18,056,905	\$ 269,000	24,779,007	\$ 369,113	\$ 369,000	\$ 113	-	\$ -												
	Jih Sun Money Market Fund														-	-	-	-	-	-	-	-	-	-		
	Taishin 1699 Money Market Fund														-	-	72,435,348	987,000	65,180,100	888,173	888,000	173	7,255,248	99,000		
	Mega Diamond Money Market Fund														-	-	9,273,954	117,000	9,273,954	117,020	117,000	20	-	-		
	Taishin Ta-Chong Money Market Fund														-	-	2,244,236	32,000	16,789,314	240,000	14,843,255	212,051	212,000	51	4,190,295	60,000
	UPAMC James Bond Money Market Fund														-	-	596,011	10,000	2,383,990	40,000	2,980,001	50,009	50,000	9	-	-
	Hua Nan Kirin Money Market Fund														-	-	-	-	10,286,081	124,000	10,286,081	124,021	124,000	21	-	-
	Hua Nan Phoenix Money Market Fund														-	-	-	-	4,885,483	80,000	4,885,483	80,010	80,000	10	-	-
	FSITC Money Market Fund														-	-	-	-	278,987	50,000	278,987	50,006	50,000	6	-	-
	Shin Kong Chi-Shin Money-Market Fund														-	-	-	-	18,728,035	292,000	12,320,572	192,066	192,000	66	6,407,463	100,000
	Capital Money Market Fund														-	-	-	-	11,829,033	192,000	11,829,033	192,033	192,000	33	-	-
	CTBC Hua Win Money Market Fund														-	-	-	-	16,773,242	186,000	12,271,576	136,053	136,000	53	4,501,666	50,000
	Nomura Taiwan Money Market Fund														-	-	-	-	10,843,168	178,000	10,843,168	178,041	178,000	41	-	-
FSITC Taiwan Money Market Fund	-	-	325,457	5,000	7,729,823	119,000	8,055,280	124,050	124,000	50	-	-														
TCB Taiwan Money Market Fund	-	-	-	-	10,848,473	111,000	10,848,473	111,013	111,000	13	-	-														

(Continued)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance (Note)		Acquisition		Disposal				December 31, 2020 (Note)			
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain on Disposal	Number of Shares	Amount		
Taiwan VCM Corporation	Beneficiary certificates	Financial assets at fair value through profit or loss - current	-	-	-	-	32,094,334	437,000	28,429,746	387,319	387,000	319	3,664,588	50,000		
	Taishin 1699 Money Market Fund				-	-	26,931,036	415,000	23,690,889	365,200	365,000	200	3,240,147	50,000		
	FSITC Taiwan Money Market Fund				-	-	27,828,581	398,000	20,844,707	298,168	298,000	168	6,983,874	100,000		
	Taishin Ta-Chong Money Market Fund				-	-	19,927,441	326,000	19,317,097	316,119	316,000	119	610,344	10,000		
	Hua Nan Phoenix Money Market Fund				-	-	26,573,708	320,000	26,573,708	320,136	320,000	136	-	-		
	Hua Nan Kirin Money Market Fund				-	-	1,560,974	280,000	1,282,933	230,074	230,000	74	278,042	50,000		
	FSITC Money Market Fund				-	-	15,475,207	260,000	15,475,207	260,056	260,000	56	-	-		
	UPAMC James Bond Money Market Fund				-	-	6,343,952	100,000	6,343,952	100,011	100,000	11	-	-		
	Fubon Chi-Hsiang Money Market Fund				-	-			14,073,199	\$ 170,000	14,073,199	\$ 170,063	\$ 170,000	\$ 63	-	\$ -
	Yuanta De- Bao Money Market Fund				-	-	-	-	9,638,125	150,000	9,638,125	150,037	150,000	37	-	-
	Shin Kong Chi-Shin Money-Market Fund				-	-	-	-	16,145,295	262,000	11,534,195	187,094	187,000	94	4,611,100	75,000
	Capital Money Market Fund				-	-	2,016,929	30,000	11,670,597	174,000	13,017,572	194,155	194,000	155	669,954	10,000
	Jih Sun Money Market Fund				-	-	-	-	14,443,387	160,000	14,443,387	160,142	160,000	142	-	-
	CTBC Hua Win Money Market Fund				-	-	-	-	12,199,143	200,000	12,199,143	200,106	200,000	106	-	-
	Nomura Taiwan Money Market Fund				-	-	-	-	13,435,168	168,000	13,435,168	168,033	168,000	33	-	-
	Cathay Taiwan Money Market Fund				-	-	-	-	7,829,800	80,000	7,829,800	80,012	80,000	12	-	-
TCB Taiwan Money Market Fund	-	-	-	-												

(Continued)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance (Note)		Acquisition		Disposal				December 31, 2020 (Note)	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain on Disposal	Number of Shares	Amount
CGPC Polymer Corporation	Beneficiary certificates	Financial assets at fair value through profit or loss - current	-	-	12,751,358	189,601	24,108,007	359,000	36,859,365	548,936	548,601	335	-	-
	Jih Sun Money Market Fund													
	Taishin 1699 Money Market Fund													
	Capital Money Market Fund													
	Hua Nan Phoenix Money Market Fund													
	FSITC Money Market Fund													
	FSITC Taiwan Money Market Fund													
	Taishin Ta-Chong Money Market Fund													
	Hua Nan Kirin Money Market Fund													
	Shin Kong Chi-Shin Money-Market Fund													
	TCB Taiwan Money Market Fund													
	Yuanta De- Bao Money Market Fund													
	Nomura Taiwan Money Market Fund													
	Cathay Taiwan Money Market Fund													

Note: The amount of the beginning and the year-end were calculated at the original investment cost.

USI CORPORATION AND SUBSIDIARIES
(Taita Chemical Company, Ltd.)

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE 4-2

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counter party	Relation ship	Beginning Balance		Acquisition (Note)		Disposal				December 31, 2020 (Note)	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain on Disposal	Number of Shares	Amount
Taita Chemical Company, Ltd.	Beneficiary certificates	Financial assets at fair value through profit or loss - current	-	-	-	\$ -	20,953,805	\$ 343,000	15,705,134	\$ 257,143	\$ 257,000	\$ 143	5,248,671	\$ 86,000
	Hua Nan Phoenix Money Market Fund													
	Taishin 1699 Money Market Fund													
	Mega Diamond Money Market Fund													
	FSITC Money Market Fund													
	FSITC Taiwan Money Market Fund													
	UPAMC James Bond Money Market Fund													
	Fubon Chi-Hsiang Money Market Fund													
	Hua Nan Kirin Money Market Fund													
	Yuanta De- Bao Money Market Fund													
	Shin Kong Chi-Shin Money-Market Fund													
	Capital Money Market Fund													
	Jih Sun Money Market Fund													
	Taishin Ta-Chong Money Market Fund													
	CTBC Hua Win Money Market Fund													
Nomura Taiwan Money Market Fund														
TCB Taiwan Money Market Fund														

Note: The amount of beneficiary certificates in the year end was based on the original investment amount.

USI CORPORATION AND SUBSIDIARIES
(Asia Polymer Corporation)

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE 4-3

(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				December 31, 2020 (Note)	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain on Disposal	Number of Shares	Amount
Asia Polymer Corporation	Shares													
	Ever Conquest Global Limited.	Investment accounted for using the equity method	—	Equity method investee	144,160,000	\$ 4,265,335	26,315,000	\$ 783,964	-	\$ -	\$ -	\$ -	170,475,000	\$ 5,066,945
	Funds													
	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	—	—	18,356,835	248,000	35,947,285	490,000	42,283,084	576,189	574,000	2,189	12,021,036	164,000
	Taishin Ta-Chong Money Market Fund	"	—	—	3,832,822	54,400	21,475,665	307,000	25,308,487	361,769	361,400	369	-	-
	CTBC Hua Win Money Market Fund	"	—	—	14,112,664	155,000	32,094,158	356,000	40,534,774	449,485	448,000	1,485	5,672,048	63,000
	FSITC Money Market Fund	"	—	—	957,942	171,000	2,239,281	402,000	3,197,223	573,842	573,000	842	-	-
	FSITC Taiwan Money Market Fund	"	—	—	12,624,735	193,000	12,026,785	185,300	21,087,432	324,749	323,300	1,449	3,564,088	55,000
	Mega Diamond Money Market Fund	"	—	—	19,951,815	250,000	7,924,414	100,000	21,988,394	277,440	275,700	1,739	5,887,835	74,300
	Capital Money Market Fund	"	—	—	3,093,667	50,000	9,044,482	147,000	9,986,078	162,254	162,000	254	2,152,072	35,000
	Jih Sun Money Market Fund	"	—	—	16,818,904	249,600	-	-	-	-	-	-	16,818,904	249,600
	Nomura Taiwan Money Market Fund	"	—	—	3,056,580	50,000	3,716,127	61,000	6,772,707	111,171	111,000	171	-	-
	UPAMC James Bond Money Market Fund	"	—	—	2,986,943	50,000	8,913,027	150,000	11,899,970	200,216	200,000	216	-	-
	Yuanta De-Li Money Market Fund	"	—	—	3,921,720	64,000	5,189,280	85,000	9,111,000	149,316	149,000	316	-	-
	Yuanta De- Bao Money Market Fund	"	—	—	6,239,913	75,000	3,425,937	41,400	9,665,850	116,762	116,400	362	-	-
	Fubon Chi-Hsiang Money Market Fund	"	—	—	8,705,147	137,000	-	-	8,705,147	137,201	137,000	201	-	-
	Hua Nan Kirin Money Market Fund	"	—	—	4,414,970	53,000	17,750,181	214,000	15,783,235	190,190	190,000	190	6,381,916	77,000
	Hua Nan Phoenix Money Market Fund	"	—	—	5,276,352	86,000	9,042,836	148,000	14,319,188	234,249	234,000	249	-	-
	Shin Kong Chi-Shin Money-Market Fund	"	—	—	3,930,774	61,000	14,630,985	228,000	18,561,759	289,238	289,000	238	-	-
	TCB Taiwan Money Market Fund	"	—	—	-	-	29,161,197	298,000	29,161,197	298,085	298,000	85	-	-

Note 1: The carrying amount includes the original investment amount, the investment profit (loss) recognized using equity method, foreign exchange conversion, and adjustments to changes in net value.

Note 2: The year ended December 31, 2020 of beneficiary certificates was based on the original investment amount.

USI 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
FOR THE YEAR ENDED DECEMBER 31,2020

TABLE 5

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
USI Corporation	Asia Polymer Corporation	Subsidiary	Purchase	\$ 662,705	9.91	Within 60 days after purchasing on credit	No significant Difference	No significant Difference	(\$ 185,681)	(20.62)	
	USI (Hong Kong) Company Limited	Subsidiary	Sale	(119,902)	(1.18)	Within 60 days after selling on credit	"	"	24,644	1.62	
	USI Trading (Shanghai) Co. Ltd.	Subsidiary	Sale	(118,766)	(1.17)	Within 60 days after selling on credit	"	"	33,203	2.18	
USI (Hong Kong) Company Limited	USI Corporation	Parent company	Purchase	109,902	1.79	Within 60 days after purchasing on credit	"	"	(24,644)	(2.74)	
USI Trading (Shanghai) Co. Ltd.	USI Corporation	Parent company	Purchase	118,766	1.78	Within 60 days after purchasing on credit			(33,203)	(3.69)	

USI CORPORATION AND SUBSIDIARIES
 (Acme Electronics Corp. (ACME))
 TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE 5-1

(In Thousands of New
 Taiwan Dollars, Unless Stated
 Otherwise)

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction (Note 1)		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	credit Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Acme Electronics Corp.	Acme Electronics (Guang-Zhou) Co., Ltd.	Subsidiary of GAEL	Purchase (including processing fee)	\$ 364,193	51	55 days	No significant Difference	No significant Difference	(\$ 132,306)	(70)	
Acme Electronics (Guang-Zhou) Co., Ltd.	Acme Electronics Corp.	Subsidiary of GAEL	Sale (including processing fee)	(364,193)	(39)	55 days	"	"	132,306	45	
Acme Electronics Corp.	Acme Electronics (Guang-Zhou) Co., Ltd.	Subsidiary of GAEL	Sale	(100,974)	(10)	55 days	"	"	13,769	6	
Acme Electronics (Guang-Zhou) Co., Ltd.	Acme Electronics Corp.	Subsidiary of GAEL	Purchase	100,974	64	55 days	"	"	(13,769)	(45)	
Acme Electronics Corp.	Acme Electronics (Kunshan) Corp.	Subsidiary of ACME (Cayman)	Sale	(144,522)	(14)	55 days	"	"	31,073	14	
Acme Electronics (Kunshan) Corp.	Acme Electronics Corp.	Subsidiary of ACME (Cayman)	Purchase	144,522	54	55 days	"	"	(31,073)	(68)	

USI CORPORATION AND SUBSIDIARIES
(Swanson Plastics Corporation (SPC))
TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE 5-2

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)
(Continued)

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Credit Terms	Unit Price	Credit Terms	Ending Balance	% of Total	
Swanson Plastics (Singapore) Pte. Ltd.	Swanson Plastics (Malaysia) Sdn. Bhd.	Subsidiary	Purchase	\$ 201,859	79	90 days	No significant Difference	No significant Difference	Accounts payable to related parties \$(26,575)	(82)	
	Swanson Plastics (kunshan) Co. Ltd.	Have the same ultimate parent company	Sale	(349,564)	(35)	90 days	"	"	Accounts receivable from related parties \$ 75,742	56	
	Swanson Plastics (Malaysia) Sdn. Bhd.	Have the same ultimate parent company	Purchase	142,768	15	90 days	"	"	Accounts payable to related parties (\$ 13,091)	(8)	
	Swanson Plastics (Malaysia) Sdn. Bhd.	Have the same ultimate parent company	Sale	(332,832)	(34)	90 days	"	"	Accounts receivable from related parties \$ 31,722	23	
	PT. Swanson Plastic Indonesia	Have the same ultimate parent company	Sale	(117,680)	(12)	90 days	"	"	Accounts receivable from related parties \$ 12,057	9	
Swanson Plastics (kunshan) Co. Ltd.	Forever Young Company Limited	Have the same ultimate parent company	Purchase	349,564	38	90 days	"	"	Accounts payable to related parties (\$ 75,742)	(57)	
	ASK-Swanson (kunshan) Co. Ltd.	Have the same ultimate parent company	Sale	(141,235)	(12)	60 days	"	"	Accounts receivable from related parties \$ 17,978	7	
Swanson Plastics (Malaysia) Sdn. Bhd.	Forever Young Company Limited	Have the same ultimate parent company	Sale	(142,768)	(15)	90 days	"	"	Accounts receivable from related parties \$ 13,091	8	
	Forever Young Company Limited	Have the same ultimate parent company	Purchase	332,832	43	90 days	"	"	Accounts payable to related parties (\$ 31,722)	(56)	
	Swanson Plastics (Singapore) Pte. Ltd.	Parent company	Sale	(201,859)	(21)	90 days	"	"	Accounts receivable from related parties \$ 26,575	16	
ASK-Swanson(kunshan) Co. Ltd.	Swanson Plastics (kunshan) Co. Ltd.	Have the same ultimate parent company	Purchase	141,235	58	60 days	"	"	Accounts payable to related parties (\$ 17,978)	(48)	
PT. Swanson Plastic Indonesia	Forever Young Company Limited	Have the same ultimate parent company	Purchase	117,680	37	90 days	"	"	Accounts payable to related parties (\$ 12,057)	(35)	

USI CORPORATION AND SUBSIDIARIES
 (China General Plastics Corporation (CGPC))
 TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE 5-3

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	credit Terms	Unit Price	Credit Terms	Ending Balance	% of Total	
China General Plastics Corporation	Taiwan VCM Corporation	Subsidiary	Purchase	\$ 4,290,414	74	45 days	No significant Difference	No significant Difference	Accounts payable to related parties (\$ 1,069,615)	(79)	
	CGPC America Corporation	Subsidiary	Sale	(389,006)	(5)	90 days	"	"	Accounts receivable from related parties (110,613)	8	
Taiwan VCM Corporation	China General Plastics Corporation	Parent company	Sale	(4,290,414)	(51)	45 days	"	"	Accounts receivable from related parties (1,069,615)	42	
	CGPC Polymer Corporation	Fellow company	Sale	(3,869,633)	(46)	75 days	"	"	Accounts receivable from related parties (1,437,900)	(98)	
CGPC Polymer Corporation	Taiwan VCM Corporation	Fellow company	Purchase	3,869,633	96	75 days	"	"	Accounts payable to related parties (1,437,900)	(97)	
CGPC America Corporation	China General Plastics Corporation	Parent company	Purchase	389,006	85	90 days	"	"	Accounts payable to related parties (110,613)		

USI CORPORATION AND SUBSIDIARIES

(Taita Chemical Company, Ltd.)

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE 5-4

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Credit Terms	Unit Price	Credit Terms	Ending Balance	% of Total	
Taita Chemical Company, Ltd.	Taita Chemical (Zhongshan) Co., Ltd.	Sub-subsidiary	Sale	(\$ 736,735) (USD25,071 thousand)	(6.70)	30 days	No significant difference	No significant difference	Accounts receivable from related parties \$ 2,818 (USD 99 thousand)	0.19	

USI CORPORATION AND SUBSIDIARIES

Asia Polymer Corporation

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE 5-5

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Credit Terms	Unit Price	Credit Terms	Ending Balance	% of Total	
Asia Polymer Corporation	USI Corporation	Ultimate parent company	Sales	(\$ 662,692)	(11.62)	60 days	No significant difference	No significant difference	Accounts receivable from related parties	25.58	
USI Trading (Shanghai) Co., Ltd.	USI Corporation	Ultimate parent company	Purchase	(119,428)	3.84	30 days	No significant difference	No significant difference	\$ 189,988 Accounts payable to related parties (33,203)	(11.54)	

USI CORPORATION AND SUBSIDIARIES
RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2020

TABLE 6

(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		
USI Corporation	Taiwan VCM Corporation	Subsidiary of the Company	Other receivables - related parties \$ 96,071	-	\$ -	—	\$ 96,071	Note 1
	Asia Polymer Corporation	Subsidiary of the Company	Other receivables - related parties 58,712	-	-	—	58,712	Note 1
	USI (Hong Kong) Company Limited	Subsidiary of the Company	Other receivables - related parties 51,190	-	-	—	51,190	Note 1

Note 1: It is assessed that no allowance for impairment loss is needed.

Note 2: The subsequent period refers to the period from January 1, 2021 to March 8, 2021.

USI CORPORATION AND SUBSIDIARIES
 (Acme Electronics Corporation)
 RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 DECEMBER 31, 2020

TABLE 6-1

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate (%)	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss	
					Amount	Actions Taken			
Acme Electronics Corporation	ACME Electronics (Cayman) Corp	Subsidiary of ACME	Other receivables - related parties	\$ 204,223	-	\$ -	-	\$ 60,054	Note
Acme Electronics (Guang-Zhou) Co., Ltd.	Acme Electronics Corporation	Subsidiary of GAEL	Receivables - related parties	132,306	2.94	-	-	-	Note

Note: It is assessed that no allowance for impairment loss is needed.

USI CORPORATION AND SUBSIDIARIES
(Swanson Plastics Corporation (SWANSON))

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2020

TABLE 6-2

(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		
ASK-Swanson (Kunshan) Co., Ltd.	Swanson Plastics (Tianjin) Co., Ltd.	Fellow subsidiary	Other receivables - related parties \$ 183,995 (RMB42,154 thousand)	-	\$ -	-	\$ -	Note 1

Note 1: It is assessed that no allowance for impairment loss is needed.

Note 2: The subsequent period refers to the period from January 1, 2021 to March 4, 2021.

USI CORPORATION AND SUBSIDIARIES
(China General Plastics Corporation)

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

DECEMBER 31, 2020

TABLE 6-3

(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		
China General Plastics Corporation	CGPC America Corporation	Subsidiary	Accounts receivable from related parties \$ <u>110,613</u>	3.55	\$ -	—	\$ 36,022	Note 1
Taiwan VCM Corporation	China General Plastics Corporation	Parent company	Accounts receivable from related parties \$ <u>1,069,615</u>	4.43	-	—	1,069,615	Note 1
	CGPC Polymer Corporation	Fellow subsidiary	Accounts receivable from related parties \$ <u>1,437,900</u>	3.55	-	—	920,851	Note 1
							-	

Note 1: It is assessed that no allowance for impairment loss is needed.

Note 2: The subsequent period refers to the period from January 1, 2021 to February 17, 2021.

USI CORPORATION AND SUBSIDIARIES
(Taita Chemical Company, Ltd.)

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

DECEMBER 31, 2020

TABLE 6-4

(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		
Taita Chemical Company, Ltd.	Taita Chemical (Tianjin) Co., Ltd.	Sub-subsidiary	Other receivables \$ 263,413 (USD 9,249 thousand) (Note 1)	-	\$ 263,413	Continuous collection	-	-

Note 1: The other receivables of Taita Chemical Co., Ltd. is from selling raw materials to Taita Chemical (Tianjin) Co., Ltd., and transferred to other receivables since it had exceeded the normal credit period.

Note 2: There was no amount received as of March 5, 2021.

USI CORPORATION AND SUBSIDIARIES
 (Asia Polymer Corporation (APC))
 RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 DECEMBER 31, 2020

TABLE 6-5

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance (Note 3)	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	Accounts receivable - related parties \$ 189,988	3.94	\$ -	—	\$ 189,988	Note 1

Note 1: It is assessed that no allowance for impairment loss is needed.

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

USI CORPORATION AND SUBSIDIARIES
INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE 7

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares	Percentage (%)	Carrying Amount			
USI Corporation	USIFE Investment Co., Ltd.	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Investment (focused on "production, transportation, storage, building, bank, securities investment and trading industry")	\$ 550,000	\$ 550,000	87,250,800	100.00	\$ 861,889	\$ 96,609	\$ 96,609	Subsidiary
	Swanlake Traders Ltd.	Flemming House, Wickhamo Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	Trading and investment	728,439	728,439	30,000,000	100.00	1,293,513	17,016	17,016	Subsidiary
	USI (Hong Kong) Company Limited	6/F., Caltex House, 258 Hennessy Road, Hong Kong	Trading and investment	63,482	63,482	159,999	100.00	67,491	(3,231)	(3,231)	Subsidiary
	Union Polymer Int'l Investment Corp.	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Investment (focused on "production and service industry")	3,490,255	3,490,255	616,268,754	100.00	7,739,718	1,453,262	1,433,560	Subsidiary
	Taiwan United Venture Capital Corp.	10F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Venture capital (focused on "high technology industry")	471,800	471,800	32,900,000	70.00	180,508	(4,172)	(2,921)	Subsidiary
	Chong Loong Trading Co., Ltd.	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Import and export trade	28,323	28,323	4,358,183	99.93	55,164	10,840	10,591	Subsidiary
	Swanson Plastics Corp.	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Production and marketing of stretch film, embossed film and industrial-use multi-layer wrap	171,210	171,210	62,616,299	40.58	1,050,935	247,423	100,399	Subsidiary
	Acme Electronics Corp.	8F., No. 39, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Production and marketing of manganese-zinc soft ferrite powder	221,513	221,513	49,250,733	26.91	333,831	33,393	8,987	Subsidiary
	INOMA Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Optical products and fireproof materials	250,703	250,354	9,243,369	94.37	19,405	(8,747)	(8,189)	Subsidiary
	USI Management Consulting Corp.	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Providing management services	1,000	1,000	671,400	100.00	1,539	2,067	2,067	Subsidiary
	Cypress Epoch Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Investment	150,540	150,540	5,000,000	100.00	128,814	1,804	1,804	Subsidiary)
	Thintec Materials Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Reinforced plastic products manufacturing	-	36,250	-	-	-	15	5	Subsidiary (Note 1)
	Ever Conquest Global Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Investment	7,645,980	7,645,980	246,670,000	59.13	7,331,632	(113,719)	(69,661)	Subsidiary

(Continued)

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares	Percentage (%)	Carrying Amount			
	USI Optronics Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Manufacturing and marketing of sapphire crystal	330,000	330,000	33,000,000	50.85	69,501	(62,320)	(31,687)	Subsidiary
Ever Conquest Global Limited	Ever Victory Global Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Investment	11,880,290 (USD 417,145 thousand)	11,130,838 (USD 390,830 thousand)	417,145,000	67.40	12,398,596 (USD 435,344 thousand)	(153,635) (USD -5,198 thousand)		Subsidiary
Ever Victory Global Limited	Dynamic Ever Investments Limited	Room 1902, 19/F, Lee Gargen One, 33 Hysan Aveme, Causeway Bay, Hong Kong	Investment	16,770,448 (USD 588,850 thousand)	13,906,385 (USD 488,286 thousand)	588,850,000	85.00	17,523,490 (USD 615,291 thousand)	(175,395) (USD -5,942 thousand)		Sub-subsidiary
Union Polymer Int'l Investment Corp.	Taita Chemical Company, Ltd.	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Production and marketing of polystyrene, acrylonitrile, butadiene, ABS resin, SAN resin, glasswool insulation products and plastic materials	\$ 1,320,045	\$ 1,749,212	126,239,833	36.67	\$ 2,543,863	\$ 1,919,818		Sub-subsidiary
	Asia Polymer Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Production and marketing of low-density polyethylene, medium-density polyethylene, ethylene vinyl acetate and importing and marketing of linear low-density polyethylene and high-density polyethylene	1,965,437	1,965,437	188,297,389	32.35	4,416,651	1,103,587		Sub-subsidiary
	China General Plastics Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Production and marketing of plastic cloths, plastic skins, plastic tubes, plastic pellets, plastic powder and other related products	1,320,045	1,320,045	133,914,219	24.20	2,477,854	1,634,184		Sub-subsidiary
USIFE Investment Co., Ltd.	Acme Electronics Corp.	8F., No. 39, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Production and marketing of manganese-zinc soft ferrite powder	155,632	155,632	16,424,242	8.98	125,914	33,393		Subsidiary
	Swanson Technologies Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Production, marketing and development of EVA packaging film and other value added plastic products	30,000	30,000	3,000,000	15.00	(16,165)	(14,1090)		Sub-subsidiary
	Taiwan United Venture Management Corp.	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Business management consulting	8,000	8,000	800,000	100.00	15,405	15,405		Sub-subsidiary
Taiwan United Venture Capital Corp.	Thintec Materials Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Reinforced plastic products manufacturing	-	21,465	-	-	-	15		Subsidiary
Chong Loong Trading Co., Ltd.	Forum Pacific Trading Ltd.	British Virgin Islands	Import and export trade	- (USD - thousand)	6,266 (USD 220 thousand)	-	-	-	(20) (USD -1 thousand)		Sub-subsidiary (Note 2)
Swanlake Traders Ltd.	ACME Electronics (Cayman) Corp.	Ugland House P.O. Box 309 George Town, Grand Cayman, Cayman Islands	Investment	102,943 (USD 3,538 thousand)	102,943 (USD 3,538 thousand)	5,609,231	11.23	135,451 (USD 4,756 thousand)	9,485 (USD 336 thousand)		Sub-subsidiary

Note 1: The Company has obtained \$3,876 thousand of the remaining property distribution from liquidation in May 2020, and Thintec Materials Corporation has completed the dissolution and liquidation procedures on July 22, 2020.

Note 2: Chong Loong Trading Co Ltd. has obtained \$6,828 thousand of the remaining property distribution from liquidation in May 2020, Forum Pacific Trading Ltd. has completed the dissolution and liquidation procedures on December 29, 2020.

Note 3: Information on investments in mainland China is provided in Table 8.

USI CORPORATION AND SUBSIDIARIES
(Acme Electronics Corporation)
INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE 7-1

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount (Note 1)		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares	Percentage (%)	Carrying Amount			
Acme Electronics Corporation	ACME Electronics (Cayman) Corp.	Ugland House P.O. Box 309 George Town, Grand Cayman, Cayman Islands	Investment	\$ 605,182 (USD 18,336 thousand)	\$ 605,182 (USD 18,336 thousand)	25,621,692	51.27	\$ 617,297	\$ 9,485 (USD 336 thousand)	\$ 4,189 (USD 150 thousand)	Notes 2
	Golden Amber Enterprises Limited	CITCO Building, Wickhams Cay Road Town, Tortola, British Virgin Islands	Investment	669,072 (USD 20,800 thousand)	669,072 (USD 20,800 thousand)	20,800,000	100.00	897,164	75,527	75,527	
	ACME Electronics (BVI) Corp.	CITCO Building, Wickhams Cay P.O. Box 662, Road Town, Tortola, British Virgin Islands	Investment	-	23,923 (USD730 thousand)	-	-	-	(153) (USD -5 thousand)	(153) (USD -5 thousand)	
	USI Optronics Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Production and marketing of sapphire monocrystals	646,200	646,200	22,064,224	34.00	46,469	(62,320)	(21,186)	
ACME Electronics (Cayman) Corp.	ACME Components (Malaysia) Sdn. Bhd.	Plot 15,Jalan Industri 6 Kawasan Perindustrian Jelapang II (ZPB) Jelapang 30020 Ipoh, Perak, Malaysia.	Investment	USD 11,891 thousand	USD 11,891 thousand	42,600,000	100.00	USD 21,890 thousand	USD909 thousand (MYR 3,924 thousand)	USD909 thousand (MYR 3,924 thousand)	
ACME Components (Malaysia) Sdn. Bhd.	ACME Ferrite Products Sdn. Bhd.	Plot 15,Jalan Industri 6 Kawasan Perindustrian Jelapang II (ZPB) Jelapang 30020 Ipoh, Perak, Malaysia.	Production and marketing of soft ferrite core	MYR 37,964 thousand	MYR 37,964 thousand	9,120,000	100.00	MYR 90,237 thousand	MYR 4,006 thousand	MYR 4,006 thousand	

Note 1: The amount is calculated according to the original investment cost.

Note 2: ACME Electronics (BVI) Corp. had been liquidated on June 30, 2020.

Note 4: Information on investments in mainland China is provided in Table 8-1.

USI CORPORATION AND SUBSIDIARIES
(Swanson Plastics Corporation)
INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE 7-2

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2020 (Note 1)	December 31, 2019 (Note 1)	Number of Shares	Percentage (%)	Carrying Amount			
Swanson Plastics Corporation	Swanson Plastics (Singapore) Private Limited	2 Venture Drive Vision Exchange #12-10 Singapore 608526	Production and marketing of plastic products	\$ 808,506	\$ 808,506	36,863	100	\$ 1,84,557	\$ 125,581	\$ 125,581	Note 2
	Forever Young Company Limited	Skelton Building Main Street P.O. Box 3136 Road Town, Tortola British Virgin Islands	Import, export and agency services	1,297	1,297	50	100	75,442	9,959	9,974	
	Swanson International Ltd.	Ugland House, P.O.Box 309 George Town, Grand Cayman, Cayman Islands, British West Indies	Investment	454,134	454,134	14,541	100	1,616,781	129,839	129,839	Note 2
	Curtana Company Ltd.	Flatb 6/F Caltex House 258 Hennessy Road Wanchai, Hong Kong	Investment	4,850	4,850	1,600	100	6,238	35	35	
	Swanson Technologies Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan	EVA packaging film and production, planting, development and sales of other high value-added plastic products	140,000	140,000	14,000	70	(75,436)	(14,109)	(9,876)	
	PT. Swanson Plastics Indonesia	Ngoro Industrial Park Blok D2-3 Ds. Lolawang Kec. Ngoro Kab. Mojokerto	Production and marketing of plastic products	7,979	7,979	261	1	7,141	45,937	459	
Swanson Plastics (Singapore) Private Limited	Swanson Plastics (Malaysia) Sdn. Bhd.	Plot 505, Tingkat Perusahaan 4A, Kawasan Perusahaan Perai, Zon Perdagangan Bebas, 13600 Perai, Seberang Perai, Malaysia	Production and marketing of plastic products	187,780 (USD6,593 thousand)	187,780 (USD6,593 thousand)	20,000	100	629,514 (USD 22,104 thousand)	104,718 (MYR 14,932 thousand)	104,718 (USD 3,544 thousands)	
	Swanson Plastics (India) Private Ltd.	PLOT No.2, GDDIDC. Honda, Bhuipal Sattari-403 506, Goa-India	Production and marketing of plastic products	470,229 (USD 16,511 thousand)	470,229 (USD 16,511 thousand)	107,351	100	295,973 (USD 10,392 thousand)	(5,526) (INR -13,843 thousand)	(5,526) (USD -187 thousand)	
	PT. Swanson Plastics Indonesia	Ngoro Industrial Park Blok D2-3 Ds. Lolawang Kec. Ngoro Kab. Mojokerto	Production and marketing of plastic products	735,924 (USD 25,840 thousand)	735,924 (USD 25,840 thousand)	25,840	99	706,953 (USD 24,823 thousand)	45,937 (IDR 22,709,929 thousand)	45,478 (USD 1,539 thousand)	
	Swanson International Ltd.	A.S. Holdings (UK) Limited	United Kingdom	Investment	202,039 (USD7,094 thousand)	202,039 (USD7,094 thousand)	3,157	100	555,647 (USD 19,510 thousand)	27,136 (USD 918 thousand)	27,136 (USD 918 thousand)

Note 1: The original investment amount and carrying amount were calculated using the spot exchange rate as of December 31, 2020.

Note 2: Information on investments in mainland China is provided in Table 8-2.

USI CORPORATION AND SUBSIDIARIES
(China General Plastics Corporation)
INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE 7-3

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares	Percentage (%)	Carrying Amount			
China General Plastics Corporation	Taiwan VCM Corporation	No. 1, Gongye 1st Rd., Linyuan Dist., Kaohsiung City 832, Taiwan (ROC)	Manufacture and marketing of vinyl chloride monomer	\$ 2,930,995	\$ 2,930,995	240,206,420	87.22	\$ 4,020,390	\$ 1,232,387	\$ 1,024,137	Subsidiary
	CGPC Polymer Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Manufacture and marketing of PVC resin	800,000	800,000	80,000,000	100	1,177,835	283,408	283,408	Subsidiary
	CGPC (BVI) Holding Co., Ltd.	Citco Building, Wickhams Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	Reinvestment	1,073,906	1,073,906	16,308,258	100	351,935	4,943	4,943	Subsidiary
	China General Terminal & Distribution Corporation	No. 1, Jianji St., Qianzhen Dist., Kaohsiung City 806, Taiwan (ROC)	Warehouse of petrochemical raw materials	41,106	41,106	19,918,185	33.33	315,711	69,385	23,128	Associate accounted for using the equity method
	CGPC America Corporation	1181 California Ave., Suite 235 Corona, CA 92881	Marketing of PVC second - and third-time processed products	648,931	648,931	100	100	208,312	25,001	25,001	Subsidiary
	Acme Electronics Corporation	8F., No. 39, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Manufacture and marketing of manganese-zinc soft ferrite powder	33,995	33,995	3,176,019	1.74	22,517	33,393	579	Associate accounted for using the equity method
	Thintec Materials Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Manufacture and marketing of reinforced plastic products	-	15,000	-	-	-	15	1	Associate accounted for using the equity method (Note 1)

Note 1: On April 12, 2019, the board of director of Thintec Materials Corporation (TMC) resolved to dissolve from May 25, 2019, and TMC has completed the dissolution and liquidation procedures on July 22, 2020. CGPC obtained \$1,274 thousand of the remaining property distribution from liquidation in May 2020, and recognized a loss on disposal of \$173 thousand.

Note 2: Information on investments in mainland China is provided in Table 8-3.

USI CORPORATION AND SUBSIDIARIES
(Taita Chemical Company, Ltd.)
INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE 7-4

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note (Note 1)
				December 31, 2020	December 31, 2019	Number of Shares	Percentage (%)	Carrying Amount			
Taita Chemical Co., Ltd.	TAITA (BVI) Holding Co., Ltd.	British Virgin Islands	Reinvestment	\$ 2,555,738 (USD 89,738 thousand)	\$ 1,758,298 (USD 61,738 thousand)	89,738,000	100.00	\$ 2,951,653 (USD 103,640 thousand)	\$ 614,057 (USD 20,938 thousand)	\$ 614,057 (USD 20,938 thousand)	Subsidiary
	China General Plastics Corporation	Taipei	Manufacturing and marketing of PVC plastic cloth and three-time processed products	65,365	65,365	10,967,785	1.98	192,320	1,634,185	32,390	Investments accounted for using the equity method
	China General Terminal & Distribution Corporation	Taipei	Warehousing of petro chemical raw materials	41,082	41,082	19,918,183	33.33	315,711	69,385	23,128	Investments accounted for using the equity method
	Acme Electronics Corporation	Taipei	Manufacturing and marketing of manganese-zinc soft ferrite powder	44,771	44,771	4,445,019	2.43	31,514	33,393	811	Investments accounted for using the equity method
	Thintec Materials Corporation	Taipei	Manufacturing of reinforced plastic products	-	15,000	-	-	-	15	1	Investments accounted for using the equity method (Note 2)
TAITA (BVI) Holding Co., Ltd.	ACME Electronics (Cayman) Corp.	British Cayman Islands	Reinvestment	48,417 (USD1,700 thousand)	48,417 (USD1,700 thousand)	2,695,619	5.39	65,093 (USD 2,286 thousand)	9,485 (USD 336 thousand)	-	Investments accounted for using the equity method

Note 1: The amount was based on audited financial statements of the investee.

Note 2: Thintec Materials Corporation (TMC) went into dissolution and liquidation from May 25, 2019. The Group obtained \$1,247 thousand of the remaining property distribution from liquidation in May 2020, and recognized a loss on disposal of \$173 thousand while TMC completed the dissolution and liquidation procedures on July 22, 2020.

Note 3: Information on investments in mainland China are included in Table 8-4.

USI CORPORATION AND SUBSIDIARIES
(Asia Polymer Corporation)
INFORMATION ON INVESTEES
FROM JANUARY 1 TO DECEMBER 31, 2020

TABLE 7-5

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares	Percentage (%)	Carrying Amount			
Asia Polymer Corporation	APC (BVI) Holding Co., Ltd.	British Virgin Islands	Reinvestment	\$ 392,306 (USD13,775 thousand)	\$ 392,306 (USD13,775 thousand)	11,342,594	100.00	\$ 517,012	\$ 15,182	\$ 15,182	Subsidiary (Note 1)
	APC Investment Corporation	Taipei	Investment	200,000	200,000	20,000,000	100.00	132,491	33,542	33,542	Subsidiary (Note 1)
	USI International Corp.	British Virgin Islands	Reinvestment	59,808 (USD2,100 thousand)	79,744 (USD2,800 thousand)	2,100,000	70.00	63,415	5,387	3,771	Subsidiary (Note 1)
	China General Plastics Corporation	Taipei	Production and sales of plastic sheets, plastic leather, plastic tubes, plastic granules, plastic powder, profile extrusion materials, chlor-akali products and other related products	247,412	247,412	44,653,510	8.07	782,997	1,634,185	131,866	Investments accounted for using the equity method
	China General Terminal & Distribution Corporation	Taipei	Warehousing and transportation of petrochemical raw materials	41,082	41,082	19,918,184	33.33	315,711	69,385	23,128	Investments accounted for using the equity method
	Swanson Plastics Corporation	Taipei	Manufacture and marketing of stretch film and industrial multi-layer packaging film	75,242	75,242	12,266,779	7.95	20,857	247,423	19,669	Investments accounted for using the equity method
	Acme Electronics Corporation	Taipei	Manufacture and marketing of manganese zinc, manganese-zinc ferrite, magnetic powder and ferrite core	61,348	61,348	6,056,623	3.31	42,939	33,393	1,105	Investments accounted for using the equity method
	Taiwan United Venture Capital Corp.	Taipei	Investment in high technology businesses	52,791	52,791	3,913,533	8.33	21,472	(4,172)	(347)	Investments accounted for using the equity method
	Thintec Materials Corporation	Taipei	Manufacture of reinforced plastic products	-	36,250	-	-	-	15	4	Investments accounted for using the equity method
	USI Optronics Corporation	Taipei	Manufacture and marketing of sapphire products	59,725	59,725	5,972,464	9.20	12,579	(62,320)	(5,735)	Investments accounted for using the equity method

(Continued)

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares	Percentage (%)	Carrying Amount			
APC (BVI) Holding Co., Ltd.	Ever Conquest Global Ltd.	British Virgin Islands	Reinvestment	4,855,128 (USD 170,475 thousand)	4,105,677 (USD 144,160 thousand)	170,475,000	40.87	5,066,945	(113,719)	(44,058)	Investments accounted for using the equity method
	ACME Electronics (Cayman) Corp.	British Cayman Islands	Reinvestment	149,375 (USD5,245 thousand)	149,375 (USD5,245 thousand)	8,316,450	16.64	200,825	9,485	-	APC (BVI) Holding Co., Ltd. Investments accounted for using the equity method
	USI International Corp.	British Virgin Islands	Reinvestment	25,632 (USD 900 thousand)	34,176 (USD1,200 thousand)	900,000	30.00	27,178	5,387	-	APC (BVI) Holding Co., Ltd. Investments accounted for using the equity method (Note 1)
APC Investment Corporation	Acme Electronics Corporation	Taipei	Manufacture and marketing of manganese zinc, manganese-zinc ferrite, magnetic powder and ferrite core	14,889	14,889	1,884,548	1.03	13,361	33,393	-	APC Investment Corporation Investments accounted for using the equity method
	Swanson Technologies Corporation	Taipei	Manufacture and marketing of EVA film	30,000	30,000	3,000,000	15.00	(16,165)	(14,109)	-	APC Investment Corporation Investments accounted for using the equity method
Ever Conquest Global Ltd.	Ever Victory Global Ltd.	British Virgin Islands	Reinvestment	11,880,290 (USD 417,145 thousand)	11,130,838 (USD 390,830 thousand)	417,145,000	67.40	12,398,596 (USD 435,344 thousand)	(153,485) (USD5,198 thousand)	-	Ever Conquest Global Ltd. Investments accounted for using the equity method
Ever Victory Global Ltd.	Dynamic Ever Investments Ltd.	Hong Kong	Reinvestment	16,770,448 (USD 588,850 thousand)	13,906,385 (USD 488,286 thousand)	588,850,000	85.00	17,523,490 (USD 615,291 thousand)	(175,395) (USD5,942 thousand)	-	Ever Victory Global Ltd. Investments accounted for using the equity method

Note 1: Information on investments in mainland China are included in Table 8-5.

USI CORPORATION AND SUBSIDIARIES
 INFORMATION ON INVESTMENTS IN MAINLAND CHINA
 FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE 8

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020 (Note 6)	Investment Flows for the year ended December 31, 2020 (Note 6)		Accumulated Outward Remittance for Investment from Taiwan as of the year ended December 31, 2020 (Note 6)	Net Income (Loss) of the Investee for the year ended December 31, 2020	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) (Notes 7) for the year ended December 31, 2020	Carrying Amount as of the year ended December 31, 2020 (Notes 7)	Accumulated Repatriation of Investment Income as of the year ended December 31, 2020
					Outflow	Inflow						
Acme Electronics (Kunshan) Co., Ltd.	Manufacture and marketing of manganese-zinc soft ferrite core	\$ 875,048 (USD 30,725 thousand)	Note 1	\$ 80,243 (USD 2,818 thousand)	\$ -	\$ -	\$ 80,243 (USD 2,818 thousand)	\$ 7,332 (USD 253 thousand)	11.23	\$ 823 (USD 28 thousand)	\$ 88,114 (USD 3,094 thousand)	\$ -
Usig (Shanghai) Co., Ltd.	Importing and distributing various chemical raw materials and products	142,400 (USD 5,000 thousand)	Note 2	142,400 (USD 5,000 thousand)	-	-	142,400 (USD 5,000 thousand)	1,804 (USD 62 thousand)	100.00	1,804 (USD 62 thousand)	128,814 (USD 4,523 thousand)	-
Fujian Gulei Petrochemical Co., Ltd. ("Gulei")	Crude oil processing and petroleum products manufacturing	40,655,493 (RMB 9,314,400 thousand)	Note 3	6,483,627 (USD 227,655 thousand)	22,622 (USD 794 thousand)	-	6,506,249 (USD 228,450 thousand)	(329,957) (USD-11,197 thousand)	16.94	(62,741) (USD-2,125 thousand)	6,833,319 (USD 239,934 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of the year ended December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$6,953,345 (USD 244,148 thousand)	\$8,703,018 (Note 5) (USD 305,584 thousand)	\$ - (Note 4)

Note 1: The Company reinvested in China-based companies via Swanlake Traders Ltd. (100%) by wiring transfer funds to other areas.

Note 2: The Company reinvested in the China area via the Cypress Epoch Limited (100%).

Note 3: The Company reinvested in 50% of the outstanding shares of Gulei via Ever Conquest Global Limited (60.21%), then via Ever Victory Global Limited (71.04%), and finally via Dynamic Ever Investments Limited (85.32%).

Note 4: As the Company has obtained the certificate of being qualified for operating headquarters issued by the Industrial Development Bureau, MOEA No. 10920403810 on February 11, 2020, the upper limit on investment in mainland China is not applicable.

Note 5: As included in the certificate of being qualified for operating headquarters issued by the Industrial Development Bureau, MOEA No. 10500116380 on September 1, 2016, No. 10500234240 on December 29, 2016, No. 10800262920 on February 26, 2020, the Company was able to wire transfer US\$257,939 thousand to Gulei and No. 10900245220 on October 5, 2020, the Company invested US\$32,200 thousand in establishing the sales company.

Note 6: The amount was calculated using the spot exchange rate as of December 31, 2020.

Note 7: Except for the Fujian Gulei Petrochemical Co., Ltd, which numbers were based on the review of Deloitte Touche Tohmatsu Limited and use the accounting principles to adjust and recognize like the parent company, ACME Electronics (Kunshan) Co., Ltd., and Usig (Shanghai) Co., Ltd. whose numbers were based on its financial statements reviewed by the Certified Public Accountants of its ROC parent company.

USI CORPORATION AND SUBSIDIARIES
(Acme Electronics Corporation (ACME))
INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE 8-1

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020 (Note 5)	Investment Flows for the year ended December 31, 2020		Accumulated Outward Remittance for Investment from Taiwan as of the year ended December 31, 2020 (Note 5)	Net Income (Loss) of the Investee (Note 6) for the year ended December 31, 2020	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) (Notes 4 and 6) for the year ended December 31, 2020	Carrying Amount as of the year ended December 31, 2020 (Notes 7)	Accumulated Repatriation of Investment Income as of the year ended December 31, 2020
					Outflow	Inflow						
Acme Electronics (Kunshan) Co., Ltd.	Manufacture and marketing of manganese-zinc soft ferrite core	USD 30,725 thousand	II	\$ 374,188 (USD 11,144 thousand)	\$ -	\$ -	\$ 374,188 (USD 11,144 thousand)	\$ 7,332 (RMB 1,739 thousand)	51.27	\$ 3,759 (RMB 892 thousand)	\$ 402,485 (RMB 92,212 thousand)	\$ -
Acme Electronics (Guang-Zhou) Co., Ltd.	Manufacture and marketing of manganese-zinc soft ferrite core	USD 19,200 thousand	II	619,676 (USD 19,200 thousand)	-	-	619,676 (USD 19,200 thousand)	76,126 (RMB 17,806 thousand)	100.00	76,126 (RMB 17,806 thousand)	893,058 (RMB 204,604 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of the year ended December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$864,197 (USD 30,344 thousand) (Notes 3 and 7)	\$1,043,308 (USD 36,633 thousand) (Notes 3 and 7)	\$ - (Note 2)

Note 1: Investment method II indicates that ACME reinvested in the China area via another investment area.

Note 2: As the Company has obtained the certificate of being qualified for operating headquarters issued by the Industrial Development Bureau, MOEA No. 09704604680 on August 29, 2008, the upper limit on investment in mainland China is not applicable.

Note 3: ACME Electronics (Kunshan) transferred earnings to ordinary shares, and ACME increased the amount of US\$6,289 thousand at its ownership percentage.

Note 4: ACME recognized the investment gain (loss) for the year ended December 31, 2020, according to Certified Public Accountants and auditing financial report accepted in the ROC.

Note 5: The calculation was based on the exchange rate on the original investment date.

Note 6: The calculation was based on the average exchange rate from January 1, 2020 to December 31, 2020.

Note 7: The amount was calculated using the spot exchange rate in the late December, 2020.

USI CORPORATION AND SUBSIDIARIES
(Swanson Plastics Corporation)
INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FROM JANUARY 1, 2020 TO DECEMBER 31, 2020

TABLE 8-2

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Investment Flows for the year ended December 31, 2020		Accumulated Outward Remittance for Investment from Taiwan as of the year ended December 31, 2020	Net Income (Loss) of the Investee for the year ended December 31, 2020	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) for the year ended December 31, 2020	Carrying Amount as of the year ended December 31, 2020	Accumulated Repatriation of Investment Income as of the year ended December 31, 2020
					Outflow	Inflow						
Swanson Plastics (Kunshan) Co., Ltd.	Production, sales and development of multi-functional film, optical film, etc.	\$ 378,499 (USD 13,290 thousand)	Indirect investment via Swanson International Ltd. of British Cayman Islands	\$ 223,930	\$ -	\$ -	\$ 223,930	\$ 102,704 (USD 3,476 thousand)	100.00	\$ 102,704 (USD 3,476 thousand)	\$ 1,149,537 (USD 40,363 thousand)	\$ -
ASK-Swanson (Kunshan) Co., Ltd.	Management of PE release film and other release products	259,168 (USD 9,100 thousand)	Indirect investment in A.S. Holdings (UK) Limited via Swanson International Ltd.	193,447	-	-	193,447	27,136 (USD 918 thousand)	100.00	27,136 (USD 918 thousand)	555,647 (USD 19,510 thousand)	-
Swanson Plastics (Tianjin) Co., Ltd.	Production, sales and development of multi-functional film, optical film, etc.	304,736 (USD 10,700 thousand)	Indirect investment via Swanson (Singapore) Private Ltd.	170,754	-	-	170,754	(37,631) (USD -1,274 thousand)	100.00	(37,631) (USD -1,274 thousand)	98,070 (USD 3,443 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of the year ended December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ 588,131	\$ 933,738 (USD 32,786 thousand)	\$ - (Note 2)

Note 1: Paid in capital and upper limit on the investment amount stipulated by Industrial Development Bureau, MOEA were calculated using the spot exchange rate on December 31, 2020.

Note 2: According to the certificate of being qualified for operating headquarters issued by the Industrial Development Bureau, MOEA No. 10920418410 on June 18, 2020, Swanson has obtained the business scope certification from the Industrial Development Bureau, MOEA, and thus there are not limitations for investment.

USI CORPORATION AND SUBSIDIARIES
(China General Plastics Corporation (CGPC))
INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE 8-3

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020 (Note 1)	Investment Flows for the year ended December 31, 2020		Accumulated Outward Remittance for Investment from Taiwan as of the year ended December 31, 2020 (Note 1)	Net Income (Loss) of the Investee for the year ended December 31, 2020	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) for the year ended December 31, 2020 (Note 5)	Carrying Amount as of the year ended December 31, 2020 (Note 1)	Accumulated Repatriation of Investment Income as of the year ended December 31, 2020
					Outflow	Inflow						
Continental General Plastics (ZhongShan) Co., Ltd. ("CGPC (ZS)") (Note 4)	Manufacture and marketing of PVC leather and third-time processed products	\$ 569,600 (USD 20,000 thousand)	Indirect investment via CGPC (BVI) Holding Co., Ltd.	\$ 569,600 (USD 20,000 thousand)	\$ -	\$ -	\$ 569,600 (USD 20,000 thousand)	\$ 4,270 (USD 146 thousand)	100.00	\$ 4,270 (USD 146 thousand)	\$ 266,359 (USD 9,352 thousand)	\$ -
CGPC Consumer Products Corporation ("CGPC (CP)") (Note 4)	Manufacture and marketing of PVC third-time processed products	42,720 (USD 1,500 thousand)	Indirect investment via CGPC (BVI) Holding Co., Ltd.	42,720 (USD 1,500 thousand)	-	-	42,720 (USD 1,500 thousand)	(3) (USD - thousand)	100.00	(3) (USD - thousand)	13,519 (USD 475 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of the year ended December 31, 2020 (Notes 1 and 3)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 2)
\$ 771,295 (USD 27,082 thousand)	\$894,272 (USD 31,400 thousand)	\$ -

Note 1: The amount was calculated using the spot exchange rate on December 31, 2020.

Note 2: As the CGPC obtained the certificate of qualification of operating headquarters issued by the Industrial Development Bureau No. 10920426850 on September 8, 2020, the upper limit on investment in mainland China pursuant to the "Principle of Investment or Technical Cooperation in Mainland China" is not applicable.

Note 3: QuanZhou Continental General Plastics Co., Ltd. ("CGPC (QZ)") and Union (Zhong Shan) Co., Ltd. ("Union (ZS)") completed dissolution procedures, and CGPC (BVI) Holding Co., Ltd. ("CGPC (BVI)") retrieved the residual assets. The shares of Continental General Plastics (SanHe) Co., Ltd. were fully sold, and CGPC (BVI) retrieved the residual assets. However, the amount of capital has not been wired back to Taiwan. The accumulated amount includes the investment amount of CGPC (QZ) of \$19,480 thousand (US\$684 thousand), the investment amount of Union (ZS) of \$25,575 thousand (US\$898 thousand) and the investment amount of Continental General Plastics (SanHe) Co., Ltd. of \$113,920 thousand (US\$4,000 thousand).

Note 4: The board of directors of CGPC passed a resolution to dissolve CGPC (ZS) and CGPC (CP) in October 24, 2011. As of December 31, 2020, the dissolution procedures have not yet been completed.

Note 5: The recognition of investment income (loss) was based on financial statements which had been reviewed by CPA.

USI CORPORATION AND SUBSIDIARIES
(Taita Chemical Company, Ltd. (TTC))
INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE 8-4

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Investment Flows for the year ended December 31, 2020		Accumulated Outward Remittance for Investment from Taiwan as of the year ended December 31, 2020	Net Income (Loss) of the Investee (Note 5)	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) (Note 5)	Carrying Amount as of the year ended December 31, 2020 (Note 5)	Accumulated Repatriation of Investment Income as of the year ended December 31, 2020
					Outflow	Inflow						
Taita Chemical (Zhongshan) Co., Ltd. ("TAITA (ZS)")	Production and marketing of polystyrene derivatives	\$ 1,317,200 (USD46,250 thousand) (Note 1)	Investment through a holding company registered in a third region	\$ 1,224,640 (USD43,000 thousand)	\$ -	\$ -	\$ 1,224,640 (USD43,000 thousand)	\$ 610,521 (USD20,747 thousand)	100.00	\$ 610,521 (USD20,747 thousand) (Note 6)	\$ 2,947,550 (USD 103,495 thousand)	\$ -
Taita Chemical (Tianjin) Co., Ltd. ("TAITA (TJ)")	Production and marketing of polystyrene derivatives	778,928 (USD27,350 thousand) (Note 2)	Investment through a holding company registered in a third region	740,480 (USD26,000 thousand)	-	-	740,480 (USD26,000 thousand)	19,049 (USD 712 thousand)	100.00	19,049 (USD 712 thousand) (Note 6)	(104,563) (USD-3,671 thousand)	-
ACME Electronics (Kunshan) Co., Ltd. ("ACME (KS)")	Manufacturing and marketing of manganese-zinc soft ferrite core	875,048 (USD30,725 thousand)	Investment through a holding company registered in a third region ACME Electronics (Cayman) Corp	38,562 (USD1,354 thousand)	-	-	38,562 (USD1,354 thousand)	7,332 (USD 253 thousand)	5.39	396 (USD 14 thousand)	42,345 (USD1,487 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of the year ended December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ 2,003,682 (USD 70,354 thousand)	\$ 2,159,277 (USD 75,817 thousand) (Note 3)	\$ - (Note 4)

Note 1: TAITA (ZS) resolved to issue share dividends of US\$3,250 thousand for the year ended December 31, 2007.

Note 2: TAITA (TJ) resolved to issue share dividends of US\$1,350 thousand for the year ended December 31, 2012.

Note 3: The amount distributed from share dividends included US\$3,250 thousand from TAITA (ZS), US\$1,350 thousand from TAITA (TJ) and US\$802 thousand from ACME (KS).

Note 4: As the TTC obtained the certificate of qualification of operating headquarters issued by the Industrial Development Bureau No. 10820415160 on June 6, 2019, the upper limit on investment in Mainland China pursuant to the "Principle of Investment or Technical Cooperation in Mainland China" is not applicable.

Note 5: The recognition of investment income (loss) was based on financial statements audited by CPA of the parent company of TTC in Taiwan.

Note 6: In November 2020, TAITA (ZS) agreed to exempt from the RMB15,000 thousand principles and interest which were loaned to the TAITA (TJ).

USI CORPORATION AND REINVESTMENT COMPANIES
(Asia Polymer Corporation (APC))
INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE 8-5

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 3)	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Investment Flows for the year ended December 31, 2020		Accumulated Outward Remittance for Investment from Taiwan as of the year ended December 31, 2020	Net Income (Loss) of the Investee for the year ended December 31, 2020 (Note 3)	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) for the year ended December 31, 2020 (Note 3)	Carrying Amount as of the year ended December 31, 2020 (Note 4)	Accumulated Repatriation of Investment Income as of the year ended December 31, 2020
					Outflow	Inflow						
ACME Electronics (Kunshan) Co., Ltd.	Manufacture and marketing of manganese-zinc soft ferrite core	\$ 875,048 (USD 30,725 thousand)	(2) ACME Electronics (Cayman) Corp.	\$ 118,971 (USD4,177 thousand)	\$ -	\$ -	\$ 118,971 (USD4,177 thousand)	B \$ 7,332	16.64	\$ 1,220	\$ 130,641	\$ -
USI Trading(Shanghai) Co., Ltd.	Sales of chemical engineering products and equipment	71,200 (USD 2,500 thousand)	(2) APC (BVI) Holding Co., Ltd.	86,454 (USD3,036 thousand)	-	-	86,454 (USD3,036 thousand)	B 11,497	100.00	11,497	120,346	-
Fujian Gulei Petrochemical Co., Ltd.	Processing of crude oil and manufacturing of petroleum products	40,655,493 (RMB 9,314,400 thousand)	(2) Dynamic Ever Investment Ltd. (Note 2)	3,789,932 (USD 133,073 thousand)	706,572 (USD24,809 thousand)	-	4,496,504 (USD 157,883 thousand)	A (330,217)	11.71	(40,514)	4,723,802	-

Accumulated Outward Remittance for Investment in Mainland China as of the year ended December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$4,839,207 (Note 5) (USD169,916 thousand)	\$6,374,838 (USD223,836 thousand)	\$ - (Note 6)

Note 1: Investments are divided into three categories as follows:

- a. Direct investment.
- b. Investments through a holding company registered in a third region.
- c. Others.

Note 2: The Company reinvested in 50% of the outstanding shares of Gulei via Ever Conquest Global Limited (40.87%), then via Ever Victory Global Ltd. (67.40%), and finally via Dynamic Ever Investments Ltd. (85.00%).

Note 3: For the column of investment gain (loss):

- (1) If there is no investment gain (loss) during the preparation, it should be noted.
- (2) If the basis for the recognition of investment gain (loss) is classified into the following three types, it should be noted as follows:
 - A. Financial statements audited by international accounting firms which have a cooperation relationship with an accounting firm in the Republic of China.
 - B. Financial statements audited by the parent company's CPA.
 - C. Others.

Note 4: The amount was calculated using the exchange rate as on December 31, 2020.

Note 5: APC indirectly invested subsidiaries in Mainland China through APC (BVI) Holding Co., Ltd. investing in Silicon Technology Investment (Cayman) Corp. (STIC) and Solargiga Energy Holdings Ltd.

Note 6: As APC has obtained the certificate of qualification for operating headquarters issued by the Industrial Development Bureau, MOEA No. 10800262940 on February 26, 2020, the upper limit on investments in mainland China pursuant to the "Principle of Investment or Technical Cooperation in Mainland China" is not applicable.

USI CORPORATION AND SUBSIDIARIES
INFORMATION ON INVESTMENTS IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT
TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE 9

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Financial Statement Account	Amount	Percentage (%)	Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized Gains or Losses	Note
					Payment Terms	Compared to General Transactions	Amount	Percentage (%)		
USI (Hong Kong) Company Limited	Sales revenue	\$ 119,902	1.87	No significant difference	Within 60 days after selling on credit	No significant difference	\$ 24,644	2.74	\$ -	—
USI Trading (Shanghai) Co., Ltd.	Sales revenue	118,766	1.17	—	Within 60 days after selling on credit	"	33,203	3.69	-	—
	Commission expense	513	-	—	—	—	-	-	-	—
Dynamic Ever Investments Limited	Management service revenue	19,790	-	—	—	—	-	-	-	—
	Other income	256	-	—	—	—	-	-	-	—
	Other receivables from related parties	5,231	-	—	—	—	-	-	-	—

USI CORPORATION AND SUBSIDIARIES

(Asia Polymer Corporation (APC))

INFORMATION ON INVESTMENTS IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE 9-1

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Financial Statement Account	Amount	Percentage (%)	Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized Gains or Losses	Note
					Payment Terms	Compared to General Transactions	Amount	Percentage (%)		
USI Trading (Shanghai) Co., Ltd.	Sales revenue	\$ 63,613	1.12	No significant difference	Within 90 days after selling on credit	No significant difference	\$ 12,462	1.68	\$ -	—
	Commission expenses	804	-	—	—	—	-	-	-	—
	Non-operating income and expense - rental income	1,490	-	—	—	—	-	-	-	—
	Management services expense	124	-	—	—	—	-	-	-	—
	Other payables from related parties	990	-	—	—	—	-	-	-	—
	Other receivables from related parties	7,914	-	—	—	—	-	-	-	—

USI CORPORATION
INFORMATION ON MAJOR SHAREHOLDERS
DECEMBER 31, 2020

TABLE 10

Name of major shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Shing Lee Enterprise (Hong Kong) Limited	173,776,546	14.61
Wholegainer Company Limited's trust account under custody of Fubon Securities Co., Ltd.	110,000,000	9.25
Asia Polymer Corporation	101,355,673	8.52

Note 1: The table discloses shareholding information of shareholders whose shareholding percentage is more than 5%. The Taiwan Depository & Clearing Corporation (TDCC) calculates the total number of ordinary shares and special shares (including treasury shares) that have completed the dematerialized registration and delivery on the last business day of the quarter. The share capital reported in the Company's consolidated financial statements and the actual number of shares that have completed the dematerialized registration and delivery may be different due to difference in the basis of calculation.

Note 2: In the event where the shareholder delivers its equity to trust, the information is disclosed in the form of individual trust accounts opened by the trustee. As for shareholders declaring insider equity holdings of more than 10% of the shares in accordance with the Securities and Exchange Act, their shareholdings include the shares held by themselves plus the shares delivered to trust while retaining the right to determine the utilization. For information on insider equity declarations, please refer to the Market Observation Post System.

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USI CORPORATION
STATEMENT OF CASH AND CASH EQUIVALENT STATEMENT
DECEMBER 31, 2020

STATEMENT 1

(In Thousands of New Taiwan
Dollars, Unless Stated Otherwise)

Item	Abstract	Amount
Cash		
Petty cash		<u>\$ 620</u>
Cash in banks		
Checking deposits		16,024
Demand deposits in NTD		6,045
Demand deposits in foreign	USD 692,349.89 (Note)	<u>22,581</u>
currency	RMB 648,783.11 (Note)	
	JPY 66,560.00 (Note)	
	EUR 378.25 (Note)	
Sub-total of the bank deposit		<u>44,650</u>
Cash equivalents		
Time deposits	Annual rate 0.07%-2.00%, including time deposits of foreign currency USD \$5,300,000 and RMB \$5,900,000 (Note). Maturity date is from January to June, 2021.	<u>946,696</u>
		<u>\$ 991,966</u>

Note: U.S. dollars are converted at the exchange rate USD1=NTD 28.4800.
Renminbi is converted at the exchange rate RMB1 = NTD 4.3648.
Japanese Yen is converted at the exchange rate JPY1 = NTD 0.2763.
The Euro is converted at the exchange rate EUR1 = NTD 35.0200.

USI CORPORATION
 FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS -- CURRENT STATEMENT
 DECEMBER 31, 2020

STATEMENT 2

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

<u>Investee company</u>	<u>Abstract</u>	<u>Shares/unit</u>	<u>Par value</u>	<u>Total amount</u>	<u>Rate</u>	<u>Acquisition cost</u>	<u>Fair value</u> <u>Unit price</u> <u>(dollar)</u>	<u>Total amount</u>	<u>Fair value changes attributable to credit risk changes</u>	<u>Note</u>
Financial assets at fair value mandatory through profit or loss										
Fund beneficiary certificates and beneficiary securities										
Shin Kong Chi-Shin Money-market Fund		12,815,192	\$10	\$ 128,159		\$ 200,000	\$ 15.6068	\$ 200,015	\$ -	
FSITC Taiwan Money Market Fund		3,969,627	10	39,696		61,000	15.4335	61,265	-	
Hua Nan Kirin Money Market Fund		5,884,596	10	58,846		71,000	12.0654	71,000	-	
CTBC Hua Win Money Market Fund		9,003,412	10	90,034		100,000	11.1075	100,005	-	
Franklin Templeton Sinoam Money Market Fund		9,589,291	10	95,893		100,000	10.4284	100,001	-	
Hua Nan Phoenix Money Market Fund		16,662,140	10	166,621		273,000	16.3858	273,023	-	
Taishin Ta-Chong Money Market Fund		20,116,313	10	201,163		288,000	14.3204	288,074	-	
Capital Money Market Fund		7,379,140	10	73,791		120,000	16.2654	120,025	-	

(Continued)

<u>Investee company</u>	<u>Abstract</u>	<u>Shares/unit</u>	<u>Par value</u>	<u>Total</u> <u>amount</u>	<u>Rate</u>	<u>Acquisition</u> <u>cost</u>	<u>Fair value</u> <u>Unit price</u> <u>(dollar)</u>	<u>Total</u> <u>amount</u>	<u>Fair value</u> <u>changes</u> <u>attributable</u> <u>to credit risk</u> <u>changes</u>	<u>Note</u>
Mega Diamond Money Market Fund		9,933,652	10	199,337		249,700	12.6499	252,159	-	
FSITC Money Market		372,688	10	3,727		67,000	179.8500	67,024	-	
Taishin 1699 Money Market Fund		5,497,139	10	54,971		75,000	13.6459	75,013	-	
Jih Sun Money Market Fund		16,833,145	10	168,331		249,200	14.9500	251,656	-	
Cathay No.1 REIT		3,290,000	10	<u>32,900</u>		<u>33,274</u>	18.7100	<u>61,556</u>	-	
				<u>1,313,469</u>		<u>1,887,174</u>		<u>1,920,816</u>	-	
Domestic listed and over-the counter stocks										
United Microelectronics Corp.		450,000	10	4,500		13,764	47.1500	21,217	-	
Evergreen Marine Corporation		1,693,251	10	16,933		26,308	40.7000	68,915	-	
Taiwan Cement Corp.		500,000	10	5,000		20,593	43.2000	21,600	-	
Quanta Computer Inc.		200,000	10	2,000		14,759	80.9000	16,180	-	
Unimicron Technology Corp.		300,000	10	3,000		13,204	87.4000	26,220	-	
G.M.I. Technology Inc.		1,515,800	10	<u>15,158</u>		<u>24,404</u>	14.3500	<u>21,752</u>	-	
				<u>46,591</u>		<u>113,032</u>		<u>175,884</u>	-	
				<u>\$ 1,360,060</u>		<u>\$ 2,000,206</u>		<u>\$ 2,096,700</u>	-	
Financial liability held for trading-derivatives										
Foreign Exchange Forward Contract								<u>\$ 11,522</u>		

USI CORPORATION
 STATEMENT OF NOTES RECEIVABLE
 DECEMBER 31, 2020

STATEMENT 3

(In Thousands of New Taiwan Dollars)

<u>Customer's name</u>	<u>Abstract</u>	<u>Amount</u>	<u>Note</u>
Notes receivable from the non-related party arising from business			
Tex Year Industries Inc.	Postdated	\$ 54,833	
Taiwan First Li-Bond Co., Ltd.	Postdated	8,240	
Others	Postdated	<u>1,081</u>	
		<u>\$ 64,154</u>	

USI CORPORATION
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2020

STATEMENT 4

(In Thousands of New Taiwan Dollars)

<u>Customer's name</u>	<u>Abstract</u>	<u>Amount</u>	<u>Note</u>
Non-related party			
Foster Group	Payment for sales	\$ 525,966	
Sveck Photovoltaic New Material Co.,Ltd.	Payment for sales	359,329	
Far Eastern Group	Payment for sales	96,132	
Tex Year Group	Payment for sales	94,260	
Others (Note)	Payment for sales	<u>291,272</u>	
Sub-total		1,366,959	
Less: allowance for loss		(<u>2,651</u>)	
		<u>1,364,308</u>	
Related party			
China General Plastics Corporation	Payment for sales	76	
USI Trading (Shanghai) Co., Ltd.	Payment for sales	33,203	
USI (Hong Kong) Company Limited	Payment for sales	24,644	
Swanson Plastics Corporation	Payment for sales	7,512	
Forever Young Company Limited	Payment for sales	<u>28,645</u>	
Sub-total		<u>94,080</u>	
		<u>\$ 1,458,388</u>	

Note: The balance of individual item does not exceed 5% of the balance of the accounts receivable.

USI CORPORATION
STATEMENT OF INVENTORIES
DECEMBER 31, 2020

STATEMENT 5

(In Thousands of New Taiwan Dollars)

<u>Name</u>	<u>Abstract</u>	<u>Amount</u>		Note
		<u>Cost</u>	<u>net realizable value</u>	
			(Note)	
Finished goods		\$ 522,258	\$ 634,579	
Work in process		42,963	60,495	
Raw materials		109,925	121,386	
Materials		<u>137,403</u>	<u>143,389</u>	
		812,549	<u>\$ 959,867</u>	
Less: Allowance for reduction of inventory to market		(<u>36,440</u>)		
		<u>\$ 776,109</u>		

Note: Net realizable value is the balance that the estimated selling price under normal circumstances minus the estimated cost required to complete the project and the estimated cost required to complete the sale.

USI CORPORATION
STATEMENT OF PREPAYMENTS
DECEMBER 31, 2020

STATEMENT 6

(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Abstract</u>	<u>Amount</u>	<u>Note</u>
Office supplies		\$ 144,313	
Prepaid expenses		23,065	
Prepayment for purchases		<u>5,093</u>	
		<u>\$ 172,471</u>	

USI CORPORATION
STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE PROFIT AND
LOSS - NONCURRENT
FROM JANUARY 1 TO DECEMBER 31, 2020

STATEMENT 7

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of financial product	Balance, January 1, 2020		Increases in Investment		Decreases in Investment		Balance, December 31, 2019		Details of pledged as collateral	Note
	Shares	Fair value	Shares	Amount	Shares	Amount	Shares	Fair value		
Domestic listed stock										
AU Optronics Corporation (AUO)	8,514,006	\$ 85,566	-	\$ 33,630	-	-	8,514,006	\$ 119,196	None	Note 1
CTCI Corporation	15,130,656	576478	-	1,513	-	-	15,130,656	577,991	None	Note 1
Domestic non listed (over-the-counter) common stocks										
DSYY Venture Capital Ltd. Co.	15,329,223	235,794	-	72,503	3,284,516	32,845	12,044,707	275,452	None	Note 2
Global Biopharma, Inc.	310,000	2,560	-	224	310,000	2,784	-	-	None	Note 3
		<u>\$ 900,398</u>		<u>\$ 107,870</u>		<u>\$ 35,629</u>		<u>\$ 972,639</u>		

Note 1: Increases in investment this year were with fair value adjustments.

Note 2: Increases in investment this year were with fair value adjustments. Decreases in the number of shares and amounts were with cash capital reduction.

Note 3: Increases in investment this year were with fair value adjustments, and the decrease in the number of shares and the amount is due to the sales of shareholdings.

USI CORPORATION
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FROM JANUARY 1 TO DECEMBER 31, 2020

STATEMENT 8

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

<u>Investee</u> <u>company</u>	<u>Balance, January 1, 2020</u>		<u>Increases in</u> <u>Investment</u>		<u>Decreases in</u> <u>Investment</u>		<u>Share of</u> <u>profit and</u> <u>loss of the</u> <u>subsidiary</u> <u>recognized</u> <u>using the</u> <u>equity</u> <u>method</u>	<u>Balance, December 31, 2020</u>			<u>Net asset</u> <u>value</u>	<u>Note</u>	<u>Details of</u> <u>pledged as</u> <u>collateral</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>		<u>Shares</u>	<u>percentage</u>	<u>Amount (%)</u>			
USIFE Investment Co., Ltd.	87,250,800	\$ 708,349	-	\$ 61,578	-	\$ 4,647	\$ 96,609	87,250,800	100.00	861,889	\$ 863,433	1	None
Swanlake Traders Ltd.	30,000,000	1,337,991	-	-	-	61,494	17,016	30,000,000	100.00	1,293,513	1,307,159	2	None
USI (Hong Kong) Company Ltd.	159,999	127,837	-	-	-	57,115	(3,231)	159,999	100.00	67,491	67,491	3	None
Union Polymer Int'l Investment Corp.	565,276,555	5,981,789	50,992,199	668,444	-	344,075	1,433,560	616,268,754	100.00	7,739,718	8,603,131	4	None
Taiwan United Venture Capital Corp.	32,900,000	169,325	-	77,340	-	63,236	(2,921)	32,900,000	70.00	180,508	180,508	5	None
Chong Loong Trading Co.	4,358,183	54,115	-	-	-	9,542	10,591	4,358,183	99.93	55,164	55,164	6	None
Swanson Plastic Co.	62,616,299	1,006,054	-	28	-	55,546	100,399	62,616,299	40.58	1,050,935	1,055,912	7	None

(Continued)

<u>Investee company</u>	<u>Balance, January 1, 2020</u>		<u>Increases in Investment</u>		<u>Decreases in Investment</u>		<u>Share of profit and loss of the subsidiary recognized using the equity method</u>	<u>Balance, December 31, 2019</u>			<u>Net asset value</u>	<u>Note</u>	<u>Details of pledged as collateral</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>		<u>Shares</u>	<u>percentage</u>	<u>Amount (%)</u>			
ACME Electronics	49,250,733	321,749	-	3,142	-	47	8,987	49,250,733	26.91	333,831	349,171	8	None
Inoma Corporation	9,126,786	27,310	116,583	349	-	65	(8,189)	9,243,369	94.37	19,405	19,405	9	None
USI Management Consulting Corp.	671,400	(576)	-	49	-	-	2,066	671,400	100.00	1,539	1,539	10	None
Cypress Epoch Limited	5,000,000	125,030	-	1,980	-	-	1,804	5,000,000	100.00	128,814	128,814	11	None
Thintec Materials Corporation	1,825,000	4,399	-	-	1,825,000	4,404	5	-	-	-	-	12	None
Ever Conquest Global Limited	246,670,000	7,298,350	-	102,962	-	-	(69,661)	246,670,000	59.13	7,331,651	7,331,651	13	None
USI Optronics Corporation	33,000,000	<u>101,188</u>	-	<u>-</u>	-	<u>-</u>	<u>(31,687)</u>	33,000,000	50.85	<u>69,501</u>	<u>69,501</u>		None
		17,262,910		<u>\$ 915,872</u>		<u>\$ 600,171</u>	<u>\$ 1,555,348</u>			19,133,959	<u>\$20,032,879</u>		
Recognized as long-term Equity Investment credit balance		<u>576</u>								<u>-</u>			
		<u>\$17,263,486</u>								<u>\$ 19,133,959</u>			

Note 1: This year's increases arise from the recognition of the difference of \$ 1,048 thousand in the financial statements of foreign operating institutions based

on the shareholding ratio and the unrealized benefits of financial assets measured at fair value through other comprehensive gains and losses \$ 60,530 thousand. This year's decreases arise from the disposal of the accumulated profit and loss of financial assets measured at fair value through other comprehensive gains and losses that are transferred to the retained surplus of \$ 4,284 thousand and the re-measurement loss of the defined benefit plan \$ 363 thousand.

Note 2: This year's decreases are to recognize the conversion difference \$ 61,494 thousand of the foreign operating institution's financial statement based on the shareholding ratio.

Note 3: This year's decreases are to recognize the conversion difference \$ 5,314 thousand of the foreign operating institution's financial statement based on the shareholding ratio and \$ 51,801 thousand of cash dividends issued by the investee company.

Note 4: This year's increases are to recognize the capital surplus of \$ 2,939 thousand based on the shareholding ratio, cash dividend adjustment to the subsidiary capital surplus --- treasury stock transactions \$ 19,165 thousand, and unrealized profit of financial assets measured at fair value through other comprehensive gains and losses \$ 609,624 thousand, re-measurement benefits for defined benefit plan \$ 4,919 thousand, and the conversion difference \$ 31,797 thousand of the foreign operating institution's financial statement based on the shareholding ratio. The decreases arise from the disposal of the accumulated profit and loss of financial assets measured at fair value through other comprehensive gains and losses that are transferred to the retained surplus of \$ 8,693 thousand and the adjustments in value of treasury stocks \$ 335,382 thousand.

Note 5: This year's increases arise from the unrealized profit of financial assets measured at fair value through other comprehensive gains and losses \$ 77,340. The decreases arise from the disposal of the accumulated profit and loss of financial assets measured at fair value through other comprehensive gains and losses that are transferred to the retained surplus of \$ 63,236 thousand.

Note 6: This year's decreases are to acquire \$ 9,429 thousand of cash dividends issued by the investee company and to recognize the conversion difference \$ 113 thousand of the foreign operating institution's financial statement based on the shareholding ratio.

Note 7: This year's increases are to recognize the capital surplus of \$ 28 thousand based on the shareholding ratio; this year's decreases are to acquire cash dividend of 29,430 thousand from the investee company, the re-measurement loss of defined benefit plan \$ 313 thousand, and to recognize the conversion difference of \$ 25,803 thousand of the foreign operating institution's financial statement based on the shareholding ratio.

Note 8: This year's increases are to recognize the conversion difference of \$ 3,142 thousand of the foreign operating institution's financial statement based on the shareholding ratio. The decreases are the re-measured loss of defined benefit plan of \$ 47 thousand.

Note 9: This year's increases arise from the newly added investment price of \$ 349 thousand, and the decreases arise from the adjustment and recognition of retained earnings of \$ 65 thousand.

Note 10: This year's increases arise from the re-measurement profit \$ 49 thousand of defined benefit plan.

Note 11: This year's increases are to recognize the conversion difference \$ 1,980 thousand of the foreign operating institution's financial statement based on the shareholding ratio.

Note 12: This year's decreases arise from the settlement of the returned payment of stocks \$ 3,877 thousand and the settlement of long-term equity investment loss of \$ 527 thousand.

Note 13: This year's increases are to recognize the conversion difference \$ 76,009 thousand of the foreign operating institution's financial statement based on the shareholding ratio and capital surplus 26,953 thousand based on the shareholding ratio.

USI CORPORATION
 STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
 JANUARY 1 TO DECEMBER 31, 2020

STATEMENT 9

(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Balance, January 1,</u> <u>2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance,</u> <u>December 31,</u> <u>2020</u>	<u>Note</u>
Buildings	\$ <u>23,555</u>	\$ <u>-</u>	(\$ <u>114</u>)	\$ <u>23,441</u>	

USI CORPORATION
 STATEMENT OF ACCUMULATED DEPRECIATION
 CHANGES IN RIGHT-OF-USE ASSETS
 JANUARY 1 TO DECEMBER 31, 2020

STATEMENT 10

(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Balance, January 1,</u> <u>2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance,</u> <u>December 31,</u> <u>2020</u>	<u>Note</u>
Buildings	\$ <u>4,787</u>	\$ <u>4,563</u>	\$ <u>-</u>	\$ <u>9,350</u>	

USI CORPORATION
STATEMENT OF OTHER NONCURRENT ASSETS
JANUARY 1 TO DECEMBER 31, 2020

STATEMENT 11

(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Abstract</u>	<u>Amount</u>	<u>Note</u>
Advance payment for construction		\$ 18,580	
Refundable deposits		47,630	
Long-term deferred expenses		<u>51,492</u>	
		<u>\$ 117,702</u>	

USI CORPORATION
 STATEMENT OF SHORT-TERM BORROWING
 DECEMBER 31, 2020

STATEMENT 12

(In Thousands of New Taiwan Dollars)

<u>Type of loan</u>	<u>Interest rate</u> (%)	<u>Balance,</u> <u>December 31, 2020</u>	<u>Contract period</u>	<u>Financing limit</u>	<u>Mortgage or guarantee</u>
Unsecured loan					
Mizuho Bank Ltd	0.77%	\$ 299,000	August 25, 2020 ~August 25, 2021	\$ 600,000	No
Land Bank of Taiwan Co., Ltd.	0.80%	<u>200,000</u>	August 3, 2020 ~August 3, 2021	<u>800,000</u>	No
		<u>\$ 499,000</u>		<u>\$ 1,400,000</u>	

USI CORPORATION
 STATEMENT OF ACCOUNTS PAYABLE
 DECEMBER 31, 2020

STATEMENT 13

(In Thousands of New Taiwan Dollars)

<u>Customer name</u>	<u>Abstract</u>	<u>Amount</u>	<u>Note</u>
Non-related parties			
CPC Corporation, Taiwan (Note)	Payment for purchase	\$ 377,301	
MARUBENI CORPORATION	Payment for purchase	143,392	
Apex Energy International Pte. Ltd	Payment for purchase	84,420	
Dairen Chemical Corporation	Payment for purchase	78,918	
others	Payment for purchase	<u>28,336</u>	
Sub-total		<u>712,367</u>	
Related parties			
Asia Polymer Corporation	Payment for purchase	185,681	
Swanson Plastics Corporation	Payment for purchase	<u>2,609</u>	
Sub-total		<u>188,290</u>	
		<u>\$ 900,657</u>	

Note: A bank time deposit of \$ 54,271 thousand has been provided as collateral.

USI CORPORATION
STATEMENT OF OTHER CURRENT LIABILITIES
DECEMBER 31, 2020

STATEMENT 14

(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Abstract</u>	<u>Amount</u>	<u>Note</u>
Contract liability		\$ 73,628	
Receipts under custody		2,100	
Others		<u>284</u>	
		<u>\$ 76,012</u>	

USI CORPORATION
STATEMENT OF BONDS PAYABLE
DECEMBER 31, 2020

STATEMENT 15

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

<u>Name of the bond</u>	<u>Trustee</u>	<u>Issuing date</u>	<u>Interest payment date</u>	<u>Interest rate</u>	<u>Amount</u>					<u>Method of repayment</u>	<u>Details of Guarantees</u>	<u>Note</u>
					<u>Total amount Issued</u>	<u>Less: amount paid</u>	<u>Year-end balance</u>	<u>Unamortized premium (discount)</u>	<u>Carrying amount</u>			
The first unsecured corporate bond A in 2015	Mega International Commercial Bank Co., Lt. Department of Trusts	February 12, 2015	Interest is paid one time every full year from the date of issue	1.55%	\$ 1,000,000	\$ 1,000,000	\$ -	\$ -	\$ -	One time 100% repayment of principal at the expiration of the 5 th year from the date of issue.	No	
The first unsecured corporate bond B in 2015	Mega International Commercial Bank Co., Ltd. Department of Trusts	February 12, 2015	Interest is paid one time every full year from the date of issue	1.90%	1,000,000	-	1,000,000	(308)	999,692	One time 100% repayment of principal at the expiration of the 7 th year from the date of issue.	No	
The first unsecured corporate bond in 2016	Taipei Fubon Commercial Bank Co., Ltd. Department of Trusts	October 28, 2016	Interest is paid one time every full year from the date of issue	0.80%	2,000,000	-	2,000,000	(767)	1,999,233	One time 100% repayment of principal at the expiration of the 5 th year from the date of issue.	No	
The first unsecured corporate bond in 2017	Taipei Fubon Commercial Bank Co., Ltd. Department of Trusts	October 27, 2017	Interest is paid one time every full year from the date of issue	1.10%	2,000,000	-	2,000,000	(1,697)	1,998,303	One time 100% repayment of principal at the expiration of the 5 th year from the date of issue.	No	
The first unsecured corporate bond in 2019	Taipei Fubon Commercial Bank Co., Ltd. Department of Trusts	April, 26, 2019	Interest is paid one time every full year from the date of issue	0.98%	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>	<u>(2,926)</u>	<u>1,997,074</u>	One time 100% repayment of principal at the expiration of the 5 th year from the date of issue.	No	
					8,000,000	1,000,000	7,000,000	(5,968)	6,994,302			
Less: corporate bonds due within one year					<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>	<u>(767)</u>	<u>1,999,233</u>			
					<u>\$ 6,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 5,000,000</u>	<u>(4,931)</u>	<u>\$ 4,995,069</u>			

USI CORPORATION
STATEMENT OF LONG-TERM BORROWING
DECEMBER 31, 2020

STATEMENT 16

(In Thousands of New Taiwan Dollars)

<u>Creditor bank or underwriter</u>	<u>Duration and repayment method</u>	<u>Annual rate (%)</u>	<u>Amount</u>			<u>Mortgage or guarantee</u>
			<u>Due within one year</u>	<u>Due after one year</u>	<u>Total</u>	
Taipei Fubon Commercial Bank Co., Ltd	December 12, 2019 - December 12, 2022 Non-callable	0.83%	\$ -	\$ 500,000	\$ 500,000	-
The Export-Import Bank of the Republic of China	March 10, 2020 - March 10, 2023 Non-callable	0.74%	-	300,000	300,000	-
MUFG Bank	July,21, 2020 - July 21, 2023 Non-callable	0.88%	-	700,000	700,000	-
Bank of China Limited	December 3, 2018 - October 27, 2023 Non-callable	0.90%	-	300,000	300,000	-
EnTie Commercial Bank	September 10, 2019 - September 10, 2022 Non-callable	0.89%	-	500,000	500,000	-
			<u>\$ -</u>	<u>\$ 2,300,000</u>	<u>\$ 2,300,000</u>	

USI CORPORATION
 STATEMENT OF LEASE LIABILITIES
 DECEMBER 31, 2020

STATEMENT 17

In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Abstract</u>	<u>Lease term</u>	<u>Discount</u>	<u>Year-end</u>	<u>Note</u>
			<u>rate</u>	<u>balance</u>	
Building		103.05.01-115.12.31	1.16%	\$ 177,497	
Less:					
Lease				<u>30,974</u>	
liabilities					
due					
within					
one year					
				<u>\$ 146,523</u>	

USI CORPORATION
STATEMENT OF OTHER NONCURRENT LIABILITIES
DECEMBER 31, 2020

STATEMENT 18

(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Abstract</u>	<u>Amount</u>	<u>Note</u>
Deferred unrealized profit		\$ 5,393	
Deposit received		<u>6,046</u>	
		<u>\$ 11,439</u>	

USI CORPORATION
 STATEMENT OF SALES REVENUE
 JANUARY 1 TO DECEMBER 31, 2020

STATEMENT 19

(In Thousands of New Taiwan Dollars,
Unless Stated Otherwise)

<u>Item</u>	<u>Quantity (Tonne)</u>	<u>Amount</u>	<u>Note</u>
Low density polyethylene	7,296	\$ 328,939	
Ethylene vinyl acetate	134,842	5,934,118	
High density polyethylene	120,379	3,652,261	
Linear low density polyethylene	8,403	250,198	
Other chemicals and wastes	<u>12</u>	<u>6,704</u>	
	<u>270,932</u>	<u>\$ 10,172,220</u>	

USI CORPORATION
STATEMENT OF SALES COST
JANUARY 1 TO DECEMBER 31, 2020

STATEMENT 20

(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Direct material	
The material on January 1, 2020	\$ 60,782
Purchases for the year ended December 31, 2020	5,560,949
Sales for the year ended December 31, 2020	(97,532)
The raw material on December 31, 2020	(<u>109,925</u>)
	5,414,274
Indirect material	487,223
Direct labor	184,454
Manufacturing expenses (Statement 20-1)	<u>1,268,328</u>
Manufacturing cost	7,354,279
Work in process	
Work in process on January 1, 2020	31,571
Work in process on December 31, 2020	(<u>42,963</u>)
Finished goods cost	7,342,887
Finished goods	
Finished goods on January 1, 2020	860,993
The purchase for the year ended December 31, 2020	662,705
Finished goods on December 31, 2020	(522,258)
The loss of idle capacity	297,790
Other cost adjustment of the transfer of self-made goods to the packaging material	(1,124)
The inventory write-down	<u>23,413</u>
	<u>\$ 8,664,406</u>

USI CORPORATION
STATEMENT OF MANUFACTURING EXPENSES
JANUARY 1 TO DECEMBER 31, 2020

STATEMENT 20-1

(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Electricity expenses	\$ 540,669
Indirect labor	200,170
Depreciation	392,128
Others (Note)	<u>135,361</u>
	<u>\$ 1,268,328</u>

Note: The balance of each item does not exceed 5% of the account balance.

USI CORPORATION
STATEMENT OF OPERATING EXPENSES
JANUARY 1 TO DECEMBER 31, 2020

STATEMENT 21

(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Marketing expenses</u>	<u>Management expenses</u>	<u>Research and development expenses</u>	<u>Total</u>
Employees benefits expenses	\$ 33,168	\$ 86,844	\$ 72,481	\$ 192,493
Shipping expenses	169,872	1	123	169,996
Depreciation	353	3,876	19,541	23,770
Management service expenses	-	118,565	9,197	127,762
Exports expenses	15,305	-	-	15,305
Other (Note)	<u>16,919</u>	<u>37,247</u>	<u>15,477</u>	<u>69,643</u>
	<u>\$ 235,617</u>	<u>\$ 246,533</u>	<u>\$ 116,819</u>	<u>\$ 598,969</u>

Note: The balance of each item does not exceed 5% of the account balance.

USI CORPORATION
 STATEMENT OF EMPLOYEE BENEFIT, DEPRECIATION AND AMORTIZATION BY
 FUNCTION
 JANUARY 1 to December 31, 2020 AND 2019

STATEMENT 22

(In Thousands of New Taiwan Dollars)

	<u>For the year ended December 31, 2020</u>				<u>For the year ended December 31, 2019</u>			
	<u>Classified as Operating Costs</u>	<u>Classified as Operating Expenses</u>	<u>Classified as other operating revenues and expenses</u>	<u>Total</u>	<u>Classified as Operating Costs</u>	<u>Classified as Operating Expenses</u>	<u>Classified as other operating revenues and expenses</u>	<u>Total</u>
Employee benefit expenses (Note)								
Salaries expenses	\$ 407,860	\$ 157,919	\$ -	\$ 565,779	\$ 340,336	\$ 157,217	\$ -	\$ 497,553
Labor health insurance expenses	35,853	10,184	-	46,037	31,050	13,996	-	45,046
Pension expenses	20,143	5,535	-	25,678	18,553	8,210	-	26,763
Remunerations to directors	-	9,632	-	9,632	-	12,048	-	12,048
Others	<u>18,713</u>	<u>9,223</u>	<u>-</u>	<u>27,936</u>	<u>4,474</u>	<u>11,615</u>	<u>-</u>	<u>16,089</u>
	<u>\$ 482,569</u>	<u>\$ 192,493</u>	<u>\$ -</u>	<u>\$ 675,062</u>	<u>\$ 394,413</u>	<u>\$ 203,086</u>	<u>\$ -</u>	<u>\$ 597,499</u>
Depreciation	<u>\$ 552,269</u>	<u>\$ 23,770</u>	<u>\$ 27,086</u>	<u>\$ 603,125</u>	<u>\$ 459,443</u>	<u>\$ 18,278</u>	<u>\$ 27,177</u>	<u>\$ 504,898</u>
Amortization	<u>\$ 13,958</u>	<u>\$ 291</u>	<u>\$ -</u>	<u>\$ 14,249</u>	<u>\$ 12,457</u>	<u>\$ 344</u>	<u>\$ -</u>	<u>\$ 12,801</u>

Note 1: As of the December 31, 2020 and 2019, the numbers of the Company's employees were 478 and 486, respectively, including 7 non-employee directors.

Note 2: For the years ended December 31, 2020 and 2019, the average employee benefit expenses were \$ 1,413 thousand and \$ 1,222 thousand, respectively.

For the years ended December 31, 2020 and 2019, the average employee salaries expenses were \$ 1,201 thousand and \$ 1039 thousand, respectively. The average employee salaries expenses are adjusted and increase by 15.59%. Besides, the Company established the audit committee. The supervisor system is not applicable for the Company. Therefore, the remunerations of the supervisors are \$ 0 thousand for the years ended December 31, 2020 and 2019.

Note 3: The policies of the remunerations of the Company:

1. The remunerations policies of the directors and the managers of the Company.

(1) For the remunerations, take the median level of the payment of the same business as the reference t. Besides, refer to the reasonable connection with the personal performance, company operating performances and the future risks.

(2) It is not permitted to guide the directors and the managers to run the risks works which the Company can't afford for getting more remunerations.

(3) Consider the businesses qualities and the natures of the businesses of the companies to decide how to pay the proportion of the remunerations of employees and what time to pay the partial change of remunerations for the short-term performances.

2. The policies of employee remunerations are stipulated based on the government regulations, the situations and developments of the salary market for the same business, the overall economy, the change of the businesses conditions and organization structure of the company. The Company sets "The payroll management measures", "The regulations of employees performances evaluations" and "The allowances payments for the supervisor positions and personal staff" as the issuances standards. Besides, the Company has the "Annual bonus managements regulations" which are based on the profitability situations of the Company and check the performances of the employees to pay the annual bonus (including the employee remunerations).