

Stock Code: 1304

USI Corporation  
**2020 Annual Report**

USI Corporation Website: <https://www.usife.com.tw>  
Market Observation Post System: <https://mops.twse.com.tw>  
Date of Publication: April 30, 2021

I. Spokesperson of the Company:

Name: Wu, Ming-Tsung  
Position: Senior Manager, Sales and Marketing Division  
Telephone No.: +886-2-2627-4745  
E-mail Address: mtwu@usig.com

Acting Spokesperson of the Company:

Name: Kan, Ling  
Position: Group Controller  
Telephone No.: +886-2-8751-6888 extension 3795  
E-mail Address: EKan@usig.com

II. Head Office, Branch Offices and Plants:

Name	Address	Telephone Number
Head Office and Kaohsiung Plant	No. 330, Fengren Road, Renwu District, 814 Kaohsiung City	(07)735-9998
Taipei Office	12th Floor, No. 37, Jihu Road, Neihu District, 114 Taipei City	(02)8751-6888

III. Stock Transfer Agent:

Name: Stock Affairs Department, USI Corporation  
Address: 6F, No. 17, Lane 120, Section 1, Neihu Road, Neihu District, Taipei City  
Joint Stock Affairs Website: <https://www.usig.com/USIGStockHome.aspx>  
Telephone No.: +886-2-2650-3773

IV. Name of Certificated Public Accountants (CPAs) Auditing the Financial Statements in the Most Recent Fiscal Year:

Name: CPAs Chuang, Pi-Yu and Kuo, Cheng-Hung  
Name of Accounting Firm: Deloitte & Touche  
Address: 20th Floor, No. 100, Songren Road, 110 Taipei City  
Website: <https://www2.deloitte.com/tw>  
Telephone No.: +886-2-2725-9988

V. Name of Overseas Securities Trading Venue and Method of Information Query:  
None

VI. Company Website: <https://www.usife.com.tw>

# Table of Contents

	<u>Pages</u>
Chapter 1. Letter to Shareholders.....	1
Chapter 2. Company Profile	
I.    Date of Founding.....	6
II.   Company History .....	6
Chapter 3. Corporate Governance Report	
I.    Organization System .....	11
II.   Details of Directors, General Manager, Deputy General Manager, Senior Managers, and Heads of Departments and Branches .....	15
III.  Remuneration Paid to Directors (Including Independent Directors), Supervisors, General Manager, and Deputy General Manager During the Most Recent Fiscal Year.....	25
IV.   Implementation of Corporate Governance.....	37
V.    Information of CPA Fees.....	110
VI.   Information of Replacement of CPAs .....	112
VII.  The Company's Directors, General Manager, Managerial Officers in Charge of Finance or Accounting Who Has Served in a CPA's Accounting Firm or Its Affiliated Companies in the Most Recent Fiscal Year Shall Disclose Their Names, Positions and the Period of Employment in CPA's Accounting Firm or Its Affiliated Companies ..	113
VIII. Equity Transfer or Changes in Equity Pledged by the Company's Directors, Managerial Officers, or Shareholders with Shareholding Percentage Exceeding Ten (10) Percent in the Most Recent Fiscal Year up to the Publication Date of this Annual Report .....	113
IX.   Information of the Top 10 Shareholders in Terms of Number of Shares Held, Who Are Related Parties or Each Other's Spouses and Relatives within the Second Degree of Kinship .....	116
X.    Number of Shares Held by the Company, Its Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Investment Companies in the Same Investment Companies, and the Combined Calculation of Shareholding Percentages.....	118
Chapter 4. Funding Status	
I.    Capital and Shares .....	119
II.   Issuance of Corporate Bonds .....	128
III.  Issuance of Preferred Shares .....	130
IV.   Issuance of Global Depository Receipts .....	130
V.    Issuance of Employee Stock Options.....	130
VI.   Issuance of New Restricted Employee Shares .....	130

VII. Status of New Share Issuance in Connection with Mergers and Acquisitions.....	130
VIII. Implementation of Capital Utilization Plan .....	130

#### Chapter 5. Operations Overview

I. Business Content.....	131
II. Market, Production, and Sales Overview.....	155
III. Information of Employees.....	186
IV. Information of Environmental Protection Expenditures .....	186
V. Labor-management Relations .....	197
VI. Important Contracts.....	214

#### Chapter 6. Financial Summary

I. Condensed Balance Sheet, Statement of Comprehensive Income, as well as Name and Audit Opinions of CPAs in the Most Recent Five Years .....	224
II. Financial Analysis of the Most Recent Five Fiscal Years .....	228
III. Audit Committee's Review Report of the Most Recent Annual Financial Statements .....	232
IV. The Company's Consolidated Financial Statements Audited by CPAs in the Most Recent Fiscal Year.....	295
V. The Company's Parent Company-only Financial Statements Audited by CPAs in the Most Recent Fiscal Year.....	481
VI. Any Financial Difficulties Experienced by the Company and Its Affiliated Companies during the Most Recent Year up to the Publication Date of this Annual Report, as well as the Impact of the Aforesaid Difficulties on the Financial Position of the Company Shall be Listed .....	233

#### Chapter 7. Review and Analysis of Financial Position and Performance and Associated Risks

I. Financial Position.....	234
II. Financial Performance.....	235
III. Cash Flows .....	236
IV. Material Expenditure and Its Impact on the Company's Financial Operations in the Most Recent Fiscal Year .....	237
V. Investment Policies, Profit/loss Analysis, Improvement Plans in the Most Recent Fiscal Year, and Investment Plans for the Coming Fiscal Year .....	238
VI. Risk Analysis and Evaluation.....	239
VII. Other Important Matters.....	269





## Chapter 8. Special Notes

I.	Information of Affiliated Companies .....	272
	(I) Consolidated Business Report of Affiliated Companies.....	272
	(II) Consolidated Financial Statements of Affiliated Companies .....	292
II.	Private Placement of Securities in the Most Recent Fiscal Year up to the Publication Date of this Annual Report .....	293
III.	Holding or Disposal of the Company's Shares by Subsidiaries in the Most Recent Fiscal Year up to the Publication Date of this Annual Report .....	293
IV.	Other Necessary Supplementary Notes to be Included.....	293
V.	Any Event Which Has a Material Impact on Shareholders' Rights and Interests or the Company's Securities as Prescribed in Subparagraph 2, Paragraph 2, Article 36 of the Securities and Exchange Act, that Have Occurred in the Most Recent Fiscal Year up to the Publication Date of this Annual Report Shall be Indicated Individually.....	294



## Chapter 1. Letter to Shareholders

Dear Shareholders,

Looking back at 2020, the Company's consolidated revenue for the year was NT\$50.2 billion, a decrease of NT\$5.5 billion compared to the previous year, with a budget achieving rate of 92%. The Company's consolidated profit before tax was NT\$7.12 billion, an increase of NT\$3.76 billion from last year. The consolidated net profit after tax was NT\$5.68 billion, with a budget achieving rate of 306%. The consolidated net profit after tax attributable to owners of the Company was NT\$2.41 billion.

The Company's operating performance in 2020 was as follows:

### **Sales and Marketing:**

As regards the operating performance of this year, sales of HDPE in 2020 hit a record high, mainly due to the facts that COVID-19 epidemic had brought down the price of ethylene and other related raw materials, and that the Company had expanded the fiber-grade HDPE production capacity to satisfy the soaring demands for face masks. Although EVA price and demands had dipped to a new low in April and May due to impacts of the COVID-19 epidemic, the recovered demands for solar energy contributed to robust demands for EVA in the third quarter such that EVA was in short supply, which further propelled the year-end EVA price to a record high in recent years. Total PE/EVA sales of the Company reached 385,000 tons, an increase of 12,000 tons from last year, with profits increased due to a widening of products spreads. Driven by the COVID-19 epidemic in 2020, the stay-at-home economy surged, particularly among the home appliances sector and sports equipment sector. As such, demands for ABS/PS products soared and profits hit an all-time high. Spreads of GPS products widened, mainly due to the facts that the main market for GPS products was a relatively stable market of demands for disposable tableware and light diffuser, that the epidemic and a growing eating out population had pushed up consumption of disposable tableware, that there had been no industry peers expanding production capacity, and that some industry peers had withdrawn from the market. Production and sales of EPS products were in short supply, mainly due to that a plant of industry peer in Dongguan with an annual production capacity of 300,000 tons paused production, and that packaging demands of home appliances increased due to the epidemic. Regarding Vinyl Chain, due to the tight supply of VCM at the

beginning of the year, the market conditions for PVC featured a stable yet slightly upward trend at the end of last year. Nevertheless, due to the outbreak of the COVID-19 epidemic that swept the globe, since mid-March, countries either entered into a lockdown or closed their borders, abruptly halting economic activities. Consequently, PVC/VCM could hardly be sold and faced a pressure of selloff, weakening the price of PVC/VCM. To cope with this, most big factories paused their production. As the epidemic gradually eased and countries around the globe gradually opened in the second quarter, rigid demands for PVC boosted rush orders, especially from India, Southeast Asia, Bangladesh, and South America, where buyers were vying for limited supplies, bringing up the market from its trough; moreover, US suppliers prolonged their annual maintenance period and delayed resumption of work and were hammered by hurricanes, coupled with that European suppliers had problems of machine failure and shortage of raw materials supplies, making PVC further undersupplied. Such a shortage of material persisted at the end of year. Coupled with shortage of containers and shipping space, demands and export prices skyrocketed. VCM, after deducting the quantity for own use for producing PVC powder, saw an export of 12,000 tons, a decrease of 68% from last year. PCV powder, after deducting the quantity for own use for producing downstream processed goods, saw an export of 355,000 tons, a decrease of 7% from last year. In terms of chemical products, due to the constantly low prices of sodium hydroxide and accented market conditions for the electronics industry, the annual output of chemical products was 62,000 tons (calculated at 100% concentration) and the sales volume was 58,000 tons, an increase of 1% from last year. As for own processed goods made of PVC powder, the sales volume of building materials products remained at the level of last year due to the release of government public works and the heating of the housing market. Sales of tape products declined, mainly due to shrink of the end user market, the decline in orders from downstream customers, and tariff barriers. Rubber cloth products grew against the trend in the fourth quarter along with the recovery of the automotive market. In terms of the ferrite core business, the Company continued to enhance sales of cloud server power supplies and automotive electronic products. Although the revenue, impacted by COVID-19 and US-China trade frictions, only grew slightly, the ferrite core business had gone out of the red, mainly due to the effects of the persistent lean production projects, automation, digitalization, and technological advancement projects, as well as the various government grants provided to ease the impact of the epidemic. The sales volume this year stood at 8,000 tons, an increase of 6% compared to last year.

**Production Management:**

The annual production volume of PE / EVA was 374,000 tons. The annual production volume of ABS/PS was 440,000 tons. The annual production volume was 391,000 tons for VCM, and 389,000 tons for PVC powder. The annual production volume of ferrite cores was 7,000 tons. The Company continuously improved the production process, upgraded old equipment to improve production efficiency and quality, and built a raw material recovery system to reduce raw material consumption rate. The Company will continue to implement lean production and introduce automation and digitalization to integrate the production systems. Doing so will make the production systems more automatic, reasonable, and smart, thereby improve the overall quality and cost competitive edge. At the same time, the Company continued to pay serious attention to and strictly implement workplace safety and environmental protection, as well as strengthened predictive maintenance measures to ensure the safety of every plant and operating environments.

**Corporate Social Responsibility:**

In addition to continuing to implement various energy conservation, carbon reduction, recycling, and public safety projects on the environmental side, the Company supported the disadvantaged and rural areas while caring for the environment through the USI Education Foundation in social aspect; it also sponsored education and charity organizations as well as service club activities at colleges and universities by providing scholarships, to fulfill its corporate social responsibility with practical actions.

**Research and Development:**

The Company persisted to optimize the production process for the optical grade material of cyclic block copolymer, and assisted customers of the industry of microtiter plates and cuvettes used for biomedical testing, spectacle frames, and special packaging materials in certifying and introducing their products. The Company continued to expand the market application of high VA EVA products to inks, shoe foaming, and wires and cables. High-MI HDPE raw materials were put into steady production and used in manufacturing process such as injection molding, melt-dipping processing. Orders kept coming in and products were shipped. The Company has developed ABS products that passed the UL RTI test, and ABS products with lowered residual monomer, and made improvement in the hardness of molded products, as well as in permeable EPS packaging materials,

antistatic EPS products, and environmentally friendly and energy-saving EPS products used as automotive materials and furniture packing materials. The Company continued to leverage the market context of eruption of stay-at-home economy brought by COVID-19, and actively developed products like game consoles, cloud servers, and communication-related products. In the field of automotive electronics, because of the rise of the electric vehicle market, the Company has focused on developing products such as automotive power supplies, automotive keyless sensor antenna rods, sensors (such as parking sensors/tire pressure detectors), charging piles, and Internet of Vehicles. After years of efforts, the Company has steadily gained ground in this field.

### **Comprehensive Annual Operating Performance:**

As for operating conditions this year, due to the drop in raw material costs, product spreads have widened, and profits increased. The consolidated net operating income from the Company's businesses was NT\$ 6.9 billion, an increase of 135% from the previous year, with the budget achieving rate of 239%. The consolidated non-operating net income including dividend income and gain on disposal of investment was NT\$220 million.

### **Overview of 2021 Business Plan and Strategic Planning for Future Development:**

Looking forward into 2021, seeing that COVID-19 epidemic still persists, that the market remains a conservative expectation of the economy, and that downstream demands remain to be seen. In terms of PE/EVA products, the Company will strive to seek stable sources of low-price ethylene sources, reduce production costs, improve product quality, make more efforts to develop markets outside mainland China to diversify risks, continue to develop differentiated products, and strengthen the research and development of new products and new technologies, so as to achieve sustainable operations and development. The Company will raise the proportion of direct clients of ABS products, increase the proportion of sales of injection grade PS and general grade EPS that are more profitable, and continue to control the inventory of raw materials and finished products, so as to maximize production, sales, and profits. In addition, the Company will keep seeking opportunities to tap different markets for its glass wool products. In 2021, market prospects for PVC/VCM will feature a positive trend, mainly due to demands outpacing the newly expanded PVC production capacity, lower inventory at the beginning of the period, and China's cut of production capacity of PVC produced using the carbide method. Even so, it is



worth paying attention to the impact of the epidemic on the global economy. The Company will actively seek to expand VCM/PVC production capacity, continue to implement equipment automation, improve the energy efficiency of existing equipment, substitute new equipment for old ones, and establish an intelligent manufacturing management system; build an automatic storage system and integrate the PVC automatic packaging system to strengthen overall operating efficiency and reduce energy consumption; promote Processes Safety Management (PSM) to ensure operation safety; and actively develop new products that are high value-added and differentiated. It is hoped that the highest profit can be obtained through the overall planning of the industry chain. It is expected to achieve an annual sales volume of 381,000 tons for PE/EVA products, 540,000 tons for the Vinyl series and the downstream processed products, and 457,000 tons for ABS/PS products. With constant launch of new applications, the electronics industry abounds with emerging opportunities. Given this, along with its efforts in sharpening the competitive edge of the ferrite core business and in actively developing new business, the Company hopes to continue the growth and progress and generate better profits. The Company has made certain progress in the development of high-purity SiC powder and will upscale production and sales in line with the development of markets, e.g., the electric vehicle market and 5G power modules market. The Company will also actively develop the application market for high-purity SiCC ceramic products to prepare for the next new opportunity. In addition to its commitment to developing high value-added products, the Company also continuously strives to ensure product quality and service advantage, make good use of vertical integration, actively engage in effective management, and enhance product competitiveness to enable the sustainable development and growth of the Company.

We would like to express our utmost gratitude to all our beloved shareholders for your continuous support and encouragement for the Company. We wish everyone good health and all the best.

Chairman Wu, Quintin



General Manager Wang, Ke-Shun



## Chapter 2. Company Profile

### I. Date of Founding

The Company was founded on May 26, 1965.

### II. Company History:

1. The Company's current capital is NT\$11.9 billion, with over 90,000 shareholders and 400 some employees. Since 1972, the Company has been listed on the Taiwan Stock Exchange.
2. The main business of the Company is to design, develop, manufacture and sell polyethylene plastic pellets. The Company's head office and factory are located in Renwu District, Kaohsiung. Polyethylene produced by the Company can be classified as the following: Low-Density Polyethylene (LDPE), Ethylene Vinyl Acetate (EVA), High-Density Polyethylene (HDPE) and Linear Low-Density Polyethylene (LLDPE). Polyethylene plastic pellets are processed by downstream manufacturers to produce a wide range of plastic products for everyday use.
3. At the beginning of our founding, the Company was a wholly-owned subsidiary of National Distillers and Chemical Corporation (NDCC) from the United States of America. The Company built Taiwan's first ever LDPE plant in the Kaohsiung area, where production started in May 1968. After consecutive expansions and the addition of EVA production lines, the current production capacity of the plant stands at 150,000 metric tons per annum.
4. In July 1980, the Company merged with United Polymers Corporation and added the production and sale of HDPE, thus having an annual production capacity of 80,000 metric tons.
5. In December 1989, the Company's LLDPE plant was completed. In addition to LLDPE, the plant was also designed to produce HDPE. The annual production capacity of the second plant stands at approximately 130,000 metric tons.
6. The primary raw material for the Company's product is ethylene, which is supplied by the third, fourth and fifth naphtha cracking plants owned by CPC Corporation.
7. On November 15, 1982, NDCC sold all its shares in the Company (approximately 43% of the total shares issued) to a Hong Kong company, Shing Lee Enterprises Limited.
8. The Company set up a research and development (R&D) division in Linkou,



Greater Taipei, which serves as an independent R&D center. Due to its outstanding performance, the Company was awarded the top prize in the consumer petrochemical category during the 4th National Industrial Innovation Award organized by the Ministry of Economic Affairs on December 18, 1995.

9. Since March 1, 1997, the Company participated in the management of China General Plastics Corporation (CGPC) via indirect investment, thereby expanding our scope of business and creating the synergistic effect of resource integration. Furthermore, the Company is also actively diversifying our investments in various sectors, including electronics, materials, finance, venture capital, and others, to enhance our profitability.
10. In September 1997, CGPC subscribed to NT\$800 million worth of new shares issued by Taiwan VCM Corporation (TVCM), thus achieving an actual shareholding ratio of 87.22% in the company.
11. In March 1998, our plant successfully obtained its ISO 14001 certification. On March 10, 1999, the Company won the Outstanding Plant Award in the 1998 Pollution Control Assessment by the Environmental Protection Administration under the Executive Yuan. The Company's mission is to provide excellent products and services, and satisfy customer needs. Through total quality management, as well as environmental, safety and health management, the Company is committed to enhancing operating performance in order to gain a competitive advantage.
12. In May 2000, Taita Chemical Company (TTC) completed the first EPS production line at its Zhongshan plant in Mainland China. The second production line was completed in October in the same year, and went into production smoothly.
13. In June 2000, Acme Electronics Corporation (ACME) established Acme Electronics (Cayman) Corp. in the Cayman Islands, with a shareholding ratio of 21.05%, and invested in Acme Electronics (Kunshan) Co., Ltd. through Acme Electronics (Cayman) Corp.
14. In July 2000, Acme Electronics (Kunshan) Co., Ltd. successfully obtained a business license, and began the construction of its plant. The plant went into production in July 2001.
15. In March 2001, the Company successfully obtained its OHSAS 18001 certification, and in May 2020, the Company converted the version and completed ISO 45001 certification.
16. In May 2001, the trial run for the new GPS/IPS NOVA production process was completed at TTC's Cianjhen plant with an annual production capacity



- of 100,000 tons, and the plant went into production smoothly.
17. USI Management Consulting Corporation (UM), which was founded in 2001, is responsible for implementing a common platform for the Group's administration, industrial relations, management policy, tax administration, procurement, customs administration, information engineering, finance and accounting operations in order to enhance the synergistic effect of resource integration through common service functions in our group.
  18. In December 2002, the Company converted our ISO 9002 certification to ISO 9001 certification.
  19. In response to the promotion of the use of electronic systems by the Industrial Development Bureau, the Company set up an electronic e-service system for the petrochemical industry in 2003.
  20. In October 2004, the third EPS production line at TTC's Zhongshan plant in Mainland China was completed, thus increasing its production capacity to 150,000 tons.
  21. In November 2004, Acme Electronics Corporation invested 100% in Acme Electronics (Guangzhou) Co., Ltd. via a company established in a third region, namely Golden Amber Enterprises Ltd.
  22. In September 2005, TTC completed the construction of its EPS plant in Tianjin, Mainland China. A production trial run was also completed in October in the same year. Its production capacity is 100,000 tons.
  23. In March 2006, the Company invested in USI Trading (Shanghai) Co., Ltd. via Swanlake Traders Ltd. This company was then transferred to Asia Polymer Corporation (APC) on October 19, 2016.
  24. In March 2008, ACME presented the outcome of the New Leading Sapphire Product Development Guidance Program.
  25. In the third quarter of 2008, TTC completed the debottlenecking project at its Cianjhen plant, and its Zhongshan plant in Mainland China, thus increasing the production capacity at each plant to 66,000 tons and 180,000 tons respectively.
  26. In May 2009, CGPC established a wholly-owned subsidiary known as CGPC Polymer Corporation, with a registered capital of NT\$800 million. A PVC powder plant with an annual production capacity of 170,000 tons was built in Linyuan Industrial Park, Kaohsiung. The plant officially began operations in February 2012.
  27. In December 2009, ACME acquired Acme Components (Malaysia) Sdn. Bhd. via Acme Electronics (Cayman) Corp.
  28. In 2010, the Company engaged in capital increase by earnings and issued 120



- new shares for every one thousand shares owned, thus issuing 92,568,379 shares in total. The Company's paid-in capital after the capital increase was NT\$8,639,715,000.
29. In June 2010, the Company won the Excellence Award in the 2009 Excellent Unit for the Promotion of Labor Health and Safety organized by the Ministry of Labor under the Executive Yuan.
  30. In October 2010, ACME divested its Sapphire business and transferred this business to its wholly-owned subsidiary, USI Optronics Corporation to implement organization restructuring and specialization, thereby enhancing competitiveness and operating performance.
  31. In 2011, the Company engaged in capital increase by earnings and issued 150 new shares for every one thousand shares owned, thus issuing 129,595,731 shares in total. The Company's paid-in capital after the capital increase was NT\$9,935,673,000.
  32. In June 2011, the Company won the Excellence Award in the 2010 Excellent Unit for the Promotion of Labor Health and Safety organized by the Ministry of Labor under the Executive Yuan.
  33. In December 2011, the Company's Board of Directors decided to invest NT\$ 3.1 billion to build an EVA production line with an annual production capacity of 40,000 to 45,000 tons at the Kaohsiung plant. The production line went into production in 2016.
  34. In December 2011, APC's Board of Directors decided to invest NT\$ 3.1 billion to build an EVA production line with an annual production capacity of 40,000 to 45,000 tons at its Linyuan plant. The production line went into production in 2016.
  35. In 2012, the Company engaged in capital increase from earnings and issued 150 new shares for every one thousand shares owned, thus issuing 149,035,091 ordinary shares in total. The Company's paid-in capital after the capital increase reached NT\$11,426,024 thousand.
  36. In March 2013, the Company's Board of Directors decided to invest NT\$2.7 billion in building a cyclic block copolymer production plant.
  37. In November 2013, the Company's Board of Directors decided to establish USIG (Shanghai) Co., Ltd. ("USIG") through investment.
  38. In February 2014, the Company's Board of Directors decided to invest indirectly in the production of petrochemical-related products in Gulei Petrochemical Industrial Park located in Zhangzhou City, Fujian, Mainland China via the investment by a company established in a third region.
  39. In March 2014, the Company's Board of Directors decided to establish Inoma

Corporation via joint venture.

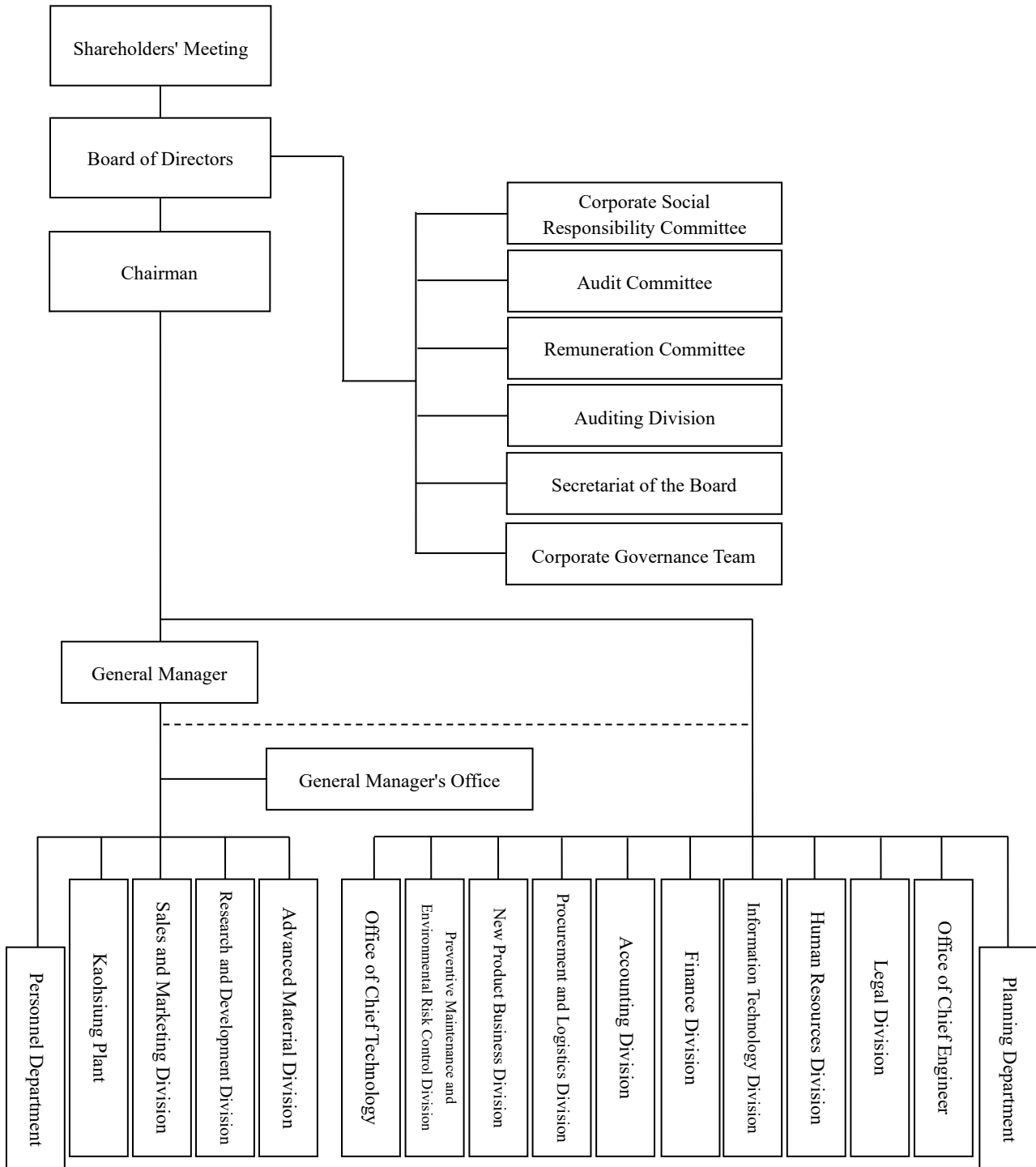
40. On August 30, 2016, the Ministry of Economic Affairs approved the change of the Company's registered address to No. 330, Fengren Road, Renwu District, Kaohsiung City.
41. In November 2016, the Company indirectly invested in the establishment of Fujian Gulei Petrochemical Co., Ltd. for the production of petrochemical-related products at Gulei Petrochemical Park located in Zhangzhou, Fujian, China. In addition, in August 2020, the Company's Board of Directors decided to establish a sales company in Fujian Province, China through the 100% owned investee subsidiary Swanlake Traders Ltd.
42. In 2017, the Company engaged in capital increase by earnings and issued 20 new shares for every one thousand shares owned, thus issuing 22,852,047 ordinary shares in total. The Company's paid-in capital after the capital increase was NT\$11,654,544,000.
43. In 2018, the Company engaged in capital increase by earnings and issued 20 new shares for every one thousand shares owned, thus issuing 23,309,088 ordinary shares in total. The Company's paid-in capital after the capital increase was NT\$11,887,635,000.
44. In November 2019, the Company obtained ISO 50001 certification.
45. In 2020, the Company was awarded "Taiwan Top50 Corporate Sustainability Award" and "Taiwan Corporate Social Responsibility Report Award - Platinum" at the 13th Taiwan Corporate Sustainability Award.



## Chapter 3. Corporate Governance Report

### I. Organization System

(I) Organization Chart: As of April 30, 2021



## (II) Responsibilities and Functions of Major Departments

Department	Main Responsibilities and Functions
General Manager	Responsible for the Company's overall operations
Advanced Materials Division	<ol style="list-style-type: none"> <li>1. Planning and development of high-value products.</li> <li>2. Responsible for CBC-related businesses and focus on marketing strategies and market development.</li> <li>3. Coordination of fireproof materials and coating-related businesses.</li> <li>4. Integrate the Group's resources for the planning and development of green building materials</li> </ol>
Kaohsiung Plant	Responsible for matters related to manufacturing, research and development (R&D), storage, quality control, coordinating transportation of company products and maintenance of plant equipment, work safety and environmental protection.
Office of Chief Technology Officer	Responsible for integrating product R&D and innovation at each petrochemical-related affiliated company.
Research and Development Division	<ol style="list-style-type: none"> <li>1. Product research and enhancement</li> <li>2. Provide customers with relevant technologies and assist in handling customer complaints</li> <li>3. Market development for new products</li> </ol>
Sales and Marketing Division	<ol style="list-style-type: none"> <li>1. Market analysis and product promotion</li> <li>2. Customer service</li> <li>3. Receive and handle customer complaints</li> </ol>
Personnel Department	<ol style="list-style-type: none"> <li>1. Planning of human resources strategies and compliance with labor laws</li> <li>2. Establish and promote recruitment and appointment systems</li> <li>3. Develop and promote strategic payroll management system</li> <li>4. Formulation, implementation, evaluation and assessment of training methods</li> </ol>
Procurement and Logistics Division	<ol style="list-style-type: none"> <li>1. Purchase and audit major capital expenditures including bulk raw materials, machinery and equipment.</li> <li>2. Supervise and execute trading, transportation, warehousing and customs-related operations.</li> </ol>
Accounting Division	<ol style="list-style-type: none"> <li>1. Preparation and analysis of financial statements and budgets to be used by decision-making units for the management and formulation of strategies.</li> <li>2. Establishment, evaluation and implementation of accounting systems.</li> <li>3. Planning and reporting of various taxes.</li> <li>4. Regular announcement or reporting of financial performance.</li> </ol>
Finance Division	<ol style="list-style-type: none"> <li>1. Management of funds and financing.</li> <li>2. Short-term financial management and long-term investments</li> <li>3. Property insurance.</li> <li>4. Credit control.</li> <li>5. Collection of delayed payments.</li> <li>6. Stock affairs-related matters.</li> </ol>
Information Technology Division	Plan, build, develop, and manage various information systems and facilities at the Company.



Department	Main Responsibilities and Functions
Human Resources Division	<ol style="list-style-type: none"> <li>1. Plan human resources strategies and systems.</li> <li>2. Planning of training and organizational development strategies</li> <li>3. Plan and handle salary and benefits.</li> <li>4. Provide employee services and handle general affairs.</li> <li>5. Assist overseas branches in organizational planning, as well as personnel dispatch and training.</li> </ol>
Legal Division	Provide legal advice, handle legal cases and affairs.
Office of Chief Engineer	<ol style="list-style-type: none"> <li>1. Assist, participate or be in charge of the construction of new plants.</li> <li>2. Assist, participate or be in charge of equipment or partial process improvement.</li> <li>3. Integration of engineering personnel and engineering regulations.</li> </ol>
New Product Business Division	<ol style="list-style-type: none"> <li>1. Assist in formulating marketing strategies for new businesses, and establish appropriate business models.</li> <li>2. Responsible for developing new products or acquiring new customers to increase revenue.</li> <li>3. Integrate group resources and generate synergy so as to enhance the successful development of new businesses.</li> </ol>
Preventive Maintenance and Environmental Risk Control Division	<ol style="list-style-type: none"> <li>1. Assist the Group in establishing preventive maintenance systems at all plants.</li> <li>2. Improve and enhance existing equipment.</li> <li>3. Manage and prevent equipment malfunction.</li> <li>4. Routine/non-routine audit, counseling and training.</li> <li>5. Environment risk management planning and technical supervision.</li> <li>6. Plan and promote compliance with laws related to energy conservation and carbon reduction, and establish related systems.</li> </ol>
Planning Department	<ol style="list-style-type: none"> <li>1. Develop and propose product trees, according to markets for current products and products to be invested in the future, as well as the technical strengths and weaknesses of such products, for future planning and development.</li> <li>2. Track and analyze the macro-economy.</li> <li>3. Track and analyze upstream industries and future competitors.</li> <li>4. Coordination and follow-up of various projects.</li> </ol>
Auditing Division	<ol style="list-style-type: none"> <li>1. Implement internal audits and improve work flows.</li> <li>2. Evaluate the soundness and reasonableness of the Company's internal control systems, as well as the effectiveness of their implementations at all departments and divisions</li> </ol>
Secretariat of the Board	<ol style="list-style-type: none"> <li>1. Plan and handle matters related to Board of Directors' meetings</li> <li>2. Handle matters related to Shareholders' meetings such as convening Shareholders' meetings, dealing with various announcements and reporting associated with Shareholders' meetings, preparing agenda handbooks and keeping information regarding shareholders presence at Shareholders' meetings in accordance with the law.</li> <li>3. Assist in promoting and handling decrees issued by the competent authority.</li> </ol>

Department	Main Responsibilities and Functions
Remuneration Committee	<ol style="list-style-type: none"> <li>1. The Committee evaluates the remuneration policy and system of the Directors and managers objectively and make suggestions to the Board of Directors accordingly for policy-making reference.</li> <li>2. The Committee adopts a comprehensive remuneration management system to encourage managerial officers to perform their duties for business operations, improve management performance, core competitiveness, and short, mid, and long-term profitability and create value for shareholders.</li> </ol>
Audit Committee	<ol style="list-style-type: none"> <li>1. Establishment, amendment, and evaluation of the effectiveness of internal control systems.</li> <li>2. Stipulate or amend the procedures for acquiring or disposing of assets, derivatives trading, lending funds to others, and making endorsements or guarantees to others.</li> <li>3. Asset transactions or derivatives trading of a material nature.</li> <li>4. Provision of loans of funds, endorsements, or guarantees of a material nature.</li> <li>5. The hiring or dismissal of a certified public accountant, or their compensation.</li> <li>6. Review the annual financial report stamped with the seal of the Chairman, managerial officer, and principal accounting officer.</li> <li>7. Other material matters as may be required by the Company or by the competent authority.</li> </ol>
Corporate Social Responsibility Committee	<ol style="list-style-type: none"> <li>1. Review the corporate social responsibility policy.</li> <li>2. Review the operations of the Corporate Social Responsibility Committee.</li> <li>3. Review the Company's strategies, objectives and actions for corporate social responsibility policies, and provide guidance and follow-up of the progress and performance improvements of various action plans.</li> <li>4. Supervise the preparation of the corporate sustainability report.</li> <li>5. Review and storage of other information related to corporate social responsibility.</li> </ol>
Corporate Governance Team	<ol style="list-style-type: none"> <li>1. Formulate corporate governance policies and coordinate the corporate governance evaluation.</li> <li>2. Implement corporate social responsibility and compile corporate social responsibility report.</li> <li>3. Implement the internal control system and ISO 9001 quality management system.</li> <li>4. Plan and establish various departments' knowledge management systems.</li> <li>5. Supervise the company registration and modify registration in accordance with the law.</li> <li>6. Supervise and assist the Board of Directors and the Shareholders' Meetings to handle the meeting matters and meeting minutes according to law and assist the Company to comply with the relevant laws and regulations of the Board of Directors and the Shareholders' Meeting.</li> <li>7. Coordinate with related units to provide Independent Directors and Directors with information required for the exercise of their duties and arrange courses for Directors in accordance with law.</li> <li>8. Supervise and coordinate the relevant units to handle matters related to investor relations in a timely manner.</li> </ol>

## II. Details of Directors, General Manager, Deputy General Manager, Senior Managers, and Heads of Departments and Branches:

### (I) Composition of the Board of Directors

#### 1. Information regarding members of the Board of Directors

As of April 13, 2021: Unit: Shares

Title (Note 1)	Nationality or Place of Registration	Name	Gender	Date of Election (Appointment)	Term	Date First Elected (Note 2)	Shares Held when Elected		Shares Currently Held		Shares Currently Held by Spouse or Minor Children		Shares Held in the Name of Other Persons		Major Work Experience and Academic Qualifications (Note 3)	Titles Concurrently held in the Company and Other Companies.	Managerial Officers, Directors or Supervisors Who Are Spouses or Relatives within the Second Degree of Kinship			Remarks
							Shares	Shares Holding %	Shares	Shares Holding %	Shares	Shares Holding %	Shares	Shares Holding %			Title	Name	Relationship	
Chairman and Chief Executive Officer	Hong Kong	Shing Lee Enterprise (Hong Kong) Limited	—	2020.06.12	3 years	1982.12.02	173,776,546	14.62%	173,776,546	14.62%	—	—	0	0%	Chairman, USI	(Note 6)	Director	Yu, Ching- Shou	In-law	(Note 4)
	Taiwan (R.O.C.)	Representative: Wu, Quintin	Male			1982.12.02 (Note 5)	—	—	113,122	0.01%	—	—	0	0%						
Director	Taiwan (R.O.C.)	Asia Polymer Corporation	—	2020.06.12	3 years	2020.06.12	101,355,673	8.53%	101,355,673	8.53%	—	—	0	0%	Bachelor of Engineering, Kyushu University (Japan)	Director: Shing Lee Enterprise (Hong Kong) Limited and United Polymers Corporation	Chairman	Wu, Quintin	In-law	
	Hong Kong	Representative: Yu, Ching-Shou	Male			1982.12.02	—	—	0	0%	500,000	1.05%	0	0%						
Director	Taiwan (R.O.C.)	Asia Polymer Corporation	—	2020.06.12	3 years	2020.06.12	101,355,673	8.53%	101,355,673	8.53%	—	—	0	0%	(Note 7)	Director: INOMA Corporation	None	None	None	
	Taiwan (R.O.C.)	Representative: Kao, Che-I	Male			2017.06.08	—	—	0	0%	0	0%	0	0%						
Director	Taiwan (R.O.C.)	Taita Chemical Company, Ltd. -	—	2020.06.12	3 years	2020.06.12	15,109,901	1.27%	15,109,901	1.27%	—	—	0	0%	Bachelor of Electrical Engineering, National Taiwan University (Taiwan); General Manager, Taiwan VCM Corporation; General Manager, APC; General Manager, USI	Supervisor: Taiwan VCM Corporation	None	None	None	
	Taiwan (R.O.C.)	Representative: Huang, Kuang- Che	Male			2008.06.13	—	—	147,185	0.01%	0	0%	0	0%						
Director and General Manager	Taiwan (R.O.C.)	Taita Chemical Company, Ltd. -	—	2020.06.12	3 years	2020.06.12	15,109,901	1.27%	15,109,901	1.27%	—	—	0	0%	(Note 8)	(Note 9)	None	None	None	
	Taiwan (R.O.C.)	Representative: Wang Ke-Shun	Male			2018.04.25	—	—	110,704	0.01%	0	0%	0	0%						
Director	Hong Kong	Shing Lee Enterprise (Hong Kong) Limited	—	2020.06.12	3 years	1982.12.02	173,776,546	14.62%	173,776,546	14.62%	—	—	0	0%	(Note 10)	(Note 11)	None	None	None	
	Taiwan (R.O.C.)	Representative: Wu, Hung Ting	Male			2020.06.12	—	—	50,418	0%	11,973	0%	0	0%						
Independent Director	Taiwan (R.O.C.)	Chen, Chung	Male	2020.06.12	3 years	2014.06.06	0	0%	0	0%	0	0%	0	0%	(Note 12)	(Note 13)	None	None	None	
Independent Director	Taiwan (R.O.C.)	Tu, Tzu-Chun	Male	2020.06.12	3 years	2019.06.12	0	0%	0	0%	0	0%	0	0%	(Note 14)	(Note 15)	None	None	None	





Title (Note 1)	Nationality or Place of Registration	Name	Gender	Date of Election (Appointment)	Term	Date First Elected (Note 2)	Shares Held when Elected		Shares Currently Held		Shares Currently Held by Spouse or Minor Children		Shares Held in the Name of Other Persons		Major Work Experience and Academic Qualifications (Note 3)	Titles Concurrently held in the Company and Other Companies.	Managerial Officers, Directors or Supervisors Who Are Spouses or Relatives within the Second Degree of Kinship			Remarks
							Shares	Shares Holding %	Shares	Shares Holding %	Shares	Shares Holding %	Shares	Shares Holding %			Title	Name	Relationship	
Independent Director	Taiwan (R.O.C.)	Hai, Ying-Chun	Male	2020.06.12	3 years	2014.06.06	0	0%	0	0%	0	0%	0	0%	(Note 16)	(Note 17)	None	None	None	

Note 1: For institutional shareholders, their names and representatives should be stated (for representatives, the names of institutional shareholders they represent should be indicated respectively), and filled in Table 1.

Note 2: Fill in the date on which he/she served as the Company's director or supervisor for the first time; any disruption of term of office should be included in a separate note.

Note 3: Work experiences of anyone in the table above that are related to their current roles, such as previous employment at CPA firms or employment in affiliated companies, should be disclosed along with job titles and responsibilities.

Note 4: If the Chairman, General Manager, or personnel with an equivalent position (top-level manager) are the same person, spouses, or relatives within first degree of kinship, relevant information on the reasons, reasonability, necessity, and measures to be taken accordingly (e.g., by way of increasing the number of independent directors and having half of the Directors not serving as employees or managerial officers concurrently) shall be addressed.

The Company appoints the same person to serve as the Chairman and CEO of the Company due to overall business operations. We rely on the Chairman's insight for business operations to manage business decisions and improve operational efficiency. More than half of the members of the Company's current Board of Directors do not serve concurrently as employees or managerial officers. The Company also appoints Deloitte & Touche Taiwan to perform audits and established the Audit Committee, Remuneration Committee, Corporate Social Responsibility Committee, and Corporate Governance Team to strengthen corporate governance and continues to implement rigorous internal control mechanisms to reduce operational risks.

Note 5: The term of office was interrupted from February 17, 1992 to May 18, 1993 because the institutional shareholder Shing Lee Enterprise (Hong Kong) Limited replaced its representative.

Note 6: Chairman: CGPC, APC, TTC, Acme Electronics Corporation, United Polymers Corporation, USI Optronics Corporation, Swanson Plastics Corporation, Swanson Technologies Corporation, Chong Loong Trading Co., Ltd., USIFE Investment Co., Ltd., CGPC Polymer Corporation, APC Investment, Taiwan United Venture Capital Corp., USI Management Consulting Corporation, Taiwan United Venture Management Corporation, Acme (Cayman), USI Education Foundation, and Fujian Gulei Petrochemical.

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

General Manager: United Polymers Corporation, USI Management Consulting Corporation, Dynamic Ever Investments Ltd. and Ever Victory Global Ltd.

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

Executive Director: Chinese National Federation of Industries

Note 7: Department of Chemical Engineering, National Taiwan University; PhD in Chemical Engineering, Perdue University; Chief Scientist, Dow Chemical; Senior Consultant and Expert, Industrial Technology Research Institute (Chairman Office); Senior Advisor, Chi Lin Technology Co., Ltd.

Note 8: Master of Business Administration, Andrews University, Michigan (U.S.A.); Bachelor of Chemistry, National Tsing Hua University (Taiwan); and General Manager, China Petrochemical Development Corporation

- Note 9: Chairman: USIG (Shanghai) Co., Ltd.  
 Director: Cypress Epoch Limited, Dynamic Ever Investments Ltd., Ever Victory Global Limited, Golden Amber Enterprises, Swanlake Traders Ltd., USI (Hong Kong), USI Management Consulting Corporation, Chong Loong Trading Co., Ltd., Taiwan United Venture Capital Corp., INOMA Corporation, USIT (Shanghai), United Polymers Corporation, Swanson Technologies Corporation, USI Education Foundation, Ever Conquest Global Ltd., USIFE Investment Co., Ltd., China General Plastics Corporation, APC (BVI) Holding Co., Ltd., Acme Electronics (Kunshan) Co., Ltd., Fujian Gulei Petrochemical.  
 General Manager: USI, USIG (Shanghai), and Chong Loong Trading Co., Ltd.
- Note 10: Master of International Business Administration, Antai College of Economics & Management, Shanghai Jiao Tong University; analyst at Yuanta Securities Investment Consulting Co., Ltd.; Legal Affairs Manager and Financial Affairs Manager of Aetas Technology Inc.
- Note 11: Founder and CEO of Foxli Networks (Shanghai) Technology Co., Ltd.; Director of Oak Analytics; Initial capital investor of Bloominous, Inc..
- Note 12: Masters of Law, National Taiwan University (Taiwan); Visiting Scholar, Goethe University Frankfurt (Germany); Senior Advisor to the President, Office of the President (Taiwan); President of the Executive Yuan, Taiwan (R.O.C.); Vice President of the Executive Yuan, Taiwan (R.O.C.); Chairman of the Financial Supervisory Commission under the Executive Yuan, Taiwan (R.O.C.); Chairman of the Taiwan Stock Exchange; Deputy Minister of the Minister of Finance, Taiwan (R.O.C.); Director General of Finance Bureau, Ministry of Finance, Taiwan (R.O.C.); Director General of Insurance Bureau, Ministry of Finance, Taiwan (R.O.C.); and Chairman of Taiwan Cooperative Bank.
- Note 13: Chair Professor at School of Law and School of Business, Soochow University (Taiwan).  
 Chairman: The Appacus Foundation.  
 Director: Lien Hwa Industrial Corporation and Union Petrochemical Corporation.  
 Independent Director: TransGlobe Life Insurance.
- Note 14: Ph.D., School of Forestry and Resource Conservation, National Taiwan University; Minister of the Ministry of Economic Affairs, Chairman of National Development Council; Vice Premier, Executive Yuan.
- Note 15: Consultant, Institute of Taiwan Electrical and Electronics Manufacturers' Association; Highest Consultant, Taiwan Transportation Vehicle Manufacturers Association, and Adjunct Associate Professor, Department of Business Administration, Soochow University.  
 Director: Shinfox Energy Co., Ltd.  
 Independent Director: Macronix International Co., Ltd. and CDIB Capital Group
- Note 16: Vice Chairman and CEO, Delta Electronics, Inc., and General Manager of GE Capital Taiwan.
- Note 17: Chairman: Delta Electronics  
 Director: Delta Electronics Power (Dongguan), Delta Electronics (Shanghai) Co., Limited, Delta Networks, Inc., Delta Capital Co., Ltd., Cyntec Co., Ltd., and CTCL.  
 Independent Director: Taiwan Semiconductor Manufacturing.



## 2. Major shareholders of institutional shareholders

April 13, 2021

Name of Institutional Shareholder (Note 1)	Major Shareholders of Institutional Shareholder (Note 2)	
Shing Lee Enterprise (Hong Kong) Limited	Xanadu International Co., Ltd.	27.27%
	Silver Hero Ventures Ltd.	18.18%
	Social Lucky Int'l Investment Ltd.	18.18%
	Rich Grade Holdings Ltd.	18.18%
	Asia Dynamic Overseas Ltd.	10.61%
	Best Perspective Overseas Ltd.	7.58%
Asia Polymer Corporation	Union Polymer International Investment Corporation	36.08%
	Taiwan Union International Investment Corporation	3.78%
	UBS Europe SE Investment Account in custody of Citibank (Taiwan) Limited	2.22%
	JP Morgan Chase Bank Taipei Branch in custody of JP Morgan Asset Management (Taiwan) Limited Investment Account	1.01%
	China General Terminal & Distribution Corporation	0.89%
	JP Morgan Chase Bank Taipei Branch was entrusted to host the investment account of Vanguard Total International Stock Index Fund, a series of Vanguard Star Fund Company	0.64%
	JP Morgan Chase Bank Taipei Branch was entrusted to host the Emerging Markets Stock Index Fund investment account of Vanguard Group	0.63%
	Credit Suisse First Boston International in custody of Standard Chartered	0.59%
	Investment account of Ya-Fei Co., Ltd. under custody of First Bank	0.51%
	Citibank (Taiwan) as custodian of Dimension Emerging Market Assessment Fund Investment Account	0.50%
Taita Chemical Company, Ltd. -	Union Polymer International Investment Corporation	36.79%
	Taiwan Union International Investment Corporation	4.41%
	Huang, Ping Tse	3.20%
	Morgan Stanley International Limited Account in custody of HSBC Bank	3.19%
	Standard Chartered Bank (Taiwan) Limited Dunhua Branch as custodian of Arcadian Emerging Markets Equity Small Cap Fund Co., Ltd. Investment Account	1.42%
	Credit Suisse International Investment Account in custody of Standard Chartered International Commercial Bank Dunbei Branch	1.13%
	UBS Europe SE Investment Account in custody of Citibank (Taiwan) Limited	1.12%
	JP Morgan Chase Bank Taipei Branch in custody of JP Morgan Asset Management (Taiwan) Limited Investment Account	0.78%



Name of Institutional Shareholder (Note 1)	Major Shareholders of Institutional Shareholder (Note 2)	
	Mizuho Securities Co., Ltd. Investment Account in custody of Standard Chartered International Commercial Bank	0.70%
	China General Terminal & Distribution Corporation	0.57%

Note 1: For directors acting as the representatives of institutional shareholders, this section shall indicate the names of the institutional shareholders.

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

Note 3: Where an institutional shareholder is not organized as a company, the name of the shareholders and shareholding ratio that must be disclosed in accordance with the above shall be the name of the funder or donor and the funding or donation ratio.

### 3. Where major shareholders are institutions and their main shareholders

April 13, 2021

Name of Institution (Note 1)	Major Shareholders of the Institution (Note 2)	
Silver Hero Ventures Ltd.	Jeffrey Wu	90%
Social Lucky Int'l Investment Ltd.	Wu, I-Kuang	100%
Asia Dynamic Overseas Ltd.	Seaquest Ventures Inc.	100%
Best Perspective Overseas Limited	Seaquest Ventures Inc.	100%
Xanadu International Co., Ltd.	Bill Wu	50%
	Wu Shung, Hui-Cheng	50%
Rich Grade Holdings Ltd.	Wu, Chiao-Feng	50%
	Chang, Ching-Jen	50%
Union Polymer International Investment Corporation	USI Corporation	100%
Taiwan Union International Investment Corporation	UPC Technology Corporation	100%
China General Terminal & Distribution Corporation	China General Plastics Corporation -	33.33%
	Asia Polymer Corporation	33.33%
	Taita Chemical Company, Ltd. -	33.33%

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

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

Note 3: Where an institutional shareholder is not organized as a company, the name of the shareholders and shareholding ratio that must be disclosed in accordance with the above shall be the name of the funder or donor and the funding or donation ratio.

#### 4. Information regarding members of the Board of Directors

April 30, 2021

Name (Note 1)	Has more than five years of work experience and the following professional qualifications			Status of Independence (Note 2)												Number of companies in which the Directors also serves concurrently as an Independent Director	
	Criteria	Serve in lecturer roles or above in public or private college institutions in one of the following departments: business administration, law, finance, accounting, or another discipline relevant to the company's operations	Serve as a judge, prosecutor, lawyer, certified public accountant or other professional or technical specialists who have passed the relevant national examinations and successfully obtained certificates in professions necessary for the business of the Company	Work experience necessary for business administration, legal affairs, finance, accounting, or business sector of the Company	1	2	3	4	5	6	7	8	9	10	11		12
Wu, Quintin			✓			✓			✓							✓	0
Yu, Ching-Shou			✓	✓					✓			✓	✓		✓		0
Kao, Che-I			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Huang, Kuang-Che			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Wang, Ke-Shun			✓			✓		✓	✓					✓	✓		0
Wu, Hung Ting			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Chen, Chung	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Tu, Tzu-Chun	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Hai, Ying-Chun			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1

Note 1: Please add more rows to accommodate additional entries.

Note 2: Insert ✓ in the box if a director or supervisor meets the following criteria during his/her term of office and two (2) years prior to the date elected.

- (1) Not employed by the company or any of its affiliated companies.
- (2) Not a director or supervisor of the Company or any of its affiliates (however, if an independent director is engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with this Act or local laws and regulations, this requirement shall not apply).
- (3) Not a natural-person shareholder whose shareholding, together with those of his/her spouse, minor children, and shares held under others' names, exceed 1% of the total number of outstanding shares of the company, or ranks the person in the top ten shareholders of the company.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the managers listed in subparagraph (1) or persons listed in subparagraphs (2) and (3);
- (5) Not a director, supervisor, or employee of an institutional shareholder that directly holds 5% or more of the total number of issued shares of the company or of an institutional shareholder that ranks among the top five in shareholdings (however, if the independent director is engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with this Act or local laws and regulations, this requirement shall not apply).
- (6) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person (however, if the independent director is engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with this Act or local laws and regulations, this requirement shall not apply).



- (7) Not a director, supervisor, or employee of a company or institution with the same chairperson of the board, president, or equivalent position, or a spouse thereof (this restriction does not apply to independent directors in the Company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country).
- (8) Not a director, supervisor, manager, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the company (this restriction does not apply to specific companies or institutions if they hold more than 20% but less than 50% of the outstanding shares of the Company or independent directors in the Company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with this Act or laws of the registered country).
- (9) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for the company or any of its affiliates, or provides commercial, legal, financial, or accounting service with cumulative remuneration less than NT\$500,000 in the past two years. Provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) Not a spouse or a relative within the second degree of kinship with any director.
- (11) Where none of the circumstances in the sub-paragraphs of Article 30 of the Company Act applies.
- (12) Where the person is not elected in the capacity of the government, an institution, or a representative thereof as provided in Article 27 of the Company Act.

## (II) General Manager, Deputy General Manager, Senior Managers, Heads of Departments and Branches

April 13, 2021; Unit: Shares

Title (Note 1)	Nationality	Name	Gender	Date of Election (Appointment)	Share Held		Share Held by Spouse & Minor		Shares Held in the Name of Other Persons		Education and Work Experiences (Note 2)	Concurrent Positions in Other Companies	Managerial Officers who Are Spouses or Within Second Degrees of Kinship			Remarks
					Shares	Shares Holding %	Shares	Shares Holding %	Shares	Shares Holding %			Title	Name	Relationship	
Chief Executive Officer	Taiwan (R.O.C.)	Wu, Quintin	Male	96.3.22	113,122	0.01%	—	—	0	0%	Chairman, USI	(Note 4)	None	None	None	(Note 3)
General Manager	Taiwan (R.O.C.)	Wang, Ke-Shun	Male	106.10.1	110,704	0.01%	0	0%	0	0%	Master of Business Administration, Andrews University, Michigan (U.S.A.); Bachelor of Chemistry, National Tsing Hua University (Taiwan); and General Manager, China Petrochemical Development Corporation	(Note 5)	None	None	None	
Deputy General Manager	Taiwan (R.O.C.)	Liu, Han-Tai	Male	98.9.8	0	0%	—	—	0	0%	PhD in Chemical Engineering, Pennsylvania State University (U.S.A.)	Director: Ever Victory Global Ltd.; Dynamic Ever Investments Ltd.; TTC; APC; CGPC; CGPC (Zhongshan); Taiwan VCM Corporation; Swanson Plastics Corporation; INOMA Corporation; USI Education Foundation. Supervisor: China General Terminal and Distribution Corporation	None	None	None	
Senior Manager	Taiwan (R.O.C.)	Wu, Ming-Tsung	Male	105.1.21	9	0%	0	0%	0	0%	Master of Chemical Engineering, National Taiwan University (Taiwan)	Director: USIT (Shanghai) Senior Manager: Asia Polymer Corporation	None	None	None	
Corporate Governance Officer	Taiwan (R.O.C.)	Chen, Yung-Chih	Male	108.5.13	0	0%	0	0%	0	0%	(Note 6)	(Note 7)	None	None	None	
Chief Financial Officer	Taiwan (R.O.C.)	Yang, Wen-Li	Male	107.12.6	0	0%	0	0%	0	0%	(Note 8)	(Note 9)	None	None	None	
Chief Accounting Officer	Taiwan (R.O.C.)	Kuo, Chuan-Hua	Female	104.9.1	0	0%	0	0%	0	0%	Master of Accounting, Tamkang University (Taiwan)	Manager of Accounting Department: Union Polymer Int'l Investment Corp, and UM	None	None	None	

Note 1: Information regarding General Manager, Deputy General Manager, Senior Managers, and Heads of Departments and Branches should be included, whereas information regarding positions equivalent to General Manager, Deputy General Manager or Senior Managers should be disclosed regardless of job title.

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

Note 3: If the General Manager or personnel with equivalent position (chief officer) and the Chairman are the same person, spouses or relatives within first degree of kinship, relevant information on the reasons, reasonability, necessity, and measures to be taken accordingly (e.g., by way of increasing the number of independent directors and having half of the directors not serving as employees or officers concurrently) shall be addressed.

The Company appoints the same person to serve as the Chairman and CEO of the Company due to overall business operations. We rely on the Chairman's insight for business operations to manage business decisions and improve operational efficiency. More than half of the members of the Company's current Board of Directors do not serve concurrently as employees or managerial officers. The Company also appoints Deloitte & Touche Taiwan to perform audits and established the Audit Committee, Remuneration Committee, Corporate Social Responsibility Committee, and Corporate Governance Team to strengthen corporate governance and continues to implement rigorous internal control mechanisms to reduce operational risks.

Note 4: Chairman: CGPC, APC, TTC, Acme Electronics Corporation, United Polymers Corporation, USI Optronics Corporation, Swanson Plastics Corporation, Swanson Technologies Corporation, Chong Loong Trading Co., Ltd., USIFE Investment Co., Ltd., CGPC Polymer Corporation, APC Investment, Taiwan United Venture Capital Corp., USI Management Consulting Corporation, Taiwan United Venture Management Corporation, Acme (Cayman), USI Education Foundation, and Fujian Gulei Petrochemical.

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

General Manager: United Polymers Corporation, USI Management Consulting Corporation, Dynamic Ever Investments Ltd. and Ever Victory Global Ltd.

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

Executive Director: Chinese National Federation of Industries

Note 5:Chairman: USIG (Shanghai) Co., Ltd.

Director: Cypress Epoch Limited, Dynamic Ever Investments Ltd., Ever Victory Global Limited, Golden Amber Enterprises, Swanlake Traders Ltd., USI (Hong Kong), USI Management Consulting Corporation, Chong Loong Trading Co., Ltd., Taiwan United Venture Capital Corp., INOMA Corporation, USIT (Shanghai), United Polymers Corporation, Swanson Technologies Corporation, USI Education Foundation, Ever Conquest Global Ltd., USIFE Investment Co., Ltd., China General Plastics Corporation, APC (BVI) Holding Co., Ltd., Acme Electronics (Kunshan) Co., Ltd., Fujian Gulei Petrochemical.

General Manager: USIG (Shanghai) Co., Ltd. and Chong Loong Trading Co., Ltd.

Note 6:PhD. in Law, University of Munich, Germany; Arbitrator of Chinese Arbitration Association, Taipei.

Independent Director: ChipSiP Technology

Director of Legal Affairs Department: LITE-ON Technology

Lawyer: Winkler Partners - Attorneys at Law of Taiwan and Foreign Legal Affairs

Note 7:Corporate Governance Officer: CGPC, APC, TTC, and Acme Electronics Corporation

Director: CGPC (Zhongshan), HRDDL.

Independent Director: Man Zai Industrial Co., Ltd.

Supervisor:Zhongshan Huaju Plastic & Chemical Products Co., Ltd.; USIG (Shanghai) Co., Ltd. ("USIG"); USIFE Investment Co., Ltd.; APC Investment; Chong Loong Trading Co., Ltd.; Swanson Plastics Corporation; Taiwan United Venture Capital Corp.; Taiwan United Venture Management Corporation; INOMA Corporation; United Polymers Corporation; Cyberbra Technologies Co., Ltd.; FiduciaEdge Technologies Co., Ltd.

Note8: Bachelor of Business Administration, Chung Yuan Christian University; Master of Accountancy and Information Systems, Cleveland State University; Senior Vice President, Chief Financial Officer, and Spokesperson, Apex Medical Corp.; Executive Assistant to CEO of Primax Electronics Ltd. and Vice President of US subsidiary/assistant to Group Chairman/CFO of Business Department/Head Office Spokesperson/Investor Relations Manager; Senior Accounting/Finance Manager of Equus Computer Systems, Inc. in the United States.

Note9: Director: CGPC (BVI), Forever Young, Swanlake, Taita (BVI), USI International, Taiwan United Venture Capital Corp., Taiwan United Venture Management Corp., Ever Victory Global, Dynamic Ever Investments, TTC (Zhongshan), Taiwan Highpolymer Corp. (Zhongshan). CGPC (Zhongshan)

Supervisor: USIT (Shanghai), Fujian Gulei Petrochemical Co., Ltd.





(III) Where the chairman, general manager, or individual with equivalent roles of the Company are the same individual, spouses, or relatives within the first degree of kinship, the Company shall specify related information regarding the reason, reasonableness, necessity, and response measures (e.g., appointment of additional Independent Directors and requiring the appointment of more than half of the Directors from individuals who are not employees or managers).

The Company appoints the same person to serve as the Chairman and CEO of the Company due to overall business operations. We rely on the Chairman's insight for business operations to manage business decisions and improve operational efficiency.

More than half of the members of the Company's current Board of Directors do not serve concurrently as employees or managerial officers. The Company also appoints Deloitte & Touche Taiwan to perform audits and established the Audit Committee, Remuneration Committee, Corporate Social Responsibility Committee, and Corporate Governance Team to strengthen corporate governance and continues to implement rigorous internal control mechanisms to reduce operational risks.



### III. Remuneration Paid to Directors (Including Independent Directors), Supervisors, General Manager, and Deputy General Manager During the Most Recent Fiscal Year

- I. If any of the following applies to a Company, the name of the Director or Supervisor involved and the remuneration paid to him/her shall be disclosed. For the remaining Directors or Supervisors, the Company may opt to either disclose information in aggregate remuneration with their names indicated in each numerical range or disclose their names and method of remuneration individually (If the latter is chosen, please fill their positions, names and remuneration amounts individually. The Company shall not need to fill the table for ranges of remuneration):
- (I) Where it was a loss after tax in the parent company only or individual financial statements in the last three years, the name and remuneration of individual Directors and Supervisors shall be disclosed; provided that it is net income after tax in the parent company only or individual financial statements in the most recent year, and the said net income is sufficient to make up for the accumulated losses [Note 1].
  - (II) A Company with Directors whose shareholding percentages have been insufficient for three (3) or more consecutive months during the most recent fiscal year shall disclose the remuneration of individual Directors. A Company with Supervisors whose shareholding percentages have been insufficient for three (3) or more consecutive months during the most recent fiscal year shall disclose the remuneration of individual Supervisors. [Note 2]
  - (III) A company with an average ratio of shares pledged by directors or supervisors that exceeds 50 percent in any three (3) months during the most recent fiscal year shall disclose the remuneration paid to each individual director or supervisor who owns a ratio of shares pledged that exceeds 50 percent for each of these three months. [Note 3]
  - (IV) If the total amount of remuneration received by all the directors and supervisors of a company from all the companies listed in its financial statements exceeds two (2) percent of its net income after taxes, and the amount of remuneration received by any individual director or supervisor exceeds NT\$15 million, the company shall disclose the amount of remuneration paid to individual directors or supervisors. (Description: The remuneration of Directors and Supervisors is calculated based on Remuneration of Directors plus Remuneration of Supervisors as in the Appendix without including the relevant remuneration received as concurrent employees.) )
  - (V) Any result of evaluation made on corporate governance in the most recent year is in the last level, or any trading method changes, any trading or marketing stops, or any evaluation is rejected by the Corporate Governance Evaluation Committee in the most recent year as of the publication date of this Annual Report as a listed company.
  - (VI) The average annual salary of the full-time non-supervisory employees in a TWSE or TPEX listed company is less than NT\$500,000.
- II. If the circumstance in subparagraph (I) or in subparagraph (V) as stated above applies to a company listed on the TWSE or the TPEX, it shall disclose the individual remuneration paid to each of its top five management personnel (e.g., General Manager,

Deputy General Managers, Chief Executive Officer, or Chief Financial Officer).

(Note 1) For example, in the case of the 2019 annual report prepared for the shareholders' meeting of the Company, if it is a loss after tax in the Company's parent company only or individual financial statements in any year from 2017 to 2019, individual disclosure shall be adopted. However, although it was a loss after tax in the parent company only or individual financial statements for the fiscal year of 2017 and/or 2018, but the net profit after tax in the parent company only or individual financial statements for the fiscal year of 2019 is sufficient to make up for the accumulated losses; thus, individual disclosure is not may not be adopted.

(Note 2) Example: Suppose the 2009 Annual Report was prepared by the Shareholders' Meeting in 2010. The Company should opt for individual disclosure of remuneration information if its directors or supervisors were found to have insufficient shareholding percentages for three (3) or more consecutive months between January 2009 and December 2009. In another example, if the Company's directors or supervisors were found to have insufficient shareholding percentages in January 2009 for three (3) or more consecutive months (i.e., three consecutive months including November 2008, December 2008 and January 2009), the Company should opt for individual disclosure of remuneration information.

(Note 3) Example: Suppose the 2009 Annual Report was prepared by the shareholders' meeting in 2010. If the ratio of shares pledged by all the directors of a company exceeded 50 percent in three separate months within 2009 (e.g., February, May and August 2009), the company should disclose the amount of remuneration paid to each director for the months when the ratio of shares pledged exceeded 50 percent, namely February, May and August 2009. In another example, if the ratio of shares pledged by the supervisors of a company exceeded 50 percent in any three months, the company should disclose the amount of remuneration paid to each supervisor for the months when the ratio of shares pledged exceeded 50 percent.

※(The average ratio of share pledged by all Directors per month:  $\text{Number of shares pledged by all Directors} / \text{Number of shares held by all Directors (including retained decision-making trust shares)}$ ). The average ratio of shares pledged by all Supervisors per month:  $\text{Number of shares pledged by all Supervisors} / \text{Number of shares held by all Supervisors (including retained decision-making trust shares)}$ ).

## (I) Remuneration to Directors and Independent Directors

### 1. Collective disclosure

Unit: NT\$ thousand

Title	Name (Note 1)	Remuneration of Directors								Sum of items A, B, C and D to NIAT Ratio (Note 10)		Relevant Remuneration Received by Directors Who are Also Employees						Percentage of the total of 7 items A, B, C, D, E, F and G to NIAT (Note 10)		Remuneration paid to Directors from investees other than the Company's subsidiaries or parent company (Notes 9 and 11)		
		Compensation (A) (Note 2)		Severance Pay and Pension (B)		Directors' Remuneration (C) (Note 3)		Costs Incurred from Performance of Duty (D) (Note 4)		Salaries, Bonuses and Special Allowances (E) (Note 5)		Severance Pay and Pension (F)		Employee remuneration (G) (Note 6)								
		The Company	All the Companies Listed in the Consolidated Financial Statements (Note 7)	The Company	All the Companies Listed in the Consolidated Financial Statements (Note 7)	The Company	All the Companies Listed in the Consolidated Financial Statements (Note 7)	The Company	All the Companies Listed in the Consolidated Financial Statements (Note 7)	The Company	All the Companies Listed in the Consolidated Financial Statements (Note 7)	The Company	All the Companies Listed in the Consolidated Financial Statements (Note 7)	The Company		All the Companies Listed in the Consolidated Financial Statements (Note 7)		The Company	All the Companies Listed in the Consolidated Financial Statements (Note 7)			
		Amount of Cash	Dollar Amount of Shares	Amount of Cash	Dollar Amount of Shares							Amount of Cash	Dollar Amount of Shares	Amount of Cash	Dollar Amount of Shares							
Chairman	Wu, Quintin (Representative of Shing Lee Enterprise (Hong Kong) Limited)																					
Director	Yu, Ching- Shou (Representative of Asia Polymer Corporation)																					
Director	Chang, Chi- Chung (Shing Lee Enterprise (Hong Kong) Limited) (Note 12)	0	0	0	0	3,000	3,000	1,572	3,179	0.19%	0.26%	22,469	40,644	216	216	62	0	225	0	1.13%	1.96%	1,343
Director	Kao, Che-I (Representative of Asia Polymer Corporation)																					
Director	Huang, Kuang- Che (Representative of Taita Chemical Company, Ltd.)																					
Director	Wang, Ke- Shun (Representative of Taita Chemical																					



	Company, Ltd.)																					
Director	Wu, Hung Ting (Shing Lee Enterprise (Hong Kong) Limited) (Note 12)																					
Independent Director	Chen, Chung																					
Independent Director	Tu, Tzu-Chun	4,500	4,500	0	0	0	0	560	560	0.21%	0.21%	0	0	0	0	0	0	0	0	0.21%	0.21%	0
Independent Director	Hai, Ying- Chun																					
<p>1. Please state the policies, systems, standards, and structure of independent directors' remuneration payment, and describe the relevance to the amount of remuneration according to their responsibilities, risks, and time of investment:  The remuneration of Independent Directors is paid based on the Company's Articles of Incorporation and the remuneration policies and measures and depends on the degree of participation and the value of their contribution to the Company's operations, with reference to the median level in the industry, and it shall be distributed after submitted to and approved by the Remuneration Committee and adopted by the Board of Directors. Independent Directors do not receive other remuneration except for the fixed compensation.</p> <p>2. Unless disclosed above, the Directors of the current year received remuneration for providing services (such as serving as a non-employee consultant) to the companies listed in the consolidated financial statements: None.</p>																						

## 2. Ranges of remuneration

Range of Remuneration Paid to the Directors of the Company	Names of Director			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company (Note 8)	All the Companies Included in the Financial Statements (Note 9) H	The Company (Note 8)	The Company and All Investees (Notes 9 and 11) I
Under NT\$1,000,000	Wu, Quintin; Yu, Ching-Shou; Chang, Chi-Chung (Note 12); Kao, Che-I; Huang, Kuang-Che; Wang, Ke-Shun; Wu, Hung Ting (Note 12).	Wu, Quintin; Yu, Ching-Shou; Chang, Chi-Chung (Note 12); Kao, Che-I; Huang, Kuang-Che; Wang, Ke-Shun; Wu, Hung Ting (Note 12).	Yu, Ching-Shou; Chang, Chi-Chung (Note 12); Kao, Che-I; Huang, Kuang-Che; Wu, Hung Ting (Note 12).	Yu, Ching-Shou; Chang, Chi-Chung (Note 12); Kao, Che-I; Huang, Kuang-Che; Wu, Hung Ting (Note 12).
NT\$1,000,000 (inclusive) - NT\$2,000,000 (exclusive)	Chen, Chung; Tu, Tzu-Chun; Hai, Ying-Chun.	Chen, Chung; Tu, Tzu-Chun; Hai, Ying-Chun.	Chen, Chung; Tu, Tzu-Chun; Hai, Ying-Chun.	Chen, Chung; Tu, Tzu-Chun; Hai, Ying-Chun.
NT\$2,000,000 (inclusive) - NT\$3,500,000 (exclusive)	Shing Lee Enterprise (Hong Kong) Limited	Shing Lee Enterprise (Hong Kong) Limited	Shing Lee Enterprise (Hong Kong) Limited	Shing Lee Enterprise (Hong Kong) Limited
NT\$3,500,000 (inclusive) - NT\$5,000,000 (exclusive)	—	—	—	—
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)	—	—	—	—
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)	—	—	Wu, Quintin; Wang, Ke-Shun.	Wang, Ke-Shun
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)	—	—	—	—
NT\$30,000,000 (inclusive) - NT\$50,000,000 (exclusive)	—	—	—	Wu, Quintin
NT\$50,000,000 (inclusive) - NT\$100,000,000 (exclusive)	—	—	—	—
Over NT\$100,000,000	—	—	—	—
Total	NT\$9,632 thousand	NT\$11,239 thousand	NT\$32,379 thousand	NT\$53,667 thousand

Note 1: The names of Directors shall be listed separately (for institutional shareholders, their names and the name of their representatives shall be listed separately) and the amount of remuneration paid to them shall be disclosed collectively. This table and table (3-1), or tables (3-2-1) and (3-2-2) below shall be filled out if a Director concurrently serves as the General Manager or Deputy General Manager.

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

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

Note 4: Business expenses paid to the directors in the most recent fiscal year (including services and goods provided such as transportation, special allowances, various allowances and accommodation). If housing, vehicle or other means of transportation, or personal expense is provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please indicate the amount of compensation paid to the driver by the Company, excluding remuneration, in a separate note.

Note 5: Salary, job-related allowances, severance pay, various bonuses, incentives, transportation allowances, special allowance, various allowances, accommodation allowance and vehicle received by Directors who concurrently serve as employees (including General Manager, Deputy General Manager, other managerial officers, and employees) in the most recent fiscal year. If housing, vehicle or



other means of transportation, or personal expense is provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please indicate the amount of compensation paid to the driver by the Company, excluding remuneration, in a separate note. The drivers' annual remuneration amounted to NT\$1,312 thousand and the annual rent of the leased houses amounted to NT\$1,159 thousand. Furthermore, any compensation recognized in the IFRS 2 Share-Based Payment section, including issuance of employee stock options, new restricted employee shares and capital increase by stock subscription, should be included in the calculation of remuneration.

Note 6: For Directors concurrently serving as employees (including the General Manager, Deputy General Manager, other managerial officers and employees) who receive employee remuneration (including shares and cash), the amount of employee rewards that have been approved by the Board of Directors and are distributed to them in the most recent fiscal year shall be disclosed. If the amount of rewards cannot be estimated, the amount of rewards in the current fiscal year shall be calculated based on the ratio of the amount of rewards distributed in the previous fiscal year, and this amount shall also be filled in Table 1-3.

Note 7: Total remuneration in various items paid out to the Company's Directors by all companies (including this Company) listed in the consolidated statement shall be disclosed.

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

Note 9: Total remuneration in various items paid to every Director of this Company by all companies (including this Company) listed in the consolidated statement shall be disclosed. The name of the Director shall also be disclosed in the respective remuneration range. The Company is the ultimate parent company of all subsidiaries included in the consolidated financial statements.

Note 10: NIAT refers to those acquired from recent years. According to the International Financial Reporting Standards (IFRS) employed for this report, NIAT shall refer to that in the parent company only financial statements in the most recent fiscal year.

Note 11: a. This field should clearly indicate the amount of remuneration received by the Company's directors from a reinvestment business other than a subsidiary or the parent company (if not, please fill in "none").

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

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

d. The Company is the ultimate parent company of all subsidiaries included in the consolidated financial statements.

Note 12: Director Chang, Chi-Chung was dismissed on June 12, 2020, and Director Wu, Hung Ting took office on June 12, 2020.

\* The content of remuneration disclosed in this table is derived based on a concept different from the concept of income stipulated in the Income Tax Act. The purpose of the table is for the disclosure of information, instead of taxation.

(II) Remuneration Paid to Supervisors: Not applicable.

(III) Remuneration Paid to General Manager and Deputy General Manager

1. Collective disclosure

Unit: NT\$ thousand

Title	Name (Note 1)	Salary (A) (Note 2)		Severance Pay and Pension (B)		Bonus and Special Allowance (C) (Note 3)		Employees' Remuneration (D) (Note 4)				Sum of items A, B, C and D to NIAT Ratio (Note 8)		Remuneration received from investee companies other than subsidiaries or the parent company (Notes 7 and 9)
		The Company	All companies listed in the Company's Financial Statements (Note 5)	The Company	All companies listed in the Company's Financial Statements (Note 5)	The Company	All companies listed in the Company's Financial Statements (Note 5)	The Company		All the Companies Included in the Consolidated Financial Statements (Note 5)		The Company	All companies listed in the Company's Financial Statements (Note 5)	
								Amount of Cash	Dollar Amount of Shares	Amount of Cash	Dollar Amount of Shares			
Chief Executive Officer	Wu, Quintin													
General Manager	Wang, Ke-Shun	13,442	24,845	324	324	18,644	25,661	93	0	256	0	1.35%	2.12%	1,343
Deputy General Manager	Liu, Han-Tai													

\* Regardless of job titles, positions that are equivalent to the General Manager, Deputy General Manager (such as Director-General, CEO and Director) shall be disclosed.



## 2. Ranges of remuneration

Range of remuneration paid to the General Manager and Deputy General Managers of the Company	Names of General Manager or Deputy General Manager	
	The Company (Note 6)	The Company and All Investees (Notes 7 and 9) E
Under NT\$1,000,000	—	—
NT\$1,000,000 (inclusive) - NT\$2,000,000 (exclusive)	—	—
NT\$2,000,000 (inclusive) - NT\$3,500,000 (exclusive)	—	—
NT\$3,500,000 (inclusive) - NT\$5,000,000 (exclusive)	—	—
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)	Liu, Han-Tai	—
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)	Wu, Quintin; Wang, Ke-Shun.	Wang, Ke-Shun and Liu, Han-Tai
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)	—	—
NT\$30,000,000 (inclusive) - NT\$50,000,000 (exclusive)	—	Wu, Quintin
NT\$50,000,000 (inclusive) - NT\$100,000,000 (exclusive)	—	—
Over NT\$100,000,000	—	—
Total	NT\$32,503 thousand	NT\$52,429 thousand

Note 1: The names of the General Manager and Deputy General Manager shall be listed separately, and the amount of remuneration paid to them shall be disclosed collectively. If a Director concurrently serves as the General Manager or Deputy General Manager, his/her name and the amount of remuneration paid to him/her should be listed in this Table and Table (1-1) above or Tables (1-2-1) and (1-2-2).

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

Note 3: Fill the amount of various bonuses, incentives, transportation allowances, special allowance, various allowances, accommodation, and vehicle received by the General Manager and Deputy General Managers in the most recent fiscal year. If housing, vehicle or other means of transportation, or personal expense is provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please indicate the amount of compensation paid to the driver by the Company, excluding remuneration, in a separate note. The driver's annual remuneration amounted to NT\$1,312 thousand and the annual rent of the leased houses provided to the General Managers and Deputy General Managers amounted to NT\$490 thousand. Furthermore, any compensation recognized in the IFRS 2 Share-Based Payment section, including issuance of employee stock options, new restricted employee shares and capital increase by stock subscription, should be included in the calculation of remuneration.

Note 4: Fill the amount of employee rewards (including shares and cash) that have been approved by the Board of Directors and are distributed to the General Manager and Deputy General Manager in the most recent fiscal year. If the amount of rewards cannot be estimated, the amount of rewards in the current fiscal year shall be calculated based on the ratio of the amount of rewards distributed in the previous fiscal year, and this amount shall also be filled in Table 1-3. NIAT refers to the after-tax net income for the most recent fiscal year; for those that have already adopted the IFRS principles, NIAT refers to the after-tax net income in individual or consolidated financial reports for the most recent fiscal year.

Note 5: Total remuneration of each category paid out to the Company's General Managers and Deputy General Managers by all companies (including the Company) listed in the consolidated statement shall be disclosed.

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

Note 7: The total amount of all the remuneration paid to each general manager and deputy general manager of the company by all the companies (including the company) listed in its consolidated financial statements should be disclosed. The name of each general manager and deputy general manager should be disclosed in the range of remuneration corresponding to the total amount mentioned in the preceding sentence. The Company is the ultimate parent company of all subsidiaries included in the consolidated financial statements.

Note 8: NIAT refers to those acquired from recent years. According to the International Financial Reporting Standards employed for this report, NIAT shall refer to that of the most recent fiscal year of the parent company.

Note 9: a. This field shall clearly indicate the amount of remuneration received by the Company's General Manager or Deputy General Manager from investees other than subsidiaries or the parent company (if not, please fill in "none").

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

c. The remuneration means pay, compensation (including compensation of employees, directors and supervisors) and business expenses received by the General Managers and Deputy General Managers serving as a director, supervisor or manager of an investee company or parent company of the Company other than subsidiaries.

d. The Company is the ultimate parent company of all subsidiaries included in the consolidated financial statements.

\*The content of remuneration disclosed in this table is derived based on a concept different from the concept of income stipulated in the Income Tax Act. The purpose of the table is for the disclosure of information, instead of taxation.

(IV) The remuneration of the top five executives with the highest remuneration (name and remuneration shall be disclosed individually): Not applicable.

(V) Name of managerial officers who distribute employee bonuses and the situation of distribution

December 31, 2020

Unit: NT\$ thousand

	Title (Note 1)	Name (Note 1)	Dollar Amount of Shares	Amount of Cash	Total	Percentage of total remuneration on NIAT (%)
Managers	Chief Executive Officer	Wu, Quintin	0	382	382	0.0158%
	General Manager and Factory Chief	Wang, Ke-Shun				
	Deputy General Manager	Liu, Han-Tai				
	Senior Manager	Wu, Ming-Tsung				
	Corporate Governance Officer	Chen, Yung-Chih				
	Chief Financial Officer	Yang, Wen-Li				
	Chief Accounting Officer	Kuo, Chuan-Hua				

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

Note 2: Refers to compensations paid to the Managers (including stock and cash) approved by the Board of Directors in the most recent year; If such compensations cannot be estimated, an estimation for this year shall be calculated in proportion of the compensations paid last year. NIAT refers to net income after taxes in the most recent fiscal year. Where IFRS is adopted, NIAT refers to net income after taxes recorded in the parent company-only or individual financial statements in the most recent fiscal year.

Note 3: The scope of application for the term managerial officer shall follow the official document with reference number 0920001301 dated March 27, 2003. Its scope of application shall be as follows:

- (1) General Manager and its equivalent
- (2) Deputy General Manager and its equivalent
- (3) Senior Manager and its equivalent
- (4) Head of the Finance Department
- (5) Head of the Accounting Department
- (6) Other Personnel Authorized to Manage the Company's Affairs and Sign for Approval

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



(V) Analysis and comparison of percentages of remuneration paid to the Company's Directors, General and Deputy General Manager by the Company and all the Companies listed in its consolidated financial statements in the most recent two fiscal years to the net income after taxes recorded in its parent company-only or individual financial statements, and explanation on the remuneration policies, standards and packages, procedures for determining remuneration and their correlations with its business performance and future risk exposure.

1. Analysis of percentages of remuneration paid to Directors, General Manager, and Deputy General Managers to NIAT:

Category	Year	2020		2019	
		The Company	All companies listed in the Company's Financial Statements	The Company	All companies listed in the Company's Financial Statements
General Directors' remuneration as a percentage of NIAT (%) (excluding the remuneration to those who work as employees concurrently)		0.19%	0.26%	0.55%	0.78%
Independent Directors' remuneration as a percentage of NIAT (%) (excluding the remuneration to those who work as employees concurrently)		0.21%	0.21%	0.39%	0.39%
General Directors' remuneration as a percentage of NIAT (%) (including the remuneration to those who work as employees concurrently)		1.13%	1.96%	2.11%	3.50%
Independent Directors' remuneration as a percentage of NIAT (%) (including the remuneration to those who work as employees concurrently)		0.21%	0.21%	0.39%	0.39%
General Managers and Deputy General Managers		1.35%	2.12%	2.27%	3.71%

## 2. Remuneration Policies, Standards and Packages, Procedures for Determining Remuneration and Correlation of Remuneration with Business Performance and Future Risks:

- (1) Directors' compensation is governed by Article 19, Paragraph 1 of the Company's Articles of Incorporation, quote, "Regardless of the Company being in profit or deficit, compensation shall be paid to Directors by referring to their extent of participation in the Company's operation, the value of their contribution, and the domestic industry standards.";The remuneration of the directors shall not exceed one percent of the profit for the year, and the remuneration of the employees shall not be less than one percent of the profit for the year in accordance with Article 34 of the Company's Articles of Incorporation. The said remuneration shall be determined based on the Company's operating performance and the performance evaluation results of Directors. In addition, as resolved by the Shareholders' Meeting, transportation fees shall be paid to Directors, excluding the Company's managers who concurrently serve as the Company's Directors. Regular performance evaluation of Directors shall include the following dimensions: knowledge about the Company's objectives and tasks, the understanding of Director duties, the extent of participation in the Company's operations, the internal relationship management and communication, Directors' specialties and continuous learning, and internal control.
- (2) Managers' remuneration shall be handled in accordance with the company's relevant personnel regulations, and shall be determined in consideration of operating performance. Among them, operating performance shall be evaluated based on the achieving rate of the following dimensions: finance (operating revenue, operating profit, and profit before tax), customers, products, talents, safety, and projects.
- (3) The correlation to the Company's operating performance and future risk exposure: The Remuneration Committee shall refer to the Company's overall operating performance, outlook of the industry, business risks, and development trends, and shall evaluate the targets achieving rate of the Company's Directors and managerial officers to establish the content and amount of their remuneration individually. The Committee shall make suggestions and submit them to the Board of Directors for passage.

## IV. Implementation of Corporate Governance

### (I) Operations of the Board of Directors

A total of 7 meetings (A) of the Board of Directors were held in 2021. The attendance of the Directors is as follows:

◎ : Attendance in Person ; ☆ : Attendance by Proxy

Title	Name (Note 1)	The 18th meeting of the 19th term on March 9, 2020	The 19th meeting of the 19th term on April 24, 2020	The 20th meeting of the 19th term on May 14, 2020	The 1st meeting of the 20th term on June 15, 2020	The 2nd meeting of the 20th term on August 13, 2020	The 3rd meeting of the 20th term on November 4, 2020	The 4th meeting of the 20th term on December 23, 2020	Attendance in Person (B)	Number of Attendance by Proxy	Rate of Attendance in Person (%) [B/A] (Note 2)	Remarks
Chairman	Wu, Quintin (Shing Lee Enterprise (Hong Kong) Limited)	◎	◎	◎	◎	◎	◎	◎	7	0	100.00	Reelected
Director	Yu, Ching-Shou (Representative of Asia Polymer Corporation)	—	—	—	◎	◎	◎	◎	4	0	100.00	Member of the new board, required to attend 4 meetings
Director	Kao, Che-I (Representative of Asia Polymer Corporation)	—	—	—	☆	◎	◎	◎	3	1	75.00	Member of the new board, required to attend 4 meetings
Director	Huang, Kuang-Che (Representative of Taita Chemical Company, Ltd.)	—	—	—	◎	◎	◎	◎	4	0	100.00	Member of the new board, required to attend 4 meetings
Director and General Manager	Wang, Ke-Shun (Representative of Taita Chemical Company, Ltd.)	—	—	—	◎	◎	◎	◎	4	0	100.00	Member of the new board, required to attend 4 meetings
Director	Wu, Hung Ting (Representative of Shing Lee Enterprise (Hong Kong) Limited)	—	—	—	◎	◎	◎	◎	4	0	100.00	Member of the new board, required to attend 4

Independent Director	Chen, Chung	◎	◎	◎	◎	◎	◎	◎	7	0	100.00	meetings Reelected
Independent Director	Tu, Tzu-Chun	◎	◎	◎	◎	◎	◎	◎	7	0	100.00	Reelected
Independent Director	Hai, Ying-Chun	◎	◎	◎	◎	◎	◎	◎	7	0	100.00	Reelected
Director	Yu Ching-Shou (Shing Lee Enterprise (Hong Kong) Limited)	◎	◎	◎	—	—	—	—	3	0	100.00	Member of the previous board, required to attend 3 meetings
Director	Kao, Che-I (representative of Shing Lee Enterprise (Hong Kong) Limited)	☆	☆	☆	—	—	—	—	0	3	0.00	Member of the previous board, required to attend 3 meetings
Director	Huang Kuang-Che (Shing Lee Enterprise (Hong Kong) Limited)	◎	◎	◎	—	—	—	—	3	0	100.00	Member of the previous board, required to attend 3 meetings
Director and General Manager	Wang, Ke-Shun (representative of Shing Lee Enterprise (Hong Kong) Limited)	◎	◎	◎	—	—	—	—	3	0	100.00	Member of the previous board, required to attend 3 meetings
Director	Chang Chi-Chung (Shing Lee Enterprise (Hong Kong) Limited)	☆	☆	☆	—	—	—	—	0	3	0.00	Member of the previous board, required to attend 3 meetings

Note 1: For directors who are juristic persons, the name of institutional shareholders and their representatives should be disclosed.

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

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

(3) On June 12, 2020, an election for Directors were held at the Shareholders' Meeting (including three Independent Directors).



Other matters to be noted:

I. If any of the following applies to the operations of the Board of Directors, the date and session of the Board of Directors' Meeting, as well as the resolutions, opinions of independent directors and the company's actions in response to the opinions of independent directors should be stated.

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

Board of Directors	Resolution and Subsequent Actions	Items listed in Article 14-3 of the Securities and Exchange Act	Objections or expressed reservations expressed by Independent Directors
18th Meeting of 19th Term 2020.03.09	1. Ratify endorsements/guarantees made for Union Polymer International Investment Co., Ltd..	v	None
	2. Approve the amendment of certain articles in the Regulations Governing the Making of Endorsements/Guarantees.	v	None
	3. Approve the amendment to certain articles of the Procedures for Loaning of Funds to Others	v	None
	4. Lifted the non-compete clause for newly elected Directors	v	None
	5. Remuneration paid to the CPAs for 2019	v	None
	6. Appoint CPAs for 2020	v	None
	7. Issuance of unsecured ordinary corporate bonds of NT\$2 billion	v	None
	Opinions of independent directors: None.		
	The Company's actions in response to the opinions of independent directors: None.		
	Voting results: All the directors present voted in favor of the resolution without any dissenting opinion.		
19th Meeting of 19th Term 2020.04.24	8. Ratify endorsements/guarantees made for the investee company Chong Loong Trading Co. Ltd.	v	None
	Opinions of independent directors: None.		
	The Company's actions in response to the opinions of independent directors: None.		
	Voting results: The Chair consulted all Directors present, except for the Chairman Wu, Quintin and General Manager Wang, Ke-Shun who had to recuse themselves from voting due to a conflict of interest, and they voted unanimously in favor of the resolution.		
	Ratify endorsements/guarantees made for Union Polymer International Investment Co., Ltd.		
The 20th meeting of the 19th Term 2020.05.14	Approve the amendment to the internal control system	v	None
	Opinions of independent directors: None.		
	The Company's actions in response to the opinions of independent directors: None.		
Voting results: All the directors present voted in favor of the resolution without any dissenting opinion.			



Board of Directors	Resolution and Subsequent Actions	Items listed in Article 14-3 of the Securities and Exchange Act	Objections or expressed reservations expressed by Independent Directors
2nd Meeting of 20th Term 2020.08.13	1. Ratify endorsements/guarantees made for Union Polymer International Investment Co., Ltd..	v	None
	2. Approve the amendment to certain articles of the "Rules of Procedure for Board of Directors' Meetings."	v	None
	3. Approve the amendment to certain articles of the "Rules Governing the Scope of Powers of Independent Directors."	v	None
	4. Approve the amendment to certain articles of the "Regulations and Policies Governing Remuneration to Directors and Managerial Officers."	v	None
	5. Amendments to certain provisions of the "Internal Procedures for Handling Material Information"	v	None
	6. Approve the proposal to set up a joint venture sales company in China through the subsidiary Swanlake Traders Ltd..	v	None
	Opinions of independent directors: None.		
	The Company's actions in response to the opinions of independent directors: None.		
	Voting results: All the directors present voted in favor of the resolution without any dissenting opinion.		
	7. Ratify endorsements/guarantees made for the investee company Chong Loong Trading Co. Ltd.	v	None
	Opinions of independent directors: None.		
	The Company's actions in response to the opinions of independent directors: None.		
Voting results: The Acting Chair consulted all Directors present, except for the Director Wu, Quintin and General Manager Wang, Ke-Shun who had to recuse themselves from voting due to a conflict of interest; the rest of Directors voted unanimously in favor of the resolution.			
3rd Meeting of 20th Term 2020.11.04	1. Ratify endorsements/guarantees made for Union Polymer International Investment Co., Ltd..	v	None
	2. Compensation paid to the CPAs for 2020	v	None
	Opinions of independent directors: None.		
	The Company's actions in response to the opinions of independent directors: None.		
	Voting results: All the directors present voted in favor of the resolution without any dissenting opinion.		
	3. Ratify endorsements/guarantees made for the investee company Chong Loong Trading Co. Ltd.	v	None
	Opinions of independent directors: None.		
The Company's actions in response to the opinions of independent directors: None.			
Voting results: The Acting Chair consulted all Directors present, except for the Director Wu, Quintin and General Manager Wang, Ke-Shun who had to recuse themselves from voting due to a conflict of interest; the rest of Directors voted unanimously in favor of the resolution.			
4th Meeting of 20th Term 2020.12.23	1. Ratify endorsements/guarantees made for Union Polymer International Investment Co., Ltd.	v	None
	2. Formulated the "Risk Management Policy and Approach"	v	None
	Opinions of independent directors: None.		
	The Company's actions in response to the opinions of independent directors: None.		
Voting results: All the directors present voted in favor of the resolution without any dissenting opinion.			
5th Meeting of 20th Term 2021.03.08	Appointment of CPAs for 2021	v	None
	Opinions of independent directors: None.		
	The Company's actions in response to the opinions of independent directors: None.		
	Voting results: All the directors present voted in favor of the resolution without any dissenting		



Board of Directors	Resolution and Subsequent Actions	Items listed in Article 14-3 of the Securities and Exchange Act	Objections or expressed reservations expressed by Independent Directors
	opinion.		

(II) Other resolutions of the Board, which the independent director(s) voiced objection or reservation that are documented or issued through a written statement in addition to the above: No such occurrences.

II. In regards to the recusal of independent directors from voting due to conflict of interests, the name of the independent directors, the proposal, reasons for recusal due to conflict of interests and voting outcomes should be stated:

Names of Director	Resolutions	Reason for Refusal	Voting Results	Remarks
Wu, Quintin Wang, Ke-Shun	Endorsements/guarantees made for the investee company Chong Loong Trading Co. Ltd.	The Director who recused himself had a conflict of interest with the proposal as the director of the investee company Chong Loong Trading Co. Ltd.	They did not participate in voting.	18th Meeting of 19th Term 2020.03.09
				2nd Meeting of 20th Term 2020.08.13
				3rd Meeting of 20th Term 2020.11.04
Wu, Quintin Wang, Ke-Shun	Donations to the USI Education Foundation	They recused themselves due to conflict of interest as they serve as Directors of the foundation.	They did not participate in voting.	18th Meeting of 19th Term 2020.03.09
				5th Meeting of 20th Term 2021.03.08
Chen, Chung Tu, Tzu-Chun Hai, Ying-Chun	Appointed three Independent Directors, namely Chen, Chung, Tu, Tzu-Chun, and Hai, Ying-Chun, as members of the Company's Remuneration Committee.	Directors had conflicts of interest.	They did not participate in voting.	1st Meeting of 20th Term 2020.06.15
Tu, Tzu-Chun Hai, Ying-Chun Wang, Ke-Shun	Removal of the non-compete clause for Directors.	The recused Director is the subject in the removal of the non-compete clause.	They did not participate in voting.	5th Meeting of 20th Term 2021.03.08

III. A listed company shall disclose information regarding cycle, period, scope, and method of self- (or peer) evaluation of the Board of Directors and fill out the implementation status of the evaluation of the Board in Table 2 (2).

Evaluation Cycle (Note 1)	Period of Evaluation (Note 2)	Scope (Note 3)	Method (Note 4)	Evaluation Contents (Note 5)
Once every year	January 1, 2020 to December 31, 2020	Performance Evaluation of the Board of Directors	Self-evaluation of the Board of Directors	I. Performance Evaluation of the Board of Directors <ol style="list-style-type: none"> <li>1. Level of participation in corporate operations.</li> <li>2. Improvement of the quality of the Board of Directors' decision making.</li> <li>3. Composition and structure of the Board of Directors.</li> <li>4. The election of the Directors and their continuing professional education.</li> <li>5. Internal control.</li> </ol>

Evaluation Cycle (Note 1)	Period of Evaluation (Note 2)	Scope (Note 3)	Method (Note 4)	Evaluation Contents (Note 5)
		Performance Evaluation of Individual Director	Self-evaluation of Board Members	II. Self-evaluation of Performance of Board Members 1. Execution of the Company's goals and tasks. 2. Understanding of the director's roles and responsibilities. 3. Level of participation in corporate operations. 4. Management and communication of the internal relations 5. Expertise and continuing education of the directors. 6. Internal control.
		Performance evaluation of functional committees	Self-evaluation of the members of functional committees	III. Performance Evaluation of the Audit Committee 1. Level of participation in corporate operations. 2. Understanding of the Audit Committee's duties. 3. Improvement of the quality of the Audit Committee' decision making. 4. Composition of the Audit Committee and selection of committee members. 5. Internal control.
				IV. Performance Evaluation of the Remuneration Committee 1. Level of participation in corporate operations. 2. Understanding of the Remuneration Committee's duties. 3. Improvement of the decision-making quality of the Remuneration Committee. 4. Composition of the Remuneration Committee and selection of committee members.

※The performance evaluation results of the Board of Directors and functional committees of 2020 have been submitted to the first meeting of the Board of Directors of 2021 on March 8, 2021, and disclosed on the Company's website after the meeting, capable of accurately evaluating and supervising the Company's existing and potential risks and providing a basis for reference.

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

Note 2: Fill in the period covered by the evaluation of the Board of Directors. For example, the performance evaluation of the Board of Directors from January 1, 2020 to December 31, 2020.

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

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

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

- (1) Performance evaluation of the Board of Directors: The evaluation shall include at least the participation in the operations of the Company, improvement of the quality of the Board of Directors' decision making, composition and structure of the Board of Directors, election and continuing education of the Directors, and internal control.
- (2) Evaluation of individual Directors' performance: It shall at least include the knowledge about the Company's objectives and tasks, the understanding of Director duties, the participation in the Company's operations, the internal relationship management and communication, Directors' specialties and continuous learning, and internal control.
- (3) Performance evaluation of functional committees: It shall include the degree of participation in the Company's operations, the understanding of the functional committee's responsibilities, the quality of decision-making of the functional committee, the composition and selection of members of the functional committee, and internal control.



IV. The targets for strengthening the functions of the Board of Directors in the current year and recent years (such as the establishment of the Audit Committee and enhancement of information transparency) and the assessment of implementation:

1. The operations of the Board of Directors of the Company are exercised in accordance with the provisions of the laws and regulations, the Articles of Incorporation, and the resolutions of the shareholders' meetings. All Directors, in addition to the professional knowledge and skills necessary to perform their duties, should strive for the best shareholder interests based on the principles of loyalty and integrity.
2. The Company constantly pays attention to changes in laws and regulations of the competent authority, reviews its "Rules of Procedure for Board of Directors' Meetings," "Rules Governing the Scope of Powers of Independent Directors," "Regulations Governing Risk Management Policy and Procedures," and evaluates its "Audit Committee Charter" and "Remuneration Committee Charter" in due course. The Company seeks to improve information transparency in accordance with the amended laws, and the implementation of these regulations has been effective.
3. To have a corporate governance officer to safeguard shareholders' interests and to strengthen the functions of the Board of Directors, the Corporate Governance Officer was established to support operations of the Board on May 13, 2019.
4. The Company has formed functional committees such as the Remuneration Committee and the Audit Committee in 2011 and 2014, respectively, and continues to improve the effectiveness of these functional committees.
5. The Company's website and MOPS have disclosed relevant information regarding the Company's internal rules and major resolutions adopted by the Board of Directors, so as to facilitate shareholder's understanding of its development and to improve its information transparency.
6. The Company organizes 6 hours of directors training sessions each year and assists directors to participate in external corporate governance courses. Below details the continued training sessions attended by the Company's Directors in 2020:

Title	Name	Date of Training	Organizer	Session Title	Number of Hours
Chairman	Wu, Quintin	July 9, 2020	Securities and Futures Institute	A Look at the Business Strategy and Corporate Governance Aiming to Cope with Worldwide Unsustainability Risks from the Perspective of COVID-19	3
		October 13, 2020	Securities and Futures Institute	Strategy and Management of Enterprise Upgrade and Transformation - Choose between M&A and Alliance	3
Director	Yu, Ching-Shou	July 9, 2020	Securities and Futures Institute	A Look at the Business Strategy and Corporate Governance Aiming to Cope with Worldwide Unsustainability Risks from the Perspective of COVID-19	3
		October 13, 2020	Securities and Futures Institute	Strategy and Management of Enterprise Upgrade and Transformation - Choose between M&A and Alliance	3

Title	Name	Date of Training	Organizer	Session Title	Number of Hours
Director	Kao, Che-I	October 13, 2020	Securities and Futures Institute	Strategy and Management of Enterprise Upgrade and Transformation - Choose between M&A and Alliance	3
		October 22, 2020	Securities and Futures Institute	Public Dissemination Seminar of 2020 on Prevention of Insider Trading and Insider Equity Trading	3
Director	Huang, Kuang-Che	September 3, 2020	Securities and Futures Institute	Public Dissemination Seminar of 2020 on Prevention of Insider Trading and Insider Equity Trading	3
		October 13, 2020	Securities and Futures Institute	Strategy and Management of Enterprise Upgrade and Transformation - Choose between M&A and Alliance	3
Director and General Manager	Wang, Ke-Shun	July 9, 2020	Securities and Futures Institute	A Look at the Business Strategy and Corporate Governance Aiming to Cope with Worldwide Unsustainability Risks from the Perspective of COVID-19	3
		October 13, 2020	Securities and Futures Institute	Strategy and Management of Enterprise Upgrade and Transformation - Choose between M&A and Alliance	3
Director	Wu, Hung Ting	July 9, 2020	Securities and Futures Institute	A Look at the Business Strategy and Corporate Governance Aiming to Cope with Worldwide Unsustainability Risks from the Perspective of COVID-19	3
		September 22, 2020	Taiwan Stock Exchange Corporation	"Corporate Governance 3.0 - Sustainable Development Roadmap" Summit Forum	3
		September 24, 2020	Securities and Futures Institute	Public Dissemination Seminar of 2020 on Prevention of Insider Trading and Insider Equity Trading	3
		October 13, 2020	Securities and Futures Institute	Strategy and Management of Enterprise Upgrade and Transformation - Choose between M&A and Alliance	3
Independent Director	Chen, Chung	July 9, 2020	Securities and Futures Institute	A Look at the Business Strategy and Corporate Governance Aiming to Cope with Worldwide Unsustainability Risks from the Perspective of COVID-19	3
		October 13, 2020	Securities and Futures Institute	Strategy and Management of Enterprise Upgrade and Transformation - Choose between M&A and Alliance	3
Independent Director	Tu, Tzu-Chun	April 28, 2020	Taiwan Corporate Governance Association	Coping Strategies for Business Change	3
		October 13, 2020	Securities and Futures Institute	Strategy and Management of Enterprise Upgrade and Transformation - Choose between M&A and Alliance	3
		October 27, 2020	Taiwan Corporate Governance Association	Climate Change Risks and Business Opportunities	3
		November 10, 2020	Securities and Futures Institute	Corporate Governance and Securities Laws and Regulations	3
Independent Director	Hai, Ying-Chun	April 29, 2020	Taiwan Corporate Governance Association	Company Strategy Development Direction	3
		July 29, 2020	Taiwan Corporate Governance Association	Talking about Opportunities and Challenges of Mobile 5.0 from the Development of Telecommunications	3
Corporate Governance Officer.	Chen, Yung-Chih	July 9, 2020	Securities and Futures Institute	A Look at the Business Strategy and Corporate Governance Aiming to Cope with Worldwide Unsustainability Risks from the Perspective of COVID-19	3
		August 19, 2020	Securities and Futures Institute	Practical Seminar on Understanding and Operation of Futures Derivatives Hedge Transactions to Establish a Sound Framework of Corporate Sustainability Operation	3
		September 24, 2020	Taiwan Stock Exchange Corporation	"Corporate Governance 3.0 - Sustainable Development Roadmap" Summit Forum	3
		September 30, 2020	Securities and Futures Institute	Public Dissemination Seminar of 2020 on Prevention of Insider Trading and Insider Equity Trading	3
		October 13, 2020	Securities and Futures Institute	Strategy and Management of Enterprise Upgrade and Transformation - Choose between M&A and Alliance	3



Title	Name	Date of Training	Organizer	Session Title	Number of Hours
		October 23, 2020	Taiwan Stock Exchange Corporation	Public Dissemination Seminar of 2020 on Corporate Governance and Corporate Ethics for Directors and Supervisors	3
Chief Accounting Officer	Kuo, Chuan-Hua	July 9, 2020	Securities and Futures Institute	A Look at the Business Strategy and Corporate Governance Aiming to Cope with Worldwide Unsustainability Risks from the Perspective of COVID-19	3
		October 13, 2020	Securities and Futures Institute	Strategy and Management of Enterprise Upgrade and Transformation - Choose between M&A and Alliance	3
Chief Financial Officer	Yang, Wen-Li	July 9, 2020	Securities and Futures Institute	A Look at the Business Strategy and Corporate Governance Aiming to Cope with Worldwide Unsustainability Risks from the Perspective of COVID-19	3
		October 13, 2020	Securities and Futures Institute	Strategy and Management of Enterprise Upgrade and Transformation - Choose between M&A and Alliance	3

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

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

### 1. Status of operations and main functions of the Audit Committee:

(1) The functions and main review items of the Audit Committee are as follows:

- Adoption or amendment of internal control systems in accordance with Article 14-1 of the Securities and Exchange Act.
- Evaluation of the effectiveness of internal control systems.
- Pursuant to Article 36-1 of the Securities and Exchange Act, formulate or revise procedures for major financial business actions including the acquisition or disposal of assets, engaging in derivative trading, loaning of funds to others, making endorsement or guarantees for others
- Matters concerning the personal interests of Directors
- Discussion and communication with the participants on the issues raised during CPAs' reporting on the status of audit or review of financial reports on a quarterly basis
- Review the internal control system and relevant policies and procedures

- Major assets or derivative trading.
- Material loaning of funds, making of endorsements or provision of guarantees
- The offering, issuance, or private placement of equity-type securities
- Compliance with laws and regulations and filing requests to managers for development of response plans for amendments to the laws.
- Review internal audit reports (including risk management of information security and internal controls), and maintain communication with the head of internal audit
- Evaluation of the qualifications, independence, and performance of the CPAs
- Appointment or dismissal of CPAs, or compensation given thereto
- Appointment and dismissal of finance manager, accounting manager, and head of internal audit
- Review the performance of the Audit Committee
- Review the annual financial report stamped with the seal of the Chairman, manager and principal accounting officer.
- Acceptance of and dealing with whistle-blowing cases in accordance with the functions listed in this article
- Other material matters as may be required by the Company or by the competent authority

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

Title	Name	Number of Attendance in Person (B)	Number of Attendance by Proxy	Actual Attendance Rate (%) (B/A) (Note 1)	Remarks
Independent Director	Chen, Chung	6	0	100.00	Re-elected. A re-election for Directors (including three seats of Independent Director) was held at the Shareholders' Meeting on June 12, 2020.
Independent Director	Tu, Tzu-Chun	6	0	100.00	
Independent Director	Hai, Ying-Chun	6	0	100.00	



## (3) Operations in the current year:

I. If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:

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

Audit Committee	Resolution and Subsequent Actions	Items specified in Article 14-5 of the Securities and Exchange Act	Other resolutions passed by two-thirds of all the directors but yet to be approved by the Audit Committee
17th Meeting of 2nd Term 2020.03.09	1. Submit the 2019 Account Book for deliberation	v	None
	2. Ratify endorsements/guarantees made for investee company Union Polymer International Investment Co., Ltd.	v	None
	3. Submit the proposal for endorsements/guarantees made for investee company Chong Loong Trading Co. Ltd. for ratification.	v	None
	3. Submit the 2019 Statement on Internal Control Systems for deliberation	v	None
	5. Submit the proposal for the 2019 earnings distribution plan for deliberation	v	None
	6. Submit the proposal for compensation paid to the Company's CPAs for 2019 deliberation	v	None
	7. Submit the evaluation of the independence of the CPAs appointed for 2020 for deliberation	v	None
	8. Submit the appointment of CPAs for 2020 for deliberation.	v	None
	9. Submit the proposal for the amendment to certain articles of the Operational Procedures Governing the Making of Endorsements/Guarantees for deliberation	v	None
	10. Submit the proposal for the amendment to certain articles of the Procedures for Loaning of Funds to Others for deliberation	v	None
	11. Submit the proposal for the issuance of unsecured ordinary corporate bonds for NT\$2 billion for resolution	v	None
	12. Submit the proposal for the competing behavior of the Company's Accounting Manager for deliberation.	v	None
	Voting results in the Audit Committee: All the members of the Audit Committee voted in favor of the resolution, which was then submitted to the Board of Directors for deliberation.		
The Company's actions in response to the opinions of the Audit Committee: All the directors present voted in favor of the resolution.			
18th Meeting of 2nd Term 2020.04.24	Ratify endorsements/guarantees made for investee company Union Polymer International Investment Co., Ltd.	v	None
	Voting results in the Audit Committee: All the members of the Audit Committee voted in favor of the resolution, which was then submitted to the Board of Directors for deliberation.		
	The Company's actions in response to the opinions of the Audit Committee: All the directors present voted in favor of the resolution.		
19th Meeting of 2nd Term 2020.05.14	1. Submit the proposal for amendment to the Company's internal control systems for deliberation.	v	None
	Voting results in the Audit Committee: All the members of the Audit Committee voted in favor of the resolution, which was then submitted to the Board of Directors for deliberation.		
	The Company's actions in response to the opinions of the Audit Committee: All the directors present voted in favor of the resolution.		
1st Meeting of 3rd Term	1. Ratify endorsements/guarantees made for investee company Union Polymer International Investment Co., Ltd.	v	None



Audit Committee	Resolution and Subsequent Actions	Items specified in Article 14-5 of the Securities and Exchange Act	Other resolutions passed by two-thirds of all the directors but yet to be approved by the Audit Committee
2020.08.13	2. Ratify endorsements/guarantees made for the investee company Chong Loong Trading Co. Ltd.	v	None
	3. Ratify the proposal to set up a joint venture sales company in China through the wholly-owned investee subsidiary Swanlake Traders Ltd..	v	None
	4. Deliberate the amendment to some articles of the Procedures for Handling Material Internal Information.	v	None
	Audit Committee Recommendations: Proposal 1 and Proposal 2 The unit putting forward a proposal shall include a description of the results of the "Endorsement/Guarantee Risk Assessment Report" in the description of the proposal; such a rule shall be effective from this agenda onwards. Voting results in the Audit Committee: All the members of the Audit Committee voted in favor of the resolution, which was then submitted to the Board of Directors for deliberation.		
	The Company's actions in response to the opinions of the Audit Committee: All the directors present voted in favor of the resolution.		
2nd Meeting of 3rd Term 2020.11.04	1. Ratify endorsements/guarantees made for investee company Union Polymer International Investment Co., Ltd.	v	None
	2. Ratify endorsements/guarantees made for the investee company Chong Loong Trading Co. Ltd.	v	None
	3. Deliberate the Audit Plan for 2021.	v	None
	4. Submit the proposal for compensation paid to the Company's CPAs of 2020 for deliberation	v	None
	Voting results in the Audit Committee: All the members of the Audit Committee voted in favor of the resolution, which was then submitted to the Board of Directors for deliberation. The Company's actions in response to the opinions of the Audit Committee: All the directors present voted in favor of the resolution.		
3rd Meeting of 3rd Term 2020.12.23	1. Ratify endorsements/guarantees made for investee company Union Polymer International Investment Co., Ltd.	v	None
	2. Deliberate the proposal to formulate the "Regulations Governing Risk Management Policy and Procedures."	v	None
	Recommendations from the Audit Committee: Proposal 1 The unit putting forward a proposal shall specify the endorsement and guarantee drawdown and party concerned; such a rule shall be effective from this agenda onwards. Proposal 2		
	(1) It shall be stated in the proposal that the Company has been controlling and complying with the risk management issues; such a rule shall be effective from this agenda onwards. (2) A unit shall be specified in the "Regulations Governing Risk Management Policy and Procedures" to hold the Board of Directors and the Audit Committee accountable so as to emphasize the accountability of the supervisory unit; such a rule shall be effective from this agenda onwards (3) The key issues shall be set in the implementation plan every year to facilitate flexible management and control of risks.		
	Voting results in the Audit Committee: All the members of the Audit Committee voted in favor of the resolution, which was then submitted to the Board of Directors for deliberation. The Company's actions in response to the opinions of the Audit Committee: All the directors present voted in favor of the resolution.		
4th Meeting of 3rd Term 2021.03.08	1. Submit the Accounting Books of 2020 for deliberation.	v	None
	2. Submit the proposal for the 2020 earnings distribution plan for deliberation.	v	None
	3. Submit the evaluation of the independence of the CPAs appointed for 2021 for deliberation.	v	None



Audit Committee	Resolution and Subsequent Actions	Items specified in Article 14-5 of the Securities and Exchange Act	Other resolutions passed by two-thirds of all the directors but yet to be approved by the Audit Committee
	4. Submit the appointment of CPAs for 2021 for deliberation.	v	None
	5. Submit the 2020 Statement on Internal Control Systems for deliberation.	v	None
	6. Submit the proposal to lift the non-compete restrictions on Directors for deliberation.	v	None
	7. Submit the proposal to lift the non-compete restrictions on Directors for deliberation.	v	None
	8. Submit the proposal to lift the non-compete restrictions on Directors for deliberation.	v	None
	Voting results of the Audit Committee: All the members of the Audit Committee voted in favor of Proposal 1 to Proposal 5, and Proposal 8, which were then submitted to the Board of Directors for deliberation. Except Independent Director Tu, Tzu-Chun in Proposal 6 and Independent Director Hai, Ying-Chun in Proposal 7 recused themselves due to conflicts of interest, the rest of members, after being consulted by the Chair, all voted in favor of Proposal 6 and Proposal 7, which were then submitted to the Board of Directors for deliberation.		
	The Company's actions in response to the opinions of the Audit Committee: All the directors present voted in favor of the resolution.		

(II). In addition to the aforementioned motions, other motions not passed by the Audit Committee but passed by at least two-thirds of the votes of the entirety of the Board of Directors: No such occurrences.

II. In regards to the recusal of Independent Directors from voting due to conflict of interests, the name of the Independent Directors, the resolutions, reasons for recusal due to conflict of interests and voting results shall be stated:

Names of Director	Resolutions	Reason for Refusal	Voting Results	Remarks
Tu, Tzu-Chun Hai, Ying-Chun	Removal of the non-compete clause for Directors.	The recused Director is the subject in the removal of the non-compete clause.	They did not participate in voting.	4th Meeting of 3rd Term 2021.03.08

III. Communications between independent directors and the head of internal audit and CPAs (material issues, methods and outcomes related to the Company's financial and business status shall be included).

(1) Not only will the Internal Audit Department submit audit reports to each independent director for review every month, but also the Head of Internal Audit will report major audit findings to each independent director in the Audit Committee every quarter. Both the Company's Audit Committee and the Head of Internal Audit have maintained good communications.

Summary of communications between the Audit Committee and the Head of Internal Audit:

Date	Key Communications Points	Suggestions and Results
March 9, 2020	1. The 17th Meeting of the 2nd Term: Internal Audit Report. 2. Review the 2019 Statement on Internal Control System.	No dissenting opinion
April 24, 2020	The 18th Meeting of the 2nd Term: Internal Audit Report.	No dissenting opinion
May 14, 2020	1. The 19th Meeting of the 2nd Term: Internal Audit Report. 2. Amended the Company's "Internal Control System - Procedures for Shareholder Services" in accordance with the amended "Standards for the Internal Control Systems of Shareholder Service Units" promulgated by the Taiwan Depository & Clearing Corporation.	No dissenting opinion
August 13, 2020	The 1st Meeting of the 3rd Term: Internal Audit Report.	No dissenting opinion
November 4, 2020	1. The 2nd Meeting of the 3rd Term: Internal Audit Report. 2. Review the annual internal audit plan for 2021.	No dissenting opinion
December 23, 2020	The 3rd Meeting of the 3rd Term: Internal Audit Report.	No dissenting opinion

(2) CPAs compile information on the audit of the Company's consolidated financial statements (annual financial statements including parent company-only financial statements) and review of governance-related matters every quarter, and report them to the Audit Committee in accordance with the Auditing Standards Bulletin No. 39 - "Communication with Those Charged with Governance" and the letter with the Ref No. Tai Tsai Cheng Liu Tzu 0930105373 issued by SFB on March 11, 2004. Both the Company's Audit Committee and CPAs have maintained good communications.

Summary of communication between the Audit Committee and CPAs:

Date	Key Communications Points	Suggestions and Results
March 9, 2020	1. CPAs reported the status of audit of the Company's 2019 financial statements, as well as discussed and responded to questions raised by attendees. 2. Reviewed the compensation paid to the CPAs for 2019. 3. Reviewed the experience, performance, and independence of CPAs. 4. Appointed CPAs for 2020. 5. The CPAs have discussed and communicated with attendees on the questions they raised with regard to major legal amendments and their impact.	No dissenting opinion
May 14, 2020	1. CPAs reported the status of review of the Company's 2020Q1 financial statements, as well as discussed and responded to questions raised by attendees. 2. The CPA has discussed and communicated with attendees on the questions they raised with regard to major legal amendments and their impact.	No dissenting opinion
August 13, 2020	1. CPAs reported the status of review of the Company's 2020Q2 financial statements, as well as discussed and responded to questions raised by attendees. 2. The CPAs have discussed and communicated with attendees on the questions they raised with regard to major legal amendments and their impact.	No dissenting opinion
November 4, 2020	1. CPAs reported the status of review of the Company's 2020Q3 financial statements, as well as discussed and responded to questions raised by attendees. 2. The CPAs have discussed and communicated with attendees on the questions they raised with regard to major legal amendments and their impact. 3. Communicated key verification items in the Audit Report in accordance with Statements on Auditing Standards No. 58. 4. Reviewed the compensation paid to the CPAs for 2020.	No dissenting opinion



Note: (1) Where an Independent Director resigns before the end of the fiscal year, the remark column should be filled in with the member's resignation date, as well as his/her percentage of attendance in person (%), which should be calculated based on the number of meetings held by the Audit Committee and the actual number of meetings attended during his/her term of office.

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

2. Information regarding the participation of Supervisors in the operations of the Board of Directors: Not applicable.

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

<u>Evaluation Item</u>	Status of Implementation (Note 1)			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	<u>Yes</u>	<u>No</u>	<u>Summary</u>	
I. Has the company formulated and disclosed its corporate governance best practice principles in accordance with the Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies?	✓		The Company has established its Corporate Governance Best Practice Principles and complied with the Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies to promote the implementation of corporate governance, and discloses such information on its own website.	No significant deviation
II. Shareholding Structure and Shareholders' Equity				
(I) Has the company established internal operating procedures for handling matters related to shareholders' recommendations, doubts, disputes and lawsuits, and implemented them accordingly?	✓		The Company has appointed specific personnel to take charge of such matters.	No significant deviation
(II) Does the company maintain a list of major shareholders who have actual control over the company and persons who have ultimate control over the major shareholders?	✓		The Company maintains contact with its major shareholders as well as the ultimate owners of those shares.	No significant deviation
(III) Has the company established and implemented risk control and firewall mechanisms among its affiliated companies?	✓		The Company has established and implemented a system to monitor its subsidiaries.	No significant deviation
(IV) Has the company formulated internal regulations that prohibit insiders of the company from trading securities using undisclosed information in the market?	✓		The Company has formulated its Ethical Management Operating Procedures and Code of Conducts, in which Article 14 forbids insiders to use undisclosed information to trade securities.	Consistent with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

<u>Evaluation Item</u>	Status of Implementation (Note 1)			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	<u>Yes</u>	<u>No</u>	<u>Summary</u>	
<p>III. Composition and Responsibilities of the Board of Directors</p> <p>(I) Has the Board of Directors drawn up policies on diversity of its members and implemented them?</p>	✓		<p>According to Article 20 of the Company's Corporate Governance Best Practice Principles, diversity shall be considered in the composition of the Company's Board of Directors, and members of the Board of Directors shall possess the knowledge, skills and qualities required to perform their duties. To achieve the ideal goals of corporate governance, the Board of Directors shall possess the following abilities:</p> <ul style="list-style-type: none"> <li>● Business judgment ability.</li> <li>● Accounting and financial analytical skills</li> <li>● Business management skills</li> <li>● Crisis management skills.</li> <li>● Knowledge of the industry.</li> <li>● Understanding of international markets.</li> <li>● Leadership skills.</li> <li>● Decision-making skills.</li> </ul> <p>In addition to the eight competencies above, the Company has also added two professional abilities, namely legal capability and environmental protection for the diversification of the board members by taking into consideration the growing importance of global issues concerning corporate governance and environmental protection at present. At present, existing members of the Board of Directors possess the knowledge, skills, and qualities required to perform their duties, and specialize in professional areas including accounting and finance, international markets, law and environmental protection.</p> <p>The Company proposed the inclusion of a Director with professional legal experience for its board diversity goals. The role should be filled by an individual with an attorney's license who specializes in technology laws and practices to strengthen the protection of the Company's future patent rights. The Company also plans to include a Director who</p>	No significant deviation



<u>Evaluation Item</u>	Status of Implementation (Note 1)			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons																																																																																																																																		
	<u>Yes</u>	<u>No</u>	<u>Summary</u>																																																																																																																																			
			<p>specializes in risk management to increase the Company's sustainability. To have Directors with legal, risk control, or other specialties on the Board of Directors is the goal in Board diversity, which will further improve the functions of the Company's Board of Directors. The current Board was elected on June 12, 2020. Among them, Director Wu, Hung Ting was a newly-elected director. He double majored in finance and mercantile law at School of Business and Enterprise Management of Boston University. He used to be the principal officer of finance and legal affairs, possessing expertise in control of financial risks, which would facilitate not only the improvement in the quality of the Board deliberating proposals, but also the achievement of goal of Board members diversity. For details on the diversity of Board members, refer to the table below:</p> <p>Diversity of the Board Members:</p> <table border="1"> <thead> <tr> <th rowspan="2">Name of Director</th> <th rowspan="2">Gender</th> <th colspan="10">Diversified Core Competences</th> </tr> <tr> <th>Business judgment</th> <th>Accounting and Finance</th> <th>Business management</th> <th>Crisis management</th> <th>Knowledge of the industry</th> <th>International markets</th> <th>Leadership</th> <th>Decision-making ability</th> <th>Law</th> <th>Environmental protection</th> </tr> </thead> <tbody> <tr> <td>Wu, Quintin</td> <td>Male</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td></td> </tr> <tr> <td>Yu, Ching-Shou</td> <td>Male</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td></td> <td>V</td> <td>V</td> <td></td> <td></td> </tr> <tr> <td>Kao, Che-I</td> <td>Male</td> <td>V</td> <td></td> <td>V</td> <td>V</td> <td>V</td> <td></td> <td>V</td> <td>V</td> <td></td> <td></td> </tr> <tr> <td>Huang, Kuang-Che</td> <td>Male</td> <td>V</td> <td></td> <td>V</td> <td>V</td> <td>V</td> <td></td> <td>V</td> <td>V</td> <td></td> <td></td> </tr> <tr> <td>Wang, Ke-Shun</td> <td>Male</td> <td>V</td> <td></td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td></td> <td></td> </tr> <tr> <td>Wu, Hung Ting</td> <td>Male</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td></td> <td></td> <td>V</td> <td>V</td> <td></td> <td></td> </tr> <tr> <td>Chen, Chung</td> <td>Male</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td></td> <td></td> <td>V</td> <td>V</td> <td>V</td> <td></td> </tr> <tr> <td>Tu, Tzu-Chun</td> <td>Male</td> <td>V</td> <td></td> <td>V</td> <td>V</td> <td>V</td> <td></td> <td>V</td> <td>V</td> <td></td> <td>V</td> </tr> <tr> <td>Hai, Ying-Chun</td> <td>Male</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td></td> <td></td> <td>V</td> <td>V</td> <td></td> <td>V</td> </tr> </tbody> </table> <p>The Company's Directors with employee status accounted for 22% and Independent Directors with employee status 33%. Two Independent</p>	Name of Director	Gender	Diversified Core Competences										Business judgment	Accounting and Finance	Business management	Crisis management	Knowledge of the industry	International markets	Leadership	Decision-making ability	Law	Environmental protection	Wu, Quintin	Male	V	V	V	V	V	V	V	V	V		Yu, Ching-Shou	Male	V	V	V	V	V		V	V			Kao, Che-I	Male	V		V	V	V		V	V			Huang, Kuang-Che	Male	V		V	V	V		V	V			Wang, Ke-Shun	Male	V		V	V	V	V	V	V			Wu, Hung Ting	Male	V	V	V	V			V	V			Chen, Chung	Male	V	V	V	V			V	V	V		Tu, Tzu-Chun	Male	V		V	V	V		V	V		V	Hai, Ying-Chun	Male	V	V	V	V			V	V		V	
Name of Director	Gender	Diversified Core Competences																																																																																																																																				
		Business judgment	Accounting and Finance	Business management	Crisis management	Knowledge of the industry	International markets	Leadership	Decision-making ability	Law	Environmental protection																																																																																																																											
Wu, Quintin	Male	V	V	V	V	V	V	V	V	V																																																																																																																												
Yu, Ching-Shou	Male	V	V	V	V	V		V	V																																																																																																																													
Kao, Che-I	Male	V		V	V	V		V	V																																																																																																																													
Huang, Kuang-Che	Male	V		V	V	V		V	V																																																																																																																													
Wang, Ke-Shun	Male	V		V	V	V	V	V	V																																																																																																																													
Wu, Hung Ting	Male	V	V	V	V			V	V																																																																																																																													
Chen, Chung	Male	V	V	V	V			V	V	V																																																																																																																												
Tu, Tzu-Chun	Male	V		V	V	V		V	V		V																																																																																																																											
Hai, Ying-Chun	Male	V	V	V	V			V	V		V																																																																																																																											

<u>Evaluation Item</u>	Status of Implementation (Note 1)			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	<u>Yes</u>	<u>No</u>	<u>Summary</u>	
(II) Has the company voluntarily established other functional committees, other than the remuneration committee and audit committee that are established in accordance with the law?	✓		<p>Directors have served for seven years, and the other one for two years. Two Directors are aged over 80, another four are among 70-79 years old, another one among 60-69 years old, and the remaining two is 60 years old or under.</p> <p>The Company has established a remuneration committee and an audit committee, and exercises its authority in accordance with its Remuneration Committee Charter and Audit Committee Charter with favorable performance. The Company has voluntarily established a Corporate Social Responsibility Committee which exercises its authority in accordance with the Corporate Social Responsibility Committee Charter with favorable performance.</p>	No significant deviation
(III) Has the company established and implemented methods for assessing the performance of the Board of Directors and conducted performance evaluation annually? Does the Company submit results of assessments to the Board of directors and use results as the basis for the salary, remuneration, nomination and reappointment of individual Directors?	✓		<p>I. Results of Performance Evaluation of the Board of Directors and Individual Directors</p> <ol style="list-style-type: none"> <li>1. The Company's Board of Directors passed the amendment to the "Regulations Governing the Evaluation of the Performance of the Board of Directors" on November 13, 2019, and conducts performance assessment of the Board of Directors, individual Directors, the Audit Committee, and the Remuneration Committee regularly each year.</li> <li>2. The performance assessment of the Board of Directors of the Company includes the following five dimensions: <ol style="list-style-type: none"> <li>(1) Their degree of participation in the Company's operations.</li> <li>(2) Improvement of the quality of the Board of Directors' decision making.</li> <li>(3) The composition and structure of the Board of Directors.</li> <li>(4) The election of the Directors and their continuing professional education.</li> <li>(5) Internal control.</li> </ol> </li> <li>3. The performance assessment of the Board of Directors and individual Directors is performed by the Secretariat of the Board</li> </ol>	No significant deviation





<u>Evaluation Item</u>	Status of Implementation (Note 1)			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons														
	<u>Yes</u>	<u>No</u>	<u>Summary</u>															
			<p>using internal self-assessment. The results of the performance evaluation will be used as a reference basis for the Company for the purposes of review and improvement, determination of their remuneration, and their nomination of for re-election.</p> <p>4. The Company completed the performance assessment of the Board of Directors in January 2021 with an evaluation period from January 1, 2020 to December 31, 2020. Below is the evaluation result:</p> <p>(1) Performance of the Board of Directors</p> <table border="1"> <thead> <tr> <th><b>Evaluation Dimension</b></th> <th><b>Score (Note)</b></th> <th><b>Evaluation Results</b></th> </tr> </thead> <tbody> <tr> <td>Participation in Company Operations</td> <td>4.92</td> <td rowspan="5">The evaluation result of the Board of Directors shows that the average scores of the five major dimensions are all above 4.8 points, an embodiment of a good evaluation result.</td> </tr> <tr> <td>Improvement of the quality of the Board of Directors' decision making</td> <td>5</td> </tr> <tr> <td>Composition and structure of the Board of Directors</td> <td>4.86</td> </tr> <tr> <td>Election and continuous education of Directors</td> <td>5</td> </tr> <tr> <td>Internal Control</td> <td>5</td> </tr> </tbody> </table> <p>Note: The evaluation score is on a scale of 0 to 5 points, with 5 representing the best level of performance.</p> <p>To enable the Directors to accurately assess and supervise the Company's existing or potential risks, the Company's Board of Directors passed the "Regulations Governing Risk Management Policy and Procedures" in December 2020, which stipulates that the General Manager's Office should provide Directors with the information regarding the</p>	<b>Evaluation Dimension</b>	<b>Score (Note)</b>	<b>Evaluation Results</b>	Participation in Company Operations	4.92	The evaluation result of the Board of Directors shows that the average scores of the five major dimensions are all above 4.8 points, an embodiment of a good evaluation result.	Improvement of the quality of the Board of Directors' decision making	5	Composition and structure of the Board of Directors	4.86	Election and continuous education of Directors	5	Internal Control	5	
<b>Evaluation Dimension</b>	<b>Score (Note)</b>	<b>Evaluation Results</b>																
Participation in Company Operations	4.92	The evaluation result of the Board of Directors shows that the average scores of the five major dimensions are all above 4.8 points, an embodiment of a good evaluation result.																
Improvement of the quality of the Board of Directors' decision making	5																	
Composition and structure of the Board of Directors	4.86																	
Election and continuous education of Directors	5																	
Internal Control	5																	

<u>Evaluation Item</u>	Status of Implementation (Note 1)			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons																
	<u>Yes</u>	<u>No</u>	<u>Summary</u>																	
			<p>Company's risk implementation status and future risk management plan at least once a year, so that Directors can have a good understanding of the Company's existing risks and thereby advice the Company on concrete proposition of operating strategies. The General Manager of the Company has also reported to the Board of Directors on the operation of risk management for 2020 on December 23, 2020. The General Manager also presented the risk management implementation report of 2021 to the Board of Directors on March 8, 2021.</p> <p>(2) Performance of Individual Directors</p> <table border="1"> <thead> <tr> <th><b>Evaluation Dimension</b></th> <th><b>Score (Note)</b></th> <th><b>Evaluation Results</b></th> </tr> </thead> <tbody> <tr> <td>Execution of the Company's goals and tasks.</td> <td>4.88</td> <td rowspan="6">The result of the self-evaluation of individual shows that the average scores of the five major dimensions are all above 4.7 points, an embodiment of a good evaluation result.</td> </tr> <tr> <td>Understanding of the director's roles and responsibilities</td> <td>4.89</td> </tr> <tr> <td>Participation in Company Operations</td> <td>4.81</td> </tr> <tr> <td>Management and communication of the internal relations</td> <td>4.77</td> </tr> <tr> <td>Election and continuous education of Directors</td> <td>4.74</td> </tr> <tr> <td>Internal Control</td> <td>4.78</td> </tr> </tbody> </table> <p>Note: The evaluation score is on a scale of 0 to 5 points, with 5 representing the best level of performance.</p> <p>5. The results of performance evaluation of the Board of Directors and individual Directors have been submitted to the Board meeting dated March 8, 2021.</p>	<b>Evaluation Dimension</b>	<b>Score (Note)</b>	<b>Evaluation Results</b>	Execution of the Company's goals and tasks.	4.88	The result of the self-evaluation of individual shows that the average scores of the five major dimensions are all above 4.7 points, an embodiment of a good evaluation result.	Understanding of the director's roles and responsibilities	4.89	Participation in Company Operations	4.81	Management and communication of the internal relations	4.77	Election and continuous education of Directors	4.74	Internal Control	4.78	
<b>Evaluation Dimension</b>	<b>Score (Note)</b>	<b>Evaluation Results</b>																		
Execution of the Company's goals and tasks.	4.88	The result of the self-evaluation of individual shows that the average scores of the five major dimensions are all above 4.7 points, an embodiment of a good evaluation result.																		
Understanding of the director's roles and responsibilities	4.89																			
Participation in Company Operations	4.81																			
Management and communication of the internal relations	4.77																			
Election and continuous education of Directors	4.74																			
Internal Control	4.78																			



<u>Evaluation Item</u>	Status of Implementation (Note 1)		<u>Summary</u>	Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	<u>Yes</u>	<u>No</u>		
			<p>II. Performance evaluation of the Audit Committee</p> <p>1. The Audit Committee's performance evaluation cover the following items:</p> <p>(1) Their degree of participation in the Company's operations.</p> <p>(2) Understanding of the Audit Committee's duties.</p> <p>(3) Improvement of the decision-making quality of the Audit Committee.</p> <p>(4) Composition of the Audit Committee and selection of committee members.</p> <p>(5) Internal control.</p> <p>2. The performance evaluation of the Audit Committee is conducted by the Accounting Division using an internal questionnaire to evaluate the operation of the Audit Committee. The results of performance evaluation will be adopted as reference for the Company's review and improvement.</p> <p>3. Upon full collection of the questionnaires in January each year, the Company's Accounting Division will report the results to the Board of Directors in accordance with the "Regulations Governing the Evaluation of the Performance of the Board of Directors."</p> <p>4. The performance evaluation of the Audit Committee of the Company (evaluation period from January 1, 2020 to December 31, 2020) was completed in January 2021. The results of the performance evaluation of the Audit Committee have been reported to the Board of Directors for review and improvement on March 8, 2021 with a view to accurately assessing and monitoring the Company's existing or potential risks.</p> <p>5. The evaluation results for each item are as follows:</p>	

<u>Evaluation Item</u>	Status of Implementation (Note 1)			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons														
	<u>Yes</u>	<u>No</u>	<u>Summary</u>															
			<table border="1"> <thead> <tr> <th><b>Evaluation Dimension</b></th> <th><b>Score (Note)</b></th> <th><b>Evaluation Results</b></th> </tr> </thead> <tbody> <tr> <td>Participation in Company Operations</td> <td>5</td> <td rowspan="5">The evaluation result of the Audit Committee shows that the average scores of the five major dimensions are all above 4.9 points, an embodiment of a good evaluation result.</td> </tr> <tr> <td>Understanding of the duties of the Audit Committee.</td> <td>4.93</td> </tr> <tr> <td>Improvement of the quality of the Audit Committee' decision making.</td> <td>5</td> </tr> <tr> <td>Composition of the Audit Committee and selection of committee members.</td> <td>5</td> </tr> <tr> <td>Internal Control</td> <td>5</td> </tr> </tbody> </table> <p>Note: The evaluation score is on a scale of 0 to 5 points, with 5 representing the best level of performance.</p> <p>III. Performance Evaluation of the Remuneration Committee</p> <ol style="list-style-type: none"> <li>1. The Remuneration Committee's performance evaluation covers the following four items: <ol style="list-style-type: none"> <li>(1) Their degree of participation in the Company's operations.</li> <li>(2) Understanding of duties of the Remuneration Committee.</li> <li>(3) Improvement of the quality of the Remuneration Committee' decision making.</li> <li>(4) Composition of the Remuneration Committee and selection of committee members.</li> </ol> </li> <li>2. The performance evaluation of the Remuneration Committee is conducted by the Human Resources Division using an internal questionnaire for members to perform self-evaluation by themselves. The results of performance evaluation will be adopted</li> </ol>	<b>Evaluation Dimension</b>	<b>Score (Note)</b>	<b>Evaluation Results</b>	Participation in Company Operations	5	The evaluation result of the Audit Committee shows that the average scores of the five major dimensions are all above 4.9 points, an embodiment of a good evaluation result.	Understanding of the duties of the Audit Committee.	4.93	Improvement of the quality of the Audit Committee' decision making.	5	Composition of the Audit Committee and selection of committee members.	5	Internal Control	5	
<b>Evaluation Dimension</b>	<b>Score (Note)</b>	<b>Evaluation Results</b>																
Participation in Company Operations	5	The evaluation result of the Audit Committee shows that the average scores of the five major dimensions are all above 4.9 points, an embodiment of a good evaluation result.																
Understanding of the duties of the Audit Committee.	4.93																	
Improvement of the quality of the Audit Committee' decision making.	5																	
Composition of the Audit Committee and selection of committee members.	5																	
Internal Control	5																	



<u>Evaluation Item</u>	Status of Implementation (Note 1)			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons												
	<u>Yes</u>	<u>No</u>	<u>Summary</u>													
(IV) Does the company regularly evaluate the independence of CPAs? ✓			<p>as reference for the Company's review and improvement.</p> <p>3. The Company completed the performance assessment of the Remuneration Committee in January 2021 with an evaluation period from January 1, 2020 to December 31, 2020. The evaluation results for 2020 were good in all dimensions, and have been submitted to the Board of Directors for review in the first quarter of 2021 as a reference basis for further improvement.</p> <p>4. The evaluation results for each item are as follows:</p> <table border="1"> <thead> <tr> <th>Evaluation Dimension</th> <th>Score (Note)</th> <th>Evaluation Results</th> </tr> </thead> <tbody> <tr> <td>Participation in Company Operations</td> <td>5</td> <td rowspan="4">The result of the self-evaluation of the Remuneration Committee shows that the average scores of the four major dimensions are all above 4.9 points, an embodiment of a good evaluation result.</td> </tr> <tr> <td>Understanding of duties of the Remuneration Committee.</td> <td>4.93</td> </tr> <tr> <td>Improvement of the quality of the Remuneration Committee' decision making.</td> <td>5</td> </tr> <tr> <td>Composition of the Remuneration Committee and selection of committee members.</td> <td>5</td> </tr> </tbody> </table> <p>Note: The evaluation score is on a scale of 0 to 5 points, with 5 representing the best level of performance.</p> <p>The Accounting Division of the Company evaluates the independence of the CPA every year. The evaluation results of the most recent year were passed in the 4th meeting of the 3rd Audit Committee and the 5th meeting of the 20th Board of Directors on March 8, 2021. Based on the evaluation of CPAs Kuo, Cheng-Hung and Chuang, Pi-Yu from Deloitte</p>	Evaluation Dimension	Score (Note)	Evaluation Results	Participation in Company Operations	5	The result of the self-evaluation of the Remuneration Committee shows that the average scores of the four major dimensions are all above 4.9 points, an embodiment of a good evaluation result.	Understanding of duties of the Remuneration Committee.	4.93	Improvement of the quality of the Remuneration Committee' decision making.	5	Composition of the Remuneration Committee and selection of committee members.	5	No significant deviation
Evaluation Dimension	Score (Note)	Evaluation Results														
Participation in Company Operations	5	The result of the self-evaluation of the Remuneration Committee shows that the average scores of the four major dimensions are all above 4.9 points, an embodiment of a good evaluation result.														
Understanding of duties of the Remuneration Committee.	4.93															
Improvement of the quality of the Remuneration Committee' decision making.	5															
Composition of the Remuneration Committee and selection of committee members.	5															

<u>Evaluation Item</u>	<u>Status of Implementation (Note 1)</u>			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	<u>Yes</u>	<u>No</u>	<u>Summary</u>	
			<p>&amp; Touche by the Company's Accounting Division, both CPAs have met the Company's independence evaluation standards. Items to evaluate the independence of CPAs were formulated in accordance with Article 47 of the Certified Public Accountant Act and Code of Ethics for Certified Professional Accounts Bulletin No. 10. The main evaluation items were as follows:</p> <ol style="list-style-type: none"> <li>1. As of the most recent assurance operation, no CPA has yet to be replaced for seven (7) years.</li> <li>2. The CPA does not have significant financial interest in his/her trustor.</li> <li>3. The CPA avoids any inappropriate relationship with his/her trustor.</li> <li>4. The CPA should ensure that his/her assistants are honest, fair and independent.</li> <li>5. The CPA may not perform audit and assurance services on the financial statements of companies he/she has served within two (2) years before practicing.</li> <li>6. The CPA may not permit others to practice under his/her name.</li> <li>7. The CPA does not own any shares of the Company and its affiliated companies.</li> <li>8. The CPA has not engaged in lending and borrowing of money with the Company and its affiliated companies.</li> <li>9. The CPA has not engaged in joint investments or benefit sharing with the Company or its affiliated companies.</li> <li>10. The CPA does not concurrently serve as a regular employee of the Company or its affiliated companies and does not receive a fixed salary from them.</li> <li>11. The CPA is not involved in the decision-making process of the Company and its affiliated companies.</li> <li>12. The CPA does not concurrently engage in other businesses that may lead to loss of independence.</li> <li>13. The CPA does not have a spouse, immediate family members or</li> </ol>	



<u>Evaluation Item</u>	Status of Implementation (Note 1)			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	<u>Yes</u>	<u>No</u>	<u>Summary</u>	
			<p>relatives within the second degree of kinship who serve in the senior management of the Company.</p> <p>14. The CPA has not collected any commission related to his/her service.</p> <p>15. As of now, the CPA has not engaged in any matter that may result in disciplinary actions taken against him/her or damage to the principle of independence.</p> <p>According to the Company's evaluation, the CPAs has not engaged in matters that violate their independence, and thus, they were deemed fit to serve as CPAs for the Company. The CPA firm has also issued a letter of declaration stating that they have not engaged in matters that violate their independence.</p>	
IV. Has the TWSE/TPEX listed company designated an appropriate number of qualified corporate governance personnel and appointed a corporate governance officer responsible for matters related to corporate governance (including but not limited to providing directors and supervisors with the necessary information for operation, assisting directors and supervisors in following regulations, handling matters related to Board meetings and the shareholders' meetings in accordance with the regulations, preparing minutes for Board meetings and the shareholders' meetings, etc.)?	✓		<p>In order to safeguard the interests of the shareholders and strengthen the functions of the Board of Directors, the Company has appointed Chen, Yung-Chih, Head of Legal Division, as the Corporate Governance Officer, the top-level manager in charge of corporate governance, as approved by the Board of Directors on May 13, 2019. Division Head Chen, Yung-Chih has three years of experience of being an officer of legal affairs for a public company, and assumes the duties of handling matters related to the Board of Directors meeting and shareholders' meeting, producing meeting minutes of the Board of Directors meeting and shareholders' meeting, assisting directors in taking office and continuing education, providing the information required by the directors to conduct business, and assisting the directors to comply with laws and regulations.</p> <p>Implementation status in 2020 is as follows:</p> <p>I. Assisted Directors in performing their duties, provide the necessary information, arrange continuing education for Directors, and process liability insurance policies.</p> <p>1. The Corporate Governance Officer compiled the latest laws and</p>	No significant deviation

<u>Evaluation Item</u>	<u>Status of Implementation (Note 1)</u>			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	<u>Yes</u>	<u>No</u>	<u>Summary</u>	
			<p>regulations related to the business areas of the Company and corporate governance, arranged discussions at the Board meetings and provided educational information to the Board members from time to time.</p> <ol style="list-style-type: none"> <li>2. Assisted Directors, upon request, to understand the regulations for which compliance is required for the execution of their business.</li> <li>3. Provided Directors with the necessary information of the Company. They are also provided with assistance for communicating and exchanging ideas with business managers.</li> <li>4. Assisted Independent Directors in arranging meetings with the head of internal audit or CPAs when there is a need for Independent Directors to meet them in order to understand the Company's financial operations</li> <li>5. Assisted the Company in arranging at least 6 hours of continuing education courses for members of the Board of Directors.</li> <li>6. Verified that the Company has purchased the liability insurance for Directors and key persons for members of the Board of Directors and reported to the Board of Directors.</li> </ol> <p>II. Procedures for Board of Directors meetings and the shareholders' meetings and compliance regarding confirmation of resolutions:</p> <ol style="list-style-type: none"> <li>1. Produced meeting notices and agenda for the Board of Directors; reminded Directors to recuse themselves in advance for discussions on issues that require their recusal due to conflicts of interests; produced meeting minutes within the statutory time limit.</li> <li>2. Registered the date of the shareholders' meeting in advance according to the law and prepared the meeting notice, handbook, and meeting minutes within the statutory time limit.</li> <li>3. Confirm that the organization, resolution procedures, and meeting minutes of the Board of Directors and shareholders' meeting meet</li> </ol>	





<u>Evaluation Item</u>	Status of Implementation (Note 1)			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons										
	<u>Yes</u>	<u>No</u>	<u>Summary</u>											
			<p>related regulations and the Corporate Governance Best Practice Principles.</p> <p>4. Modification of business registration.</p> <p>III. Maintain Relations with Investors: The Company's website is updated from time to time to keep investors abreast of the Company's financial, business, and corporate governance information in order to protect shareholders' rights and interests.</p> <p>Status of continuing education in 2020: Pursuant to Article 24 of the Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers, a listed company shall arrange continuing professional education for its corporate governance officer. The Corporate Governance Officer shall receive at least 12 hours of continuing education each year, except for at least 18 hours within one year for the first term commencing from the date of his/her appointment. As of the end of 2020, Chen, Yung-Chih, corporate governance officer of the Company, had completed 18 hours of continuing education classes. The contents of the classes are as follows:</p> <table border="1"> <thead> <tr> <th>Date of Training</th> <th>Organizer</th> <th>Session Title</th> <th>Number of Hours</th> <th>Total training hours during the year</th> </tr> </thead> <tbody> <tr> <td>July 9, 2020</td> <td>Securities and Futures Institute</td> <td>A Look at the Business Strategy and Corporate Governance Aiming to Cope with Worldwide Unsustainability Risks from the Perspective of COVID-19</td> <td>3</td> <td>18</td> </tr> </tbody> </table>	Date of Training	Organizer	Session Title	Number of Hours	Total training hours during the year	July 9, 2020	Securities and Futures Institute	A Look at the Business Strategy and Corporate Governance Aiming to Cope with Worldwide Unsustainability Risks from the Perspective of COVID-19	3	18	
Date of Training	Organizer	Session Title	Number of Hours	Total training hours during the year										
July 9, 2020	Securities and Futures Institute	A Look at the Business Strategy and Corporate Governance Aiming to Cope with Worldwide Unsustainability Risks from the Perspective of COVID-19	3	18										

Evaluation Item	Status of Implementation (Note 1)					Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons	
	Yes	No	Summary				
			August 19, 2020	Securities and Futures Institute	Practical Seminar on Understanding and Operation of Futures Derivatives Hedge Transactions to Establish a Sound Framework of Corporate Sustainability Operation	3	
			September 24, 2020	Taiwan Stock Exchange Corporation	"Corporate Governance 3.0 - Sustainable Development Roadmap" Summit Forum	3	
			September 30, 2020	Securities and Futures Institute	Public Dissemination Seminar of 2020 on Prevention of Insider Trading and Insider Equity Trading	3	
			October 13, 2020	Securities and Futures Institute	Strategy and Management of Enterprise Upgrade and Transformation - Choose between M&A and Alliance	3	
			October 23, 2020	Taiwan Stock Exchange Corporation	Public Dissemination Seminar of 2020 on Corporate Governance and Corporate Ethics for Directors and Supervisors	3	
V. Has the Company established channels of communication with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), dedicated a section of the Company's website for stakeholder affairs, and adequately responded to stakeholders' inquiries on significant corporate social responsibility issues?	✓		The Company has set up a stakeholders' section under Corporate Social Responsibility on its website, which features the categories of stakeholders and contact information as channels of communication. We disclose issues related to frequency, response methods, quality, the environment, occupational safety and health policies, employee rights, as well as social and product liabilities. In addition, the Company has appointed dedicated personnel in charge of the collection and disclosure				No significant deviation



<u>Evaluation Item</u>	<u>Status of Implementation (Note 1)</u>			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	<u>Yes</u>	<u>No</u>	<u>Summary</u>	
			of company information, and has implemented a spokesperson system. Communication can be performed through interviews, telephone calls, or dedicated mailboxes.	
VI. Has the company commissioned a professional shareholder services agency to handle Shareholders' Meetings and other relevant affairs?		✓	The Company takes charge of its own shares-related affairs, and handles matters related to Shareholders' meetings in accordance with the law.	The Company handles its own stockholder affairs to ensure quality and efficiency.
VII. Information Disclosure				
(I) Has the company established a website to disclose information on financial operations and corporate governance?	✓		The Company has set up a website ( <a href="https://www.usife.com.tw">https://www.usife.com.tw</a> ) and regularly discloses company information.	No significant deviation
(II) Has the Company adopted other means of information disclosure (such as establishing a website in English, appointing specific personnel to collect and disclose Company information, implementing a spokesperson system, and disclosing the process of investor conferences on the Company's website)?	✓		In addition, the Company has appointed dedicated personnel in charge of the collection and disclosure of company information, and has implemented a spokesperson system.	No significant deviation
(III) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?		✓	The Company has not yet published and reported the annual financial report within two months after the end of a fiscal year but we have published and reported the quarterly financial reports, monthly revenue, and information on endorsements and guarantees.	No significant deviation
VIII. Has the company provided important information to better understand the state of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' rights, progress of training of directors and supervisors, risk management policy and	✓		(I) The Company provides its employees with comprehensive health care. In addition to the formulation of guidelines related to employee assistance services and gender equality in the workplace, the Company also provides annual health checkups, sports and fitness equipment, organizes various outdoor recreational activities and talks on mental, emotional and spiritual health, purchases	No significant deviation

<u>Evaluation Item</u>	<u>Status of Implementation (Note 1)</u>			<u>Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons</u>
	<u>Yes</u>	<u>No</u>	<u>Summary</u>	
implementation of risk impact standards, implementation of customer policies, and the company's purchase of liability insurance for its directors and supervisors)?			<p>group insurance and issues USI E-Newsletter. In addition, employees volunteered to organize the Employee Assistance Program Center (EAPC) that assists employees in solving problems relating to work, life, and mental health.</p> <p>(II) The Company has always been committed to the principle of equal opportunities, and recognizes the contribution of employees from different backgrounds. The Company adopts an open selection process and hires the right talent for the right position, instead of restricting employees' career development based on their race, gender, age, religion, nationality or political affiliation.</p> <p>(III) With regards to the promotion of environmental protection and occupational safety and health, the Company not only complies with the relevant laws and regulations, but also expects to meet internationally recognized standards. The Company has successfully obtained ISO 14001 and OHSAS 18001 certifications. (The ISO 45001 certificate was obtained in May 2020 after the change of version and is currently valid from May 20, 2020 to April 16, 2022). To enhance self-inspection, the Company has established the Group Safety and Health Partners Regional Joint Rescue system led by the South Labor Inspection Institute, and actively participates in the events organized by Renda Safety and Health Promotion Association.</p> <p>(IV) The Company actively attends activities held by Taiwan Responsible Care Association (TRCA) in the chemical engineering industry and upholds its spirit, participates in community events, and cares for product protection in order to create a better living environment. Additionally, the Company also helps contractors by building a safe and health-conscious environmental management system to ensure safety at work.</p> <p>(V) The Company has appointed a spokesperson to answer various types</p>	



<u>Evaluation Item</u>	<u>Status of Implementation (Note 1)</u>			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	<u>Yes</u>	<u>No</u>	<u>Summary</u>	
			<p>of questions raised by shareholders and serves as the bridge to connect the Company with its shareholders. Additionally, the Company maintains contact with its major shareholders.</p> <p>(VI) The Company encourages its directors to participate in continuing education. In addition to providing its directors with various information on continuing education, the Company organizes such courses from time to time and invites its directors to attend courses related to corporate governance.</p> <p>(VII) Implementation of risk management policies and risk measurement standards: The Company has established operating procedures and internal control systems, and possesses clear rules and regulations on authorized limits. The Company also performs internal audit to control risks. The implementation status shall be reported to the Board of Directors at least quarterly by the audit officer and at least annually by the General Manager's Office.</p> <p>(VIII) Implementation of consumer protection or customer policy: The Company has formulated its quality policy in order to improve product and service quality, as well as continuously strives to enhance customer satisfaction. The Company also maintains good relationships with suppliers based on the principles of good faith and mutual benefits.</p> <p>(IX) The Company has purchased liability insurance for its directors.</p> <p>(X) The Company compiles the Corporate Social Responsibility Report each year to disclose the implementation of employee rights, employee care, investor relations, supplier relations, rights of stakeholders, Directors' training records, the implementation of risk management policies and risk evaluation measures, and the implementation of client relations policies. The Company's Corporate Social Responsibility Report has been disclosed on the Company's website.</p>	

<u>Evaluation Item</u>	Status of Implementation (Note 1)		<u>Summary</u>	Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	<u>Yes</u>	<u>No</u>		
IX. Improvements made in the most recent fiscal year in response to the results of corporate governance evaluation conducted by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and improvement measures and plans for items yet to be improved. (Leave this section blank if the company is not included in the evaluation process) Improvement Priority: Upload the English version of annual financial statements (No. 3.5) 16 days before the Shareholders Meeting.				

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

(IV) If the Company has set up a remuneration committee, information regarding the composition, responsibilities and operations of the Committee shall be disclosed:

The Company's Remuneration Committee was officially established on December 28, 2011 and the establishment was announced. The composition, duties, and operations of the Remuneration Committee are as follows:

1. Information regarding the members of the Remuneration Committee

Title (Note 1)	Criteria Name	Has more than five years of work experience and the following professional qualifications			Status of Independence (Note 2)										Number of publicly listed companies in which the member concurrently serves as a remuneration committee member	Remarks End of document	
		Serve as an instructor or higher positions in a private or public college or university in the field of business, law, finance, accounting, or other departments relevant to the business of the Company	Serve as a judge, prosecutor, lawyer, certified public accountant or other professional or technical specialists who have passed the relevant national examinations and successfully obtained certificates in professions necessary for the business of the Company	Work experience in business, law, finance, accounting or other areas relevant to the business of the Company	1	2	3	4	5	6	7	8	9	10			
Independent Director	Hai, Ying-Chun			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	None
Independent Director	Chen, Chung	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	None
Independent Director	Tu, Tzu-Chun	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	None

Note 1: For the job title, please identify whether the person is a Director, Independent Director or other.

Note 2: Insert V in the box if a member meets the following criteria during his/her term of office and two (2) years prior to the date elected. ✓

- (1) Not employed by the company or any of its affiliated companies.
- (2) Not a director or supervisor of the Company or any of its affiliates (however, if an independent director is engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with this Act or local laws and regulations, this requirement shall not apply).
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company, or ranking in the top 10 in holdings.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the managers listed in subparagraph (1) or persons listed in subparagraphs (2) and (3);
- (5) Not a director, supervisor, or employee of an institutional shareholder that directly holds 5% or more of the total number of issued shares of the company or of an institutional shareholder that ranks among the top five in shareholdings (however, if the independent director is engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with this Act or local laws and regulations, this requirement shall not apply).
- (6) Not a director, supervisor, or employee of another company where a majority of the Company's



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

- (7) Not a director, supervisor, or employee of a company or institution with the same chairperson of the board, president, or equivalent position, or a spouse thereof (this restriction does not apply to independent directors in the Company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country).
- (8) Not a director, supervisor, manager, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the company (this restriction does not apply to specific companies or institutions if they hold more than 20% but less than 50% of the outstanding shares of the Company or independent directors in the Company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with this Act or laws of the registered country).
- (9) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for the company or any of its affiliates, or provides commercial, legal, financial, or accounting service with cumulative remuneration less than NT\$500,000 in the past two years. Provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) Where none of the circumstances in the sub-paragraphs of Article 30 of the Company Act applies.



## 2. Responsibilities:

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

- (1) Regularly review the Committee's charter and propose recommendations to amend it when necessary.
- (2) Establish and regularly review the performance evaluation of the Board and managers in conjunction with the remuneration policies, systems, standards, and structure.
- (3) Regularly evaluate and determine the remuneration of the Company's Directors and Managers.

## 3. Operations of the Remuneration Committee

- (1) The Company's Remuneration Committee consists of three (3) members.
- (2) The term of the current Remuneration Committee: June 15, 2020 to June 11, 2023. A total of 3 (A) Remuneration Committee meetings were held in the current year. The eligibility and attendance of the members was as follows:

Title	Name	Number of Attendance in Person (B)	Number of Attendance by Proxy	Percentage of Attendance in Person [B/A] (Note)	Remarks
Convener	Hai, Ying-Chun	3	0	100.0%	Re-appointed on June 15, 2020 when the term of last Board expired.
Member	Chen, Chung	3	0	100.0%	
Member	Tu, Tzu-Chun	3	0	100.0%	

Other matters to be noted:

- I. If the Board of Directors rejects or amends the suggestions of the Remuneration Committee, it should state the date of the Board Meeting, the term of the fiscal year, the content of the proposal, and resolution of the Board Meeting and the follow-up treatments (e.g., if the resolution of the Board Meeting states that the amount of remuneration is higher than that of the suggestions from the Remuneration Committee, the Board should specify the difference in number and the reason behind the resolution): Not applicable.
- II. If the members of the Remuneration Committee have any dissenting or qualified opinions on the resolutions of the Remuneration Committee, where such opinions are documented or issued through written statements, the date and session of the meeting of the Remuneration



Committee, resolutions, all the members' opinions and handling of these opinions shall be stated:

Remuneration Committee	Resolution and Subsequent Actions	Objections or Reservations Expressed by the Remuneration Committee
The 8th Meeting of the 3rd Term 2020.03.09	1. Proposal to distribute remuneration to the Company's employees and Directors for 2019.	None
	2. Deliberate distribution of special bonus to the Company's managers for 2019.	None
	3. Review the remuneration of the Directors and managers and the performance evaluation system.	None
	Opinions of the Remuneration Committee: None.	
	Resolution of the Remuneration Committee: All members in attendance unanimously passed the proposals and submitted them to the Board of Directors for discussion. The Company's actions in response to the opinions of the Remuneration Committee: All the Directors in attendance voted in favor of the resolution.	
The 1st Meeting of the 4th Term 2020.08.13	Amendment to some articles of the Company's Regulations and Policies Governing Remuneration to Directors and Managerial Officers.	None
	Opinions of the Remuneration Committee: None.	
	Resolution of the Remuneration Committee: All members in attendance unanimously passed the proposals and submitted them to the Board of Directors for discussion. The Company's actions in response to the opinions of the Remuneration Committee: All the Directors in attendance voted in favor of the resolution.	
2nd Meeting of 4th Term 2020.11.04	1. Amend certain articles of the Remuneration Committee Charter.	None
	2. Establish 2021 Business Plan of the Committee.	None
	Opinions of the Remuneration Committee: None.	
	Resolution of the Remuneration Committee: All members in attendance unanimously passed the proposals and submitted them to the Board of Directors for discussion. The Company's actions in response to the opinions of the Remuneration Committee: All the Directors in attendance voted in favor of the resolution.	

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

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

(V) Corporate Social Responsibility (CSR), Discrepancies with Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons

Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	
I. Has the company assessed the environmental, social, and corporate governance risks related to its operations based on the principle of materiality and established related risk management policies or strategies? (Note 3)	✓		<p>To ensure robust operation and sustainable development and lower potential operating risks, the Company actively launches the risk management mechanism with a sound and ethical business philosophy. In 2020, the Board passed the "Regulations Governing Risk Management Policy and Procedures," which stipulates that the General Manager's Office should supervise the operation of the various risk management units, regularly assess risks annually, define the various risks pertaining to the Company's overall operating directives, and early identify, accurately measure, effectively supervise, and strictly control the risk management, and thereby prevent any possible losses within tolerable risks. The Company always keeps an eye on the evolution of risk management systems at home and abroad to review and improve this Policy, and keeps adjusting and best improving the risk management methods based on changes in internal and external environment, so as to raise the implementation effectiveness of the Company's risk management, thereby protect the interest of the Company, employees, shareholders, and stakeholders.</p> <p>The Company reports the implementation status of risk management to the Audit Committee and the Board of Directors at least once a year, and discloses such information on the annual report and the Company's website.</p> <p>Based on corporate social responsibility material principles, the Company integrates the sources of major operating risks, and considers the operating feasibility to establish risk categories. The CSR Taskforce conducts questionnaire survey each year. In 2021, two emerging risks,</p>	Consistent with the Corporate Social Responsibility Best-Practice Principles for TWSE or TPEX Listed Companies.

Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	
			namely freight risk and environmental incident risk, were identified; plus the 12 categories of risks in 2020, there are 14 categories of risks. The Company further identifies the possibility of occurrence of such risks and their impacts. Each risk management unit also regularly adjusts the management mechanism based on changes in internal and external environment. Please see Chapter 7 Review and Analysis of Financial Position and Performance and Associated Risks/VI. Risk Analysis and Evaluation/14. Response to Environmental, Social, and Corporate Governance Risks.	
II. Does the Company establish an exclusively (or part-time) dedicated unit for promoting Corporate Social Responsibility? Is the unit authorized by the Board of Directors to implement CSR activities at the executive level? Does the unit report the progress of such activities to the Board of Directors?	✓		<p>The Company has established the Corporate Social Responsibility Committee under the Board of Directors, which is a functional committee composed of four members, namely the Chairman, the General Manager, and two Independent Directors as approved by the Board of Directors. An Independent Director serves as the chief commissioner and the General Manager serves as the deputy chief commissioner. Under the Committee are a secretary and three teams, namely the Corporate Governance Team, Environmental Protection Team, and Social Relations Team.</p> <p>The committee convenes at least two meetings every year. In 2020, two meetings were held, and the implementation plan (content) and results of the current year were reported to the Board of Directors on August 13, 2020. The Corporate Governance Team communicates with investors, customers, suppliers, and government agencies on topics we face for achieving sustainable operations to maintain trust between our company and our stakeholders. The Environmental Protection Team integrates internal measures and plans relating to environmental protection, energy conservation, emissions reduction, and occupational health and safety; follows up and reviews implementation outcomes; and discusses topics in environmental protection that are key to meeting stakeholder expectations, so as to meet stakeholders' expectation. The Social Relations Team</p>	Consistent with the Corporate Social Responsibility Best-Practice Principles for TWSE or TPEX Listed Companies.

Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	
			communicates with employees, community residents, and non-profit organizations on topics relating to employee care, social care and social engagement to contribute to the creation of a fair, just, safe, and harmonious society. Each team is formed by representatives from relevant departments and responsible for the promotion of CSR-related work. In addition, the Committee reports to the Board of Directors on the status of CSR implementation. Please refer to the Corporate Social Responsibility Committee under Section 2.1 Corporate Governance in the Company's 2020 Corporate Social Responsibility Report for more information.	
<p>III. Environmental Issues</p> <p>(I) Has the company established an appropriate environmental management system based on the characteristics of the industry to which it belongs?</p> <p>(II) Is the company committed to improving the efficiency of utilizing various resources and using recycled materials with low impacts on the environment?</p>	<p>✓</p> <p>✓</p>		<p>(I) The Company established the ISO 14001 environmental management system in 1998, which has been operating for more than 20 years. This environmental management system has provided the Company with an excellent environmental protection structure to control and reduce the impact on the environment, to prevent accidents from impacting the environment, and to ensure compliance with regulations. In addition, the audit and certification of the ISO50001 energy management system were completed on October 16, 2019, to complete the energy management system.</p> <p>(II) The Company is committed to improving the efficiency of recycling raw materials during its product manufacturing process, in order to reduce VOCs emissions while reducing the consumption of materials and the costs required for production and manufacturing. The high-pressure recycling system improvement project for plant No. 2 completed by the Company in 2013 has significant results in the recycling of butene, n-hexane, and isopentane. The Company is gradually using EVA with a high content of vinyl acetate as the main production force for its products. The demand for vinyl acetate</p>	<p>Consistent with the Corporate Social Responsibility Best-Practice Principles for TWSE or TPEX Listed Companies.</p>

Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	
(III) Has the company assessed the present and future potential risks and opportunities of climate change for the entity, and taken measures to respond to climate-related issues?	✓		<p>recycling and purification has also increased year by year. The installation of a new MRT tower started in 2016, and the construction was completed in the middle of 2017. At present, the newly installed tower is operating in conjunction with the old tower normally. In 2017, a condenser was newly installed at the front of the existing ethylene purification tower (EPT); in addition to avoiding the occurrence of gelation of vinyl acetate inside the heat exchanger and the molecular sieve in the purification system, and the condenser is able to recycle and purify vinyl acetate for reuse to reduce raw material consumption.</p> <p>(III) In order to implement the commitments to corporate social responsibility and to continuously manage the risks associated with climate change and response strategies and measures, in addition to following the energy conservation and carbon reduction targets set by the USI Group, the Company has referred to the identification process of climate risks and opportunities under the Task Force on Climate-related Financial Disclosures (TCFD) framework released by the Financial Stability Board (FSB) in 2017 to identify risks and opportunities while establishing response measures and implementing plans. Please refer to Section 4.3 Climate Change and Energy Management in the Company's 2020 Corporate Social Responsibility Report.</p>	
(IV) Has the company calculated its GHG emissions, water consumption, and total waste weight in the past two years, and formulated policies for energy conservation, reductions of carbon, GHG, and water consumption, or other waste management?	✓		<p>(IV) To keep abreast of the Company's GHG emission status, the Kaohsiung plant voluntarily performs a GHG inventory audit every year, and releases major emission sources in a summarized manner by means of operational control. To comply with the government's GHG reduction policy, the Company has formulated energy conservation and carbon reduction plans for each unit and set plant-wide energy conservation and carbon reduction goals. In addition, the Company has also established an energy conservation and carbon reduction team</p>	



Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	
			<p>with the help of the affiliated companies of USI Corporation and put together consistent approaches through resource integration and experience sharing in order to jointly promote practical and effective energy conservation and carbon reduction plans and perform quarterly review of implementation results.</p> <ul style="list-style-type: none"> <li>●Greenhouse gas emissions (Scope 1 + Scope 2): 159,870 metric tons of CO<sub>2</sub>e in 2019. 168,020 metric tons of CO<sub>2</sub>e in 2020.</li> <li>●Total Water Withdrawal 1,034.216 million liters in 2019. 1,029.036 million liters in 2020.</li> <li>● Total Waste: 736.20 metric tons in 2019. 474.00 metric tons in 2020.</li> </ul> <p>The implementation plans and results of energy conservation and carbon reduction, water conservation, and waste management of the Company in 2020 are as follows:</p> <p>1. Goal: Reduce greenhouse gas emissions by 2,148 metric tons Measure: 2020 Plant-wide Energy Conservation Plan Methods of Implementation:</p> <ol style="list-style-type: none"> <li>(1) C/E/F FKC water pump is changed to high efficiency motor.</li> <li>(2) Project to replace the 175W explosion-proof mercury lamp in factory area with 100W LED lighting.</li> <li>(3) Change the water supply source for the parking area at the CBC plant to plant No.1.</li> <li>(4) Replacement of air-conditioning at the office building</li> <li>(5) Energy conservation project to switch to the variable-frequency fan motor in cooling tower at Plant No. 2.</li> <li>(6) Renewal of conveying blowers.</li> </ol>	

Evaluation Item	Status of Implementation (Note 1)		Summary (Note 2)	Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No		
			<p>Implementation results: The target power saving rate for 2020 was 1.04%, and the actual achievement rate was 1.67%, and 2,148 metric tons of CO<sub>2</sub>e of greenhouse gas emissions were reduced. The energy conservation project for 2021 filed with the Bureau of Energy includes replacement of pellet cutter water pumps and water chiller with highly efficient motors, renewal of refrigeration units and cooling water pumps, reuse of return flow of compressor to save energy, recycle and reuse of steam condensate, change in operation mode of chilled water pumps, and recycle and reuse of tail gas from the manufacturing process. It is estimated that by 2021, 1,879,863 kWh of electricity will be saved with a saving rate of 0.75%, and carbon reduction will be 957 tons of CO<sub>2</sub>e.</p> <p>2. Goal: Reduce wastewater effluent by 5,280 metric tons Measures: water resource recovery and recycle and reuse of steam condensate.</p> <p>Implementation methods and results:</p> <p>(1) Continuous wastewater monitoring and recycling The system continuously monitors the quality of effluent from the plant and increases the response capacity for wastewater treatment. It also ensures that the effluent meets control standards. The effluent is processed in the recycling system and used to replenish water in the cooling tower to reduce the usage of tap water and reduce process wastewater effluent. The total waste water recovered in 2020 was 7,945 metric tons.</p> <p>(2) Detention pool and tank area rainwater recovery The rainwater collected in the existing detention pool and tank areas is directed to the cooling tower via a pipe. The rainwater is filtered with a rainwater separator by the cooling tower and used to replenish water in the cooling tower. It is estimated that</p>	





Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	
			<p>the water recycled in 2020 amounts to approximately 13,235 metric tons.</p> <p>(3) MRT steam condensate recovery Steam condensate is recovered and reused as boiler feed water to reduce tap water consumption. The estimated annual recovery volume is 17,500 metric tons.</p> <p>3. Waste Management: Implementation methods and results: (1) Audit on waste removal and disposal companies. (2) Waste reduction project.</p> <p>Implementation results: The Company sample audited among the four waste disposal companies and found them compliant with laws and regulations. The Company has also completed the scale up test and assessment and planning of introduction as prescribed in the waste reduction project.</p>	
<p>IV. Social Issues</p> <p>(I) Has the company formulated the relevant management policies and procedures in accordance with relevant laws and regulations and the International Bill of Human Rights?</p>	✓		<p>(I) The Company has made reference to internationally recognized human rights standards, including the International Bill of Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work to fully exercise CSR and implement human rights protection. Besides, the Company has established human rights policy applicable to the Company and all affiliates of the USI Group, to eliminate human rights violations; as such, the Company's current employees, in addition to enjoying a reasonable and safe workplace, can be treated in a reasonable and dignified manner.</p> <p>1. Provide a safe and healthy workplace. 2. Prohibit illegal discrimination to ensure equal work opportunities. 3. No child labor.</p>	Consistent with the Corporate Social Responsibility Best-Practice Principles for TWSE or TPEX Listed Companies.

Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	
(II) Has the Company established and implemented reasonable employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee remuneration appropriately?	✓		<p>4. Prohibit forced labor.</p> <p>5. Physical and mental health and life-work balance.</p> <p>6. All procurement items are implemented in accordance with the requirements of the production unit or occupational health and safety units, and comply with relevant laws and regulations relating to manufacturing, storage and transportation, so as to fulfill social responsibilities and obligations.</p> <p>(II) The Company has established the Remuneration Committee to regularly review its remuneration policies and report rewards and disciplinary actions based on outcomes of performance appraisal so as to ensure that its reward and disciplinary action system is effective. The annual salary of the regular employees is 14 months, including 12 months' salary and 2 months' bonus. The Company also provides bonuses for three major Chinese holidays and distributes year-end bonuses based on the Company's profitability, personal performance of the employees, and achievement rate of organizational objectives.</p>	
(III) Does the company provide a safe and healthy work environment to its employees, and regularly offer safety and health education to its employees?	✓		<p>(III) The Company has obtained the ISO 14001 environmental management system certification and the OHSAS18001 occupational health and safety management system certification. (The ISO 45001 certificate was obtained in May 2020 after the change of version and is currently valid from May 20, 2020 to April 16, 2022).The department in charge of the safety and environment and the one in charge of work operations perform audits and conduct daily inspection rounds for occupational safety. Meanwhile, through the Group-wide Regional Safety and Health Partners Joint Defense System recommended and guided by the Labor Inspection Office of Southern Taiwan, Ministry of Labor, the affiliated companies of the Group supervise each other and exchange experience to further implement safety and health management. The Company has an</p>	



Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	
			<p>"Occupational Safety and Health Committee (OSHC)" established in accordance with the "Regulations for Occupational Safety and Health Management," with labor representatives elected or appointed by the union. The committee meets with management every quarter to discuss ESH topics on behalf of employees. We team up with the Taiwan Responsible Care Association (TRCA) and the Renda Industrial Park Safety and Health Promotion Association to promote industrial safety, health, and environmental protection together and learn from one another in order to improve the protection of employee safety and health. In addition, we organize fire exercises and industrial safety education and training biannually to develop emergency response skills and self-safety management of employees. Based on the production activities of the Company, we have established emergency response procedures for raw material (chemical) leakage, fire, explosions, and earthquakes. In addition, we have classified incidents into three levels and have planned different response measures. When the level of an incident rises, the response shall change accordingly. The three stages of response are as follows:</p> <p>Stage 1: Minor leakage of hazardous substances and a minor fire occur within the plant.</p> <ul style="list-style-type: none"> <li>●The on-duty officer will be the site commander to instruct personnel within the unit to stop the leakage or fire.</li> </ul> <p>Stage 2: Major leakage of hazardous substances and a major fire occur within the plant where the emergency response team of the incident occurring unit cannot effectively control the situation, and it must mobilize the plant's emergency response organization to support.</p> <ul style="list-style-type: none"> <li>●The on-duty officer sends request for support to the head of unit and mobilizes the emergency response organization according to the alert and reporting procedure.</li> </ul>	

Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	
			<ul style="list-style-type: none"> <li>●Based on the emergency situation, request for support outside of the plant and notify relevant agencies when necessary.</li> <li>●Determine the need to immediately shut down plant operations and isolate the incident affected area.</li> <li>●The site commander can be the head of the incident occurring unit or department, until the factory chief or his/her deputy takes over the command.</li> <li>●Set up a response command center to gather information regarding the latest situation for the chief commander to make decisions and notify the response organization.</li> </ul> <p>Stage 3: The incident may spread outside of the plant and its impact reaches outside of the plant.</p> <ul style="list-style-type: none"> <li>●The general plant manager or his/her deputy becomes the chief commander to command the emergency plan within the plant and report the situation to the Fire Bureau of Kaohsiung City.</li> <li>●If the situation cannot be controlled and may threaten the life of employees, the plant is evacuated.</li> </ul> <p>Every year we commission major hospitals to give health examinations to employees to protect their physical health and report the examination results to competent authorities for reference as necessary. We also arrange special health examinations for employees of specific plant engaging in dusty, ionizing radiation, and n-hexane work. At USI, the safety management of contractors and suppliers is equally important. Therefore, we have established the "Contractor Management Regulations" and the "Contractor Entry Management Manual." Both documents include industrial safety education and training for contractors, and they must pass safety certification before they can perform their contracts at USI. To strengthen safety supervision during construction, we have established the "Labor</p>	



Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	
(IV) Has the Company established effective career development and training plans for its employees?	✓		<p>Safety and Health Tour Inspection Regulations" to implement ESH tour inspections every day within the plant to improve the safety of all processes and ensure the safety, life, and health of employees. Before implementing high-risk work, we run a risk assessment process to identify hazards, assess risk, take precautionary measures, and review the emergency response plan. We also hold communication and coordination meetings with contractors before commencement of work to ensure operation safety. Education, training, and publicity are the foundation to promote ESH awareness to employees and contractors. By establishing the "Labor Safety and Health Education and Training Regulations," we provide knowledge and skill training for different categories of employees and contractor personnel based on actual need. In 2020, a total of 1,680 people participated in 128 sessions of environmental safety and health education and training, with a total of 5,100 training hours.</p> <p>(IV) The Company has established an all-round education and training system in coordination with the external environment, its business principles, department performance goals, and employees' career development needs, in order to provide training courses required by all-round talents. With regard to the employees' continuing education and learning, the Company conducts the employee training needs survey in the fourth quarter of every year to formulate education and training plans and budgets. Meanwhile, the Company has also set up a digital learning platform as the means for self-learning, and regularly holds employee functional training, management training, seminars, health talks, and various conferences to enhance employees' professional and management skills, thereby balancing employees' physical and mental development. In order to improve employee quality and overall competitiveness, courses are conducted using</p>	

Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	
(V) Has the Company followed relevant laws, regulations and international guidelines for the customer health and safety, customer privacy, and marketing and labeling of its products and services and established related consumer protection policies and grievance procedures?	✓		diverse methods. In addition to lectures, in-class activities are designed according to course attributes, while case study discussions or group discussions are carried out with a view to making learning more lively and productive. Additionally, online e-learning courses allows the employees to effectively participate in learning activities anytime, anywhere, thereby enhancing their career development and overall work performance.  (V) The Company strives to provide satisfying services for customers and aims to create long-term partnerships with customers. The Company also complies with relevant regulations and international standards and established related policies and complaint procedures for processing consumer rights to protect the health and safety of consumers. In terms of customer data protection, the Group's Information Technology Division has established various regulations to protect and control all types of information. It has also adopted measures such as strengthening firewall management, access authority control, and separation of the test environment and the physical working environment to implement rigorous access control strategies and procedures for customer data and avoid the risks of leakage of customers' confidential information. In 2020, there were no violations of product labeling regulations and fines thereof, nor breaches of customer privacy or leaks of their data.	
(VI) Has the Company established the supplier management policies requesting suppliers to comply with laws and regulations related to environmental protection, occupational safety and health or labor rights and supervised their compliance?	✓		(VI) The Company establishes long-term cooperation with high-quality suppliers based on quality, capability and environmental protection policies, fulfills corporate social responsibilities, and delivers the idea of environmental protection policies to contractors and carriers. At the same time, the Company complies with the RoHS directive and enhances environmental protection education and training. The Company also pays serious attention to the safety of construction	



Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	
			companies in the plant area and ensures the safety of various operations so as to protect the safety and health of workers and jointly engage in good risk management with them. Therefore, before corresponding with suppliers, the Company must evaluate and screen them. For those who have poor records on adversely impacting the environment and society in the past, the Company avoids doing business with them. Besides, the Company encourages new/existing suppliers to fill in the social responsibility commitment form for self-evaluation and requires them to follow relevant regulations on issues such as environmental protection, occupational safety and health, or human rights of labors. Also, by consulting the Transparent Footprint website ( <a href="https://thaubing.gcaa.org.tw/">https://thaubing.gcaa.org.tw/</a> ), the Company inquires about whether suppliers had material environmental or labor safety violations and whether they had hit any news in this regard.	
V. Does the company, following internationally recognized guidelines, prepare and publish reports, such as its Corporate Social Responsibility report, to disclose non-financial information of the company? Has the company received assurance or certification of the aforesaid reports from a third-party accreditation institution?	✓		The Company prepares a CSR report based on the core options of the GRI Standard, and the report is certified by SGS Taiwan Ltd., an independent third-party assurance agency, in accordance with the Type 1 moderate-level assurance of the AA1000 Assurance Standard (2008) and the degree of compliance set out in the GRI standards.	Consistent with the Corporate Social Responsibility Best-Practice Principles for TWSE or TPEX Listed Companies.
VI. If the company has established its own Corporate Social Responsibility Best Practice Principles in accordance with the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies, state the discrepancies between these principles and its implementation: There is no material discrepancy in the Company's Corporate Social Responsibility Best Practice Principles formulated in accordance with the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and in the implementation.				
VII. Other important information to facilitate better understanding of the company's Corporate Social Responsibility practices: (I) Composition, duties, and operation of the Corporate Social Responsibility Committee: The Company's Corporate Social Responsibility Committee was officially established on June 26, 2018 and the composition, duties, and operations of the				

Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies															
	Yes	No	Summary (Note 2)																
Corporate Social Responsibility Committee are as follows:																			
1. Information on the members:																			
<table border="1"> <thead> <tr> <th>Title</th> <th>Name</th> <th>Expertise</th> </tr> </thead> <tbody> <tr> <td>Committee Chairman</td> <td>Independent Director Tu, Tzu-Chun</td> <td>Operational judgement, business management, crisis management, industry knowledge, leadership, decision-making, environmental protection</td> </tr> <tr> <td>Deputy Committee Chairman</td> <td>Wang Ke-Shun, Director and General Manager</td> <td>Operational judgement, business management, crisis management, industry knowledge, leadership, decision-making</td> </tr> <tr> <td>Member</td> <td>Quentin Wu, Chairman</td> <td>Operational judgement, accounting and finance, business management, crisis management, industry knowledge, leadership, decision-making</td> </tr> <tr> <td>Member</td> <td>Hai Ying-Chun, Independent Director</td> <td>Operational judgement, accounting and finance, business management, crisis management, leadership, decision-making, environmental protection</td> </tr> </tbody> </table>					Title	Name	Expertise	Committee Chairman	Independent Director Tu, Tzu-Chun	Operational judgement, business management, crisis management, industry knowledge, leadership, decision-making, environmental protection	Deputy Committee Chairman	Wang Ke-Shun, Director and General Manager	Operational judgement, business management, crisis management, industry knowledge, leadership, decision-making	Member	Quentin Wu, Chairman	Operational judgement, accounting and finance, business management, crisis management, industry knowledge, leadership, decision-making	Member	Hai Ying-Chun, Independent Director	Operational judgement, accounting and finance, business management, crisis management, leadership, decision-making, environmental protection
Title	Name	Expertise																	
Committee Chairman	Independent Director Tu, Tzu-Chun	Operational judgement, business management, crisis management, industry knowledge, leadership, decision-making, environmental protection																	
Deputy Committee Chairman	Wang Ke-Shun, Director and General Manager	Operational judgement, business management, crisis management, industry knowledge, leadership, decision-making																	
Member	Quentin Wu, Chairman	Operational judgement, accounting and finance, business management, crisis management, industry knowledge, leadership, decision-making																	
Member	Hai Ying-Chun, Independent Director	Operational judgement, accounting and finance, business management, crisis management, leadership, decision-making, environmental protection																	
<p>(1) The current term of office is from June 15, 2020 to June 11, 2023.</p> <p>(2) The Corporate Social Responsibility Committee shall meet at least twice a year. Three meetings were held in the most recent year with 100% attendance in person.</p>																			
2. Responsibilities:																			
<p>(1) Determining the CSR policy;</p> <p>(2) Outlining the CSR strategy, annual plan, and project plans;</p> <p>(3) Supervising the plans of SCR strategies, the implementation of the annual plan and project plans, and evaluating the implementation;</p> <p>(4) Reviewing and approving the CSR Report;</p> <p>(5) Reporting the implementation of CSR activities to the Board of Directors each year;</p> <p>(6) Other matters to be conducted by the committees per Board resolution.</p>																			
3. State of operations:																			
1st Meeting of 2020																			
<p>(1) Meeting date: March 9, 2020</p> <p>(2) Committee members present: Tu, Tzu-Chun, Wang, Ke-Shun, Wu, Quentin, and Hai, Ying-Chun</p> <p>(3) Report on the 2020 Corporate Social Responsibility Annual Plan.</p> <p>(4) Report on the progress and planning of the 2019 Corporate Social Responsibility Report.</p>																			
2nd meeting of 2020																			





Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	
			<p>(1) Meeting date: August 13, 2020                      (2) Committee members present: Tu, Tzu-Chun, Wang, Ke-Shun, Wu, Quintin, and Hai, Ying-Chun                      (3) Report on the implementation corporate social responsibility plans for the first half of 2020.                      (4) Report on the identity of stakeholders, issues of concern, communication channels and response methods in 2019.                      (5) Report on the implementation results of the 2019 Corporate Social Responsibility Report.                      (6) Amendments to some provisions of the "Corporate Social Responsibility Best Practice Principles."                      The 1st meeting in 2021                      (1) Meeting date: March 8, 2021                      (2) Committee members present: Tu, Tzu-Chun, Wang, Ke-Shun, Wu, Quintin, and Hai, Ying-Chun                      (3) Report on the business implementation status of the Corporate Social Responsibility Committee in 2020 and the 2021 plan.                      (4) Report on the identity of stakeholders, issues of concern, communication channels and response methods in 2020.                      (5) Report on the implementation progress and planning of the 2020 Sustainability Report.</p> <p>(II) Implementation of Environmental Protection and Occupational Safety and Health:</p> <p>1. Environmental protection policies:</p> <p>(1) To comply with relevant environmental protection and occupational safety and health regulations and relevant requirements derived from such regulations.                      (2) To continuously conserve and reuse resources and energy, and reduce industrial waste.                      (3) To prevent pollution, reduce potential risks in operations.                      (4) To continuously provide employees with education and training, and carry out work related to environmental protection and occupational safety and health.                      (5) To actively communicate with customers and residents, manage suppliers and contractors, and encourage all employees to participate in work related to environmental protection and occupational safety and health.                      (6) To thoroughly implement environmental management system to enhance environmental performance and reduce environmental safety risks in communities</p> <p>2. The Company has been a member of the Taiwan Responsible Care Association since 1998. The Company applies the "Responsible Care Management Practices" established by TRCA to its entire plant, and reports its safety, health and environmental protection performance indicators every year.                      3. The Company continues to implement industrial waste reduction, improve workplace safety, and enhance environmental protection and occupational safety and health training for employees.                      4. The Company determines the characteristic of waste in accordance with the "Standards for Defining Hazardous Industrial Waste" and details such</p>	

Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	
<p>information in the "Waste Cleanup Plan" before submitting the plan to the competent authority.</p> <p>5. The Company's subsidiary Taiwan VCM Corporation rented part of the land from China Petrochemical Development Corporation's Qianzhen Plant from January 1, 1970 to December 31, 1989 to set up its plant and manufacture VCM. In October 2006, the area was deemed a groundwater pollution control site. After remediating the area using the Physics+Chemistry+Biology engineering method developed by Taiwan VCM Corporation, the groundwater pollution concentration level of the site decreased to less than the groundwater pollution control standard. Based on the findings of re-inspections by the Environmental Protection Bureau of the Kaohsiung City Government on January 11, 2016, it was announced on April 11, 2016 that the area had its status as a groundwater pollution control site terminated and was removed from the delineation of the groundwater pollution control region.</p> <p>6. The Company obtained ISO 14064-1:2018 Greenhouse Gas Inspection Statement on December 8, 2020.</p> <p>7. For the fifth consecutive year, Control Six of Renwu Plant's Joint Hazard Prevention Organization for Underground Industrial Safety was recognized by the Industrial Development Bureau of the Ministry of Economic Affairs as a superior control organization for joint hazard prevention operation and awarded a medal for exemplary management.</p> <p>8. The Company's Renwu Plant actively implemented the green procurement program in 2019 and reported green procurement amounting to \$12.62 million in 2020.</p> <p>9. In 2010, part of the land occupied by China General Plastics Corporation's Toufen Plant was listed as a groundwater pollution control site and included in the groundwater pollution control region by environment unit. Therefore, the Company introduced and implemented the Physics+Chemistry+Biology engineering method developed by Taiwan VCM Corporation to carry out remediation and improvement of the area. After the field samples collected were verified by environmental protection agencies, it was found that various data have complied with the government's control standards. The site was removed as a groundwater pollution control site by the Environmental Protection Administration on February 24, 2017 and the Environmental Protection Bureau of the Miaoli County Government on March 21, 2017.</p> <p>10. The Environmental Development Department of Taiwan VCM Corporation was awarded the Certificate of Technology Applied in Delisted Soil and Groundwater Contamination Site issued by the Environmental Protection Agency of the Executive Yuan.</p> <p>11. Chien, Hua-I, director of the Environmental Development Department of Taiwan VCM Corporation, was awarded the "Outstanding Project Manager Award" of 2020 by the Taiwan Soil and Groundwater Environmental Protection Association.</p> <p>12. In 2019, CGPC actively implemented the green procurement plan. In 2020, the cumulative amount of green procurement declared reached NT\$15.98 million and was awarded the Certificate of Appreciation by the Department of Environmental Protection of Taipei City Government.</p> <p>(III) Implementation of Energy Conservation and Carbon Reduction:</p> <p>1. Energy Conservation and Carbon Reduction Policies:</p> <p>(1) To achieve energy conservation and carbon reduction regulations set by the government, as well as actively promote and develop energy conservation and carbon reduction projects.</p>				



Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	
<p>(2) To demonstrate the Company's commitment towards energy conservation and carbon reduction, and rewards the incorporation of energy conservation and carbon reduction cases in order to propose improvements to the system.</p> <p>(3) To promote energy conservation and carbon reduction plans at departmental level, and carry out energy conservation and carbon reduction education and promotional work.</p> <p>(4) To implement energy conservation and carbon reduction-related individual job details and continuously provide employees with education and training in order to implement energy conservation and carbon reduction.</p> <p>2. Outcomes of Energy Conservation and Carbon Reduction:</p> <p>(1) The company and its subsidiaries carbon dioxide emissions in 2020 and 2019 were 746,896 tons and 753,402 tons respectively, which was a reduction of 39,102 tons and 8,402 tons respectively.</p> <p>(2) On January 17, 2016, the Environmental Protection Administration (EPA) of the Executive Yuan announced the "first group of stationary resources required for GHG reporting." As the annual emissions of Renwu plant is less than 25,000 tons of CO<sub>2</sub>e according to the trial calculation of stationary burning of fossil fuel, we are not one of the stationary sources required for reporting. To keep the Company updated with its GHG emission status, the Renwu plant voluntarily performs a GHG inventory audit every year, with the organizational boundary of inventory being within the Renwu plant. We also collectively release major emission sources using the Operational Control Approach. In 2020, we elected to apply "ISO14064-1:2018" as the verification standard for GHG inventory, and cooperated with external experts to integrate GHG inventory data and establish a systematic system, on which we also entrusted a third-party to conduct verification. The GHG emission factor is based on version 6.0.4 of the Greenhouse Gas Emission Factor Management Table of the Environmental Protection Agency, and the Global Warming Potentials (GWP) is cited from the IPCC Fifth Assessment Report (2013).</p> <p>(3) The greenhouse gas inventory audit of our production sites of the Toufen Plant and the Linyuan Plant were performed by SGS Taiwan in accordance with ISO14064-1: 2006. The total emissions verified in 2019 was 393,873 metric tons. The estimate through self-inspection for 2020 was 363,325 metric tons (SGS has not completed the verification of the Toufen Plant and the Linyuan Plant as of the publication date. The figure will be published on the website after the verification is confirmed and revised accordingly in the next annual report). In addition, the Company has completed performance guidance programs for automatic greenhouse gas reduction and reduced carbon emissions by 1,122 metric tons and 2,770 metric tons in 2020 and 2019, respectively.</p> <p>(4) The Company's Toufen Plant and Linyuan Plant executed various energy conservation and carbon reduction projects in 2019. The results have been submitted to the Bureau of Energy. Total energy savings amounted to 22,030 GJ and carbon emissions were reduced by 5,314 tons CO<sub>2</sub>e.</p> <p>3. Energy conservation and carbon reduction projects: The Company adheres to the Group's policy and set an energy management target for reducing energy consumption by at least 1.2% each year from 2020 to 2025. We shall also implement dynamic reviews in accordance with national policies and regulations. The key tasks are as follows:</p>				

Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	
			<p>(1) 800RT freezer chiller system modification and renewal project.                      (2) Unsaturated steam recovery system project.</p> <p>(IV) Implementation of social services and public welfare:</p> <p>1. Kaohsiung Renda Petrochemical Industry Program:                      Thirteen companies at Renda Industrial Park (including Formosa Renwu Plant, Changchun, and Dashe Industrial Park Manufacturers' Association) and the Company's Kaohsiung Plant jointly established an industry-academia collaboration project with Renwu Senior High School from August 2018 to July 2023 to provide students of Renwu Senior High School with scholarships. We provide ten students, in each of the three grades, totaling 90 students over five years, with a total of NT\$1.08 million in scholarships and subsidies of NT\$330,000 as hourly rates for professional courses for three years. In addition to general high school courses, we enhanced students' optional courses in the petrochemical industry and professional ethics. We also arranged student visits at USI Corporation during summer vacation or on Saturdays to learn about the industry and the work environment. Students who graduate and pursue advanced degrees in relevant departments of universities that are approved by the manufacturers of Renda Industrial Park will be prioritized for recruitment.</p> <p>2. Donation to USI Education Foundation                      The USI Education Foundation was jointly established by the Company and Asia Polymer Corporation on December 30, 2011. Since it began official operations in 2012, it has engaged in education and public welfare industries and focused on disadvantaged groups, remote areas, and the ecology. It has established scholarships, made donations to public welfare platforms, and donated to education and public welfare activities to strengthen service capacity and improve service benefits. To upscale public welfare participation, China General Plastics Corporation and Taiwan VCM Corporation joined the ranks of sponsors in 2017, and Taita Chemical Company, Ltd. also took part in the foundation in 2018, allowing the USI Education Foundation to invest more resources in the charity business, including rural education and environmental sustainability, in order to give back to society. In 2020, the total sponsorship expenditure of the USI Education Foundation was NT\$8.03 million:</p> <p>(1) Awarded NT\$1.5 million worth of scholarships: Awarded to 30 students from 16 departments in 12 public and private universities, including 3 PhD students, 19 Master's degree students and 8 Bachelor's degree students, where 26 of them came from poor families. In the nine years since the foundation was established, a total of NT\$11.1 million has been awarded in scholarships to a total of 236 students.</p> <p>(2) Sponsored NT\$500 thousand to service club activities of technical colleges: Sponsored 53 activities in 27 schools for a cumulative sponsorship of NT\$3.99 million in the past nine years. The cumulative number of volunteers is estimated to be about 11,590 people, and the cumulative number of students participating in the activities is about 29,800 people.</p> <p>(3) Sponsored the Alliance Cultural Foundation NT\$1 million: The chairman of The Alliance Cultural Foundation Stanley Yen hopes to implement innovative experimental education through reforming the education system in remote villages to allow economically disadvantaged children an opportunity to turn over. He established the "Remote Village Education Seeds Cultivation Plan," to subsidize the schooling of economically disadvantaged children in Hualien and Taitung. So far, 164 students have benefited, of which more than 80% are indigenous people. In 2020, Mr. Yen</p>	



Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	
			<p>further expanded his service to cover children in Pingtung so that children in remote villages could enjoy equal opportunity to education.</p> <p>(4) Sponsored Taitung Junyi School for Innovative Learning NT\$4 million: The Company has been sponsoring Taitung Junyi School for Innovative Learning and The Alliance Cultural Foundation. In 2019, Junyi was restructured to Junyi Experimental High School. Its plan of "Residential International Experimental School" was approved by the Ministry of Education. The plan concentrates educational resources to residential schools and plays a vital role in solving the problem of dispersing educational resources in remote villages.</p> <p>(5) Sponsored other educational public welfare activities for NT\$1.03 million.</p> <p>3. Held four blood donation events for employees, two in Taipei and the other two in Kaohsiung.</p> <p>4. Continued to sponsor the "Kaohsiung City Air Purification Zone Management Project" from 2018 to 2020.</p> <p>5. Responded to "Earth Hour" to turn off the lights.</p> <p>6. Donated bleach and hand sanitizer to neighborhoods and schools.</p> <p>7. Sponsored the Baoshe Community Development Association in Dashe District to build a solar photovoltaic system.</p> <p>8. Sponsored the Chunhwa Charity Association to hold epidemic prevention publicity seminars and distribute rice to vulnerable families.</p> <p>9. Sponsored Jintan Elementary School to train its baseball team.</p> <p>10. Sponsored the 2020 Taiwan Chemical Industry Summit Forum.</p> <p>11. Actively participated in the "Plan for High-risk Industry to Strengthen Public Safety Management" and was awarded a Certificate of Appreciation.</p> <p>12. Sponsored the 18th USI Cup Tennis Championships.</p> <p>13. Other expenditures to give back to the local and community amounted to over NT\$620 thousand. .</p> <p>14. Having been established for 48 years, the Company's Love and Care Society has continuously participated in the financial support of underprivileged children organized by the Taiwan Fund for Children and Families each year while visiting the sick, orphanages, and nursing homes from time to time.</p> <p>15. Since 2017, the Company has adopted 500 meters of the beach at the Longfeng Fishing Port in Zhunan Township, and held the fourth (after adoption) beach cleaning activity on September 19, 2020.</p> <p>16. The Company participated in the Public Welfare, Environmental Protection and Social Services event held by Yungchen Temple in Toufen Township and provided fund sponsorship to the event.</p> <p>17. The Company helps clean up and maintain the environment around Yungchen Temple, Nantian Street and Beitian Street.</p> <p>18. The Company adopted street lamps around its Toufen Plant, and provides maintenance for these lamps.</p> <p>19. The Company adopted the Jhonggang River Dongxing Bridge Wetland Park in Miaoli.</p> <p>20. The Miaoli County Government established the first "Occupational Safety and Health Family," with CGPC serving as the leader to assist enterprises with less than 100 employees in improving the working environment and promoting employment.</p> <p>21. In 2020, CGPC donated own products - 433 barrels of bleach with 12% concentration (approximately 10 metric tons). The Company's petrochemical</p>	

Evaluation Item	Status of Implementation (Note 1)		Summary (Note 2)	Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No		
plants in Linyuan district raised funds to purchase 12,000 pieces of face mask cloth holders; USI Guishan Lab provided 8 barrels of alcohol (75% concentration) for epidemic prevention purpose, which was donated to junior high schools and elementary schools in Linyuan (a total of eight schools) to combat the epidemic.				

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

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

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

(VI) Implementation of ethical corporate management and measures for its implementation  
 Implementation of Ethical Management; Deviation from the Ethical Corporate Management Best Practice  
 Principles for TWSE/TPEX Listed Companies, and the Reasons Therefor

Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary	
<p>I. Formulating Ethical Corporate Management Policies and Programs</p> <p>(I) Does the company specify ethical corporate management policies and programs in its regulations and on external documents? Does its Board of Directors and the management team actively advocate and implement these policies?</p> <p>(II) Has the company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed</p>	<p>✓</p> <p>✓</p>		<p>(I) The Group upholds the business philosophy of Solid Operation, Professional Management, Seeking Excellence and Serving the Society and exercises its corporate culture that seeks truth, honesty and comprehensiveness. The Company has established the Ethical Corporate Management Best Practice Principles Procedures for Ethical Management and Guidelines for Conduct, Guidelines for the Adoption of Codes of Ethical Conduct for Directors and Managerial Officers to specify its ethical corporate management policies. The Company's Board of Directors and the General Manager have signed statements of ethical management to fulfill their commitments in management policies.</p> <p>(II) The Company has established the Ethical Corporate Management Principles, approved by the Board of Directors, and established a risk assessment mechanism for unethical conduct to regularly analyze and evaluate business activities with higher risk of unethical conduct within the business scope, so as to formulate prevention programs, while reviewing the adequacy and effectiveness of prevention programs on a regular basis and strengthening relevant preventive measures.</p> <p>The prevention programs adopted by the Company shall include preventive measures against the following actions:</p> <p>1. To bribe and receive a bribe.</p>	<p>Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies.</p>

Evaluation Item	Status of Implementation (Note 1)		Summary	Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No		
<p>Companies?</p> <p>(III) Has the company established policies to prevent unethical conduct, with clear statements regarding relevant procedures, conduct guidelines, punishments for violation, and rules for appeal, and does the Company implement them accordingly, and regularly review and correct such measures?</p>	✓		<p>2. To provide illegal political donations.</p> <p>3. To offer improper charitable donations or sponsorships.</p> <p>4. To offer or accept unjustified presents or hospitality, or other improper benefits.</p> <p>5. To infringe on business secrets, trademarks, patents, copyrights, and other intellectual property rights.</p> <p>6. To engage in unfair competition.</p> <p>7. Products and services directly or indirectly impair the rights, health, and safety of consumers or other stakeholders when they are developed, purchased, manufactured, supplied or sold.</p> <p>(III) Pursuant to the amended Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies announced by the competent authority in May 2019, the amendments to the Ethical Management Best Practice Principles and the Ethical Management Operating Procedures and Code of Conducts have been approved by the Board of Directors on November 13, 2019.</p> <p>2. The Company has established the "Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct" to promote the reporting of any illegal behavior or violation of the Code of Conduct or the Ethical Corporate Management Principles. Any employee or external party can freely choose to access the Company's website or a dedicated hotline set up at the Audit Office to report cases of illegal, unethical, or dishonest conduct through the following units:</p> <ul style="list-style-type: none"> <li>◎ Audit Committee: Accept reports from shareholders, investors, and other stakeholders.</li> <li>◎ Auditing Division: Accept reports from the Company's clients, suppliers, and contractors.</li> <li>◎ Personnel Department: Accept reports from employees in the Company.</li> </ul>	





Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary	
			<p>In 2020, the units received 0 reports from individuals who identified themselves. The number of anonymous reports with concrete evidence was also zero.</p> <p>3. Related regulations have been fully implemented and we continue to organize training courses to promote the ideals.</p>	
<p>II. Implementing Ethical Corporate Management</p> <p>(I) Has the Company evaluated the ethics records of counterparties to its business dealings, and specified ethical business policies in contracts with counterparties related to its business dealings?</p> <p>(II) Has the company established an exclusively (or concurrently) dedicated unit under the Board to implement ethical corporate management, and report to the Board on a regular basis (at least annually) about the ethical corporate management policies, precautionary measures against unethical conducts, as well as the implementation and supervision thereof?</p>	<p>✓</p> <p>✓</p>		<p>(I) The Company has requested for terms of ethical conduct to be clearly defined in commercial contracts in accordance with its Ethical Management Best Practice Principles and Ethical Management Operating Procedures and Code of Conducts.</p> <p>(II) To strengthen ethical corporate management, the corporate governance team is responsible for establishing the ethical corporate management policy and prevention programs while supervising such implementation; the team is also in charge of the following matters, which shall be reported to the Board of Directors by the Corporate Governance Officer regularly at least once a year.</p> <ol style="list-style-type: none"> <li>1. Formulate and implement regulations relating to ethical management policies in accordance with the framework of law.</li> <li>2. Regularly analyze and evaluate the risk of unethical behavior within the business scope.</li> <li>3. Plan the internal organizational structure, and establish a monitoring mechanism for business activities with a higher risk of unethical behavior within the business scope.</li> <li>4. Promote and coordinate awareness and educational activities with respect to ethical policies.</li> <li>5. Develop a whistle-blowing system and ensure its implementation effectiveness.</li> <li>6. Assist the Board of Directors and the General Manager in reviewing</li> </ol>	<p>Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies.</p>

Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary	
(III) Has the Company established policies to prevent conflicts of interests, implemented such policies, and provided adequate channels of communications?	✓		<p>and assessing whether the prevention measures taken for the purpose of implementing ethical corporate management are carried out effectively, and prepare reports on the regular assessment of compliance with operating procedures.</p> <p>On November 4, 2020, the implementation of the ethical management matters was reported to the Board of Directors by the Corporate Governance Officer.</p> <p>(III) The Company has formulated the "Guidelines for the Adoption of Codes of Ethical Conduct for Directors and Managerial Officers" to prevent conflicts of interest and provide suitable channels (the Audit Committee mailbox, a dedicated section for stakeholders, a dedicated section for shareholders' questions and answers, and a dedicated section for investor services on the Company's website: <a href="https://www.usife.com.tw/">https://www.usife.com.tw/</a>) for Directors, managerial officers, and employees to explain any potential conflict of interest with the Company. Responses to shareholders' questions are also included in the shareholders' Q&amp;A section for public viewing.</p>	
(IV) Has the company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?	✓		<p>(IV) The Company's accounting systems and internal control systems can run independently and objectively. Internal control personnel regularly report their audit findings to the Audit Committee and the Board of Directors. CPAs appointed by the Company regularly perform internal audits and hold discussions with the management.</p> <p>The internal audit unit, after assessing risks, has drafted the audit plan for the next year, which incorporates the items under "Management of Reporting Illegal and Unethical or Dishonest Behavior," so as to audit the compliance with the Company's Unethical Conduct Prevention Program.</p>	
(V) Does the company regularly hold internal and external training related to ethical corporate	✓		<p>(V) In order to keep our employees informed of the code of ethics, the Company, in addition to publishing the relevant regulations on its official</p>	



Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary	
management?			website, continuously invites well-known scholars, experts, or attorneys to offer education and training to increase Directors', managerial officers', employees', and substantive controllers' awareness, so as to allow them to fully understand the Company's determination, policies, prevention programs, and consequences of violation of ethical conduct. In 2020, USI Taipei Plant and USI Kaohsiung Plant offered education and training courses on ethical corporate management, with a total of 167 participants/440 training hours.	
<p>III. Implementing the Company's whistle-blowing system</p> <p>(I) Has the company established a specific whistle-blowing and reward system, set up convenient whistle-blowing channels and designated appropriate personnel to handle investigations against wrongdoers?</p>	✓		<p>(I) The Company's Board of Directors passed the "Procedures for Handling Reporting of Illegal and Unethical or Dishonest Conduct" and disclosed such procedures on the Company's official website. (<a href="https://www.usife.com.tw/USIWebFiles/Others/USI_IllegalReport.pdf">https://www.usife.com.tw/USIWebFiles/Others/USI_IllegalReport.pdf</a>)). The Company has specified the whistle-blowing channels, incentive system, dedicated personnel, and whistle-blower protection, stated as follows:</p> <ol style="list-style-type: none"> <li>1. Whistle-blowing channels:               <ol style="list-style-type: none"> <li>(1) Personal report: Face-to-face explanation.</li> <li>(2) Telephone report: 02-26503783</li> <li>(3) Written report: Auditing Division, 7F., No. 37, Jihu Rd., Neihu Dist., Taipei City.</li> </ol> </li> <li>2. Incentive system:               <p>Where a report is verified as true and its contribution generates significant economic benefits, the incident may be submitted to the General Manager to provide the whistle-blower with appropriate rewards.</p> </li> <li>3. Responsible personnel:               <ol style="list-style-type: none"> <li>(1) Audit Committee: Accept reports from shareholders, investors,</li> </ol> </li> </ol>	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies.

Evaluation Item	Status of Implementation (Note 1)		Summary	Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No		
(II) Has the company established standard operating procedures for the reported matters, the measures to be taken after investigation is completed, and the relevant confidentiality mechanism?	✓		<p>and other stakeholders.</p> <p>(2) Auditing Division: Accept reports from clients, suppliers, and contractors.</p> <p>(3) Personnel Division: Accept reports from employees.</p> <p>4. Whistle-blower protection: Whistle-blowers or persons involved in investigations shall be fully protected and the confidentiality of their identities and information provided shall be fully maintained, so that they will not be subjected to unfair treatment or retaliation. Where the whistle-blower is an employee, the Company shall guarantee that the employee shall not sustain inappropriate treatment that may arise from the report.</p> <p>(II) The Company's Board of Directors passed the "Procedures for Handling Reporting of Illegal and Unethical or Dishonest Conduct," which specifies the standard operating procedures for investigating the case being exposed by the whistle-blower and the relevant confidentiality mechanism; where whistle-blower is anonymous or did not use his/her true name, or the content stated or the proof of origin provided is deemed necessary for investigation, the case may still be reported to the Chairman/General Manager before the case is handled and recorded as a reference for internal review. The Company shall conduct investigations on the internal evidence after receiving the reports. Once they are verified as true, the Company shall, based on the violation or severity of the violation, implement disciplinary measures and process such violations in accordance with related regulations.</p>	
(III) Has the company set up protection for whistleblowers to prevent them from being subjected to inappropriate measures as a result of reporting such incidents?	✓		<p>(III) The procedures above also specify that whistleblowers or persons involved in investigations shall be fully protected and the confidentiality of their identities fully maintained, so that they will not be subjected to unfair treatment or retaliation.</p>	



Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary	
IV. Strengthening Information Disclosure (I) Does the company disclose the content of its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	✓		(I) The Company has disclosed relevant regulations and information on ethical corporate management on the Company's website: (Website: <a href="https://www.usife.com.tw/zh-tw/dirInvestor/frmInvestor1.aspx">https://www.usife.com.tw/zh-tw/dirInvestor/frmInvestor1.aspx</a> ). The Company has also disclosed the information and implementation effectiveness of ethical management on the annual report and the Market Observation Post System.	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies.
V. If the Company has established its own Ethical Corporate Management Best Practice Principles in accordance with the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies, state the discrepancies between these principles and its implementation: The Company has established its "Guidelines for the Adoption of Codes of Ethical Conduct for Directors and Managerial Officers," the "Ethical Management Best Practice Principles," the "Procedures for Ethical Management and Guidelines for Conduct," the "Code of Conduct for Employees Regarding Concurrent and Part-time Work," and the "Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct." There was no material discrepancy during the implementation of these rules and regulations.				
VI. Other important information that facilitates the understanding of the implementation of ethical corporate management: (such as review and amendment of the Company's Ethical Corporate Management Best-Practice Principles) By referring to the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" promulgated by the competent authority, the Company has formulated own "Ethical Management Best Practice Principles," "Ethical Management Operating Procedures" and "Code of Conducts," and "Procedures for Handling Reporting of Illegal and Unethical or Dishonest Conduct," which has been effective after reporting to and approving by the Board of Directors. The same rule shall apply to any amendments thereof. The Corporate Governance Officer reports to the Board of Directors at least annually on the implementation matters of ethical management. Matters of ethical management of 2020 have been reported to the Board of Directors on November 4, 2020.				

Note 1: Regardless of whether "Yes" or "No" is selected, provide a brief description in the Summary column.



(VII) Methods of inquiry in the Corporate Governance Best Practice

Principles and related regulations established by the Company:

1. The Company has established the following operating procedures:

- (1) Articles of Incorporation
- (2) Corporate Governance Best Practice Principles
- (3) Rules of Procedure for Board of Directors' Meetings
- (4) Regulations Governing the Election of Board Members
- (5) Regulations Governing the Evaluation of the Performance of the Board of Directors
- (6) Rules Governing the Scope of Powers of Independent Directors
- (7) Rules of Procedure for Shareholders' Meetings
- (8) Regulations Governing the Acquisition and Disposal of Assets
- (9) Regulations Governing Endorsements/Guarantees
- (10) Regulations Governing the Loaning of Funds to Others
- (11) Guidelines for the Adoption of Codes of Ethical Conduct for Directors and Managerial Officers
- (12) Ethical Management Best Practice Principles
- (13) Ethical Management Operating Procedures and Code of Conducts
- (14) Remuneration Committee Charter
- (15) Audit Committee Charter
- (16) Procedures for Handling Material Internal Information
- (17) Corporate Social Responsibility Best Practice Principles
- (18) Corporate Social Responsibility Committee Charter
- (19) Procedures Governing the Handling of Employee Complaints, Opinions and Feedback
- (20) Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct
- (21) Standard Operating Procedures for Handling Requests from Directors
- (22) Human Rights Policy and Management Plan
- (23) Regulations Governing Risk Management Policy and Procedures
- (24) Corporate Governance Self-Evaluation Report

2. For related procedures, please visit the following websites

- (1) The corporate governance webpage of the Market Observation Post System (<https://mops.twse.com.tw/mops/web/index>).

(2) Corporate Governance section under Investor Relations on the Company's official website (<https://www.usife.com.tw>)

(VIII) Other material information that can enhance the understanding of the state of corporate governance at the Company:

The Company regularly performs audit on its subsidiaries, and regularly analyzes and reviews the financial and business information of its subsidiaries in accordance with the requirements for supervision and monitoring of subsidiaries stipulated in the Regulations Governing Establishment of Internal Control Systems by Public Companies.



(IX) The following items related to the implementation of internal control systems should be disclosed:

1. Statement on Internal Control

USI Corporation

Statement on Internal Control System

Date: March 8, 2021

The Company makes the following statement according to the self-evaluation of its internal control system in 2020:

- I. The Company acknowledges that the establishment, implementation and maintenance of the internal control system are the responsibilities of the Company's Board of Directors and managerial officers, and thus the Company has established such a system. The objectives of this system are to meet various goals including achieving operational benefits and efficiency (including profitability, performance, as well as asset and safety protection), and ensuring the reliability, timeliness, transparency and regulatory compliance of reporting, thereby providing reasonable assurance.
- II. An internal control system has inherent constraints. No matter how comprehensive its design may be, an effective internal control system is only capable of providing adequate assurance for achieving the above-mentioned objectives. In addition, the effectiveness of the internal control system may change with the environment and under different situations. Nevertheless, the Company's internal control systems are equipped with self-monitoring mechanisms, thereby allowing the Company to take immediate remedial actions in response to any identified deficiency.
- III. The Company determines whether or not the design and implementation of its internal control system is effective according to the items for determining the effectiveness of internal control systems as stated in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the Regulations). The items for the determination of internal control systems adopted in the Regulations has identified five key components based on management control processes: (1) control environment, (2) risk assessment, (3) control operations, (4) information and communication, and (5) monitoring operations. Each constituent element includes a number of categories. Please refer to the Regulations for the aforementioned categories.
- IV. The Company has adopted the items for determining internal control systems in order to evaluate the effectiveness of its internal control system design and implementation.
- V. Based on the evaluation results as stated in the previous paragraph, the Company believes that its internal control system (including supervision and management of subsidiaries) as of December 31, 2020 can reasonably assure the following: (a) the Company understands the degree of achievement of operational effectiveness and efficiency objectives; (b) the reporting of the Company is reliable, timely, transparent, and complies with applicable rules; and, (c) the design and implementation of the internal control system in relation to compliance with applicable laws, regulations, and bylaws is effective.



- VI. The Statement shall become the main content of the Company's annual report and prospectus, and shall be made public. Should the above-mentioned content contain illegalities such as fraudulent and hidden information, the Company shall assume legal liabilities involving Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.
- VII. The Statement has been approved by the Board of Directors on March 8, 2021, where zero out of the nine directors present voted against the resolution and the remaining directors agreed with the content of the Statement.

USI Corporation

Chairman: Wu, Quintin (signature and seal)



General Manager: Wang, Ke-Shun (signature and seal)





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

(X) If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.

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

#### 1. Shareholders' Meeting

Year of Meeting	Date of Meeting	Key Resolutions
2020	June 12, 2020	<p>The minutes of the shareholders' meeting were posted onto Market Observation Post System on July 1, 2020. The resolutions and their status of implementation are as follows:</p> <ol style="list-style-type: none"> <li>To adopt the 2019 accounting books. Implementation status: The resolution was passed.</li> <li>To adopt the earnings distribution proposal for 2019. Implementation status: The resolution was passed. The distribution of cash dividends of NT\$594,381,750 to the shareholders, with July 9, 2020 as the record date, was completed on August 8, 2020.</li> <li>To Discuss the amendment of the Rules of Procedure for Shareholders Meeting. Implementation status: The resolution was passed, and has been implemented according to the resolution passed by the Shareholders' Meeting.</li> <li>To Deliberate the amendment to the Regulations Governing Making of Endorsements / Guarantees. Implementation status: The resolution was passed, and has been implemented according to the resolution passed by the Shareholders' Meeting.</li> <li>To Deliberate the amendment of the Procedures for Loaning of Funds to Others Implementation status: The resolution was passed, and has been implemented according to the resolution passed by the Shareholders' Meeting.</li> <li>Election of nine Directors of the Company: 6 directors were elected, including Wu, Quintin, Yu, Ching-Shou, Kao, Che-I, Huang, Kuang-Che, Wang, Ke-Shun, and Wu, Hung Ting.</li> </ol>

Year of Meeting	Date of Meeting	Key Resolutions
		<p>3 independent directors were elected, including Chen, Chung, Tu, Tzu-Chun, and Hai, Ying-Chun.</p> <p>Implementation status: In this Annual General Meeting, 9 directors (including 3 independent directors) were elected with a term of office for three years, from June 12, 2020 to June 11, 2023. The nine directors took office after this Annual General Meeting.</p> <p>7. To Discuss the permission for newly appointed Independent Directors to engage in business competition.</p> <p>Implementation status: The resolution was passed.</p>



## Board of Directors Meeting

Term (Year) of Meeting	Date of Meeting	Key Resolutions
The 19th Meeting of the 19th Term (1st Meeting in 2020)	March 9, 2020	<ol style="list-style-type: none"> <li>1. Ratify endorsements/guarantees made for Union Polymer International Investment Co., Ltd.</li> <li>2. Ratify endorsements/guarantees made for the investee company Chong Loong Trading Co. Ltd.</li> <li>3. Ratify a three-year medium-term loan limit newly signed with Export-Import Bank of the Republic of China</li> <li>4. Ratify the renewal of the three-year medium-term loan limit signed with Taipei Fubon Bank</li> <li>5. Ratify the change of the custodians of the Company Seal and Responsible Person Seal registered with the Ministry of Economic Affairs</li> <li>6. Approve the 2019 Account Book</li> <li>7. Approve the 2019 Directors' and Employees' Remuneration Distribution Plan</li> <li>8. Approve the 2019 Earnings Distribution Plan</li> <li>9. Approve the amendment to certain articles of the Rules of Procedure for Shareholders' Meetings</li> <li>10. Approve the amendment to certain articles in the Procedures for the Making of Endorsements/Guarantees</li> <li>11. Approve the amendment to certain articles in the Procedures for Loaning of Funds to Others</li> <li>12. Approve the re-election of Directors at the Annual General Meeting in this fiscal year</li> <li>13. Approve the suggestion for removal of the non-compete clause for newly elected Directors at the Annual General Meeting</li> <li>14. Approve matters related to the convening of the 2020 Annual General Meeting</li> <li>15. Establish the period of acceptance of shareholders' proposals: April 5, 2020 to April 15, 2020</li> <li>16. Approve CPAs' remuneration for 2019</li> <li>17. Approve the 2020 evaluation of the independence of appointed CPAs</li> <li>18. Approve the appointment of CPAs for 2020</li> <li>19. Approve the issuance of unsecured ordinary corporate bonds</li> <li>20. Approve the issuance of the 2019 Statement on Internal Control System</li> <li>21. Approve the competing behavior of the Accounting Manager</li> <li>22. Approve the precious metal lease contract with Mitsubishi International Corporation</li> <li>23. Authorize the Chairman to sign and deliver short-term credit loan contracts and related documents to financial institutions</li> <li>24. Approve donations to the USI Education Foundation</li> </ol>
The 19th Meeting of the 19th Term (2nd Meeting in 2020)	April 24, 2020	<ol style="list-style-type: none"> <li>1. Ratify endorsements/guarantees made for Union Polymer International Investment Co., Ltd.</li> <li>2. Approve the list of Director (including Independent Director) candidates (nominated by shareholders) with shareholding percentage exceeding one (1) percent at the Company</li> <li>3. Approve matters related to changes in the convening of the 2020 Annual General Meeting</li> </ol>
The 20th Meeting of the 19th Term (3rd Meeting in 2020)	May 14, 2020	<ol style="list-style-type: none"> <li>1. Authorize the Chairman to change the meeting place of the 2020 Shareholders' Meeting in response to the COVID-19 epidemic.</li> </ol>

Term (Year) of Meeting	Date of Meeting	Key Resolutions
Meeting in 2020)		2. Approve amendments to the Company's internal control system.
The 1st Meeting of the 20th Term (4th Meeting in 2020)	June 15, 2020	<ol style="list-style-type: none"> <li>1. Nominate Mr. Wu, Quintin as the Chairman of the Company</li> <li>2. Approve the appointment of three Independent Directors, namely Chen, Chung, Tu, Tzu-Chun, and Hai, Ying-Chun, as members of the Company's Remuneration Committee.</li> <li>3. Approve the appointment of two independent directors, namely Tu, Tzu-Chun and Hai, Ying-Chun, as members of the Company's Corporate Social Responsibility Committee.</li> </ol>
The 2nd Meeting of the 20th Term (5th Meeting in 2020)	August 13, 2020	<ol style="list-style-type: none"> <li>1. Ratify endorsements/guarantees made for Union Polymer International Investment Co., Ltd.</li> <li>2. Ratify endorsements/guarantees made for the investee company Chong Loong Trading Co. Ltd.</li> <li>3. Ratify the short-term credit loan contracts and related documents signed with and delivered to financial institutions</li> <li>4. Ratify a three-year medium-term loan limit newly signed with MUFG Bank Ltd.</li> <li>5. Approve the amendment to certain articles of the "Rules of Procedure for Board of Directors' Meetings."</li> <li>6. Approve the amendment to certain articles of the "Rules Governing the Scope of Powers of Independent Directors."</li> <li>7. Approve the amendment to certain articles of the Corporate Governance Best Practice Principles.</li> <li>8. Approve the amendment to certain articles of the "Regulations and Policies Governing Remuneration to Directors and Managerial Officers."</li> <li>9. Approve the amendment to certain articles of the "Corporate Social Responsibility Best Practice Principles."</li> <li>10. Approve the amendment of certain articles of the "Procedures for Handling Material Internal Information."</li> <li>11. Approve the proposal to set up a joint venture sales company in China through the wholly-owned subsidiary Swanlake Traders Ltd.</li> </ol>
The 3rd Meeting of the 20th Term (6th Meeting in 2020)	November 4, 2020	<ol style="list-style-type: none"> <li>1. Ratify endorsements/guarantees made for Union Polymer International Investment Co., Ltd.</li> <li>2. Ratify endorsements/guarantees made for the investee company Chong Loong Trading Co. Ltd.</li> <li>3. Ratify the three-year medium-term loan limit signed with Chang Hwa Commercial Bank, Ltd.</li> <li>4. Approve the 2021 budget.</li> <li>5. Approve the compensation paid to the CPAs for 2020.</li> <li>6. Approve the 2021 audit plan.</li> <li>7. Approve the amendment to certain articles of the "Remuneration Committee Charter."</li> </ol>
The 4th Meeting of the 20th Term (7th Meeting in 2020)	December 23, 2020	<ol style="list-style-type: none"> <li>1. Ratify endorsements/guarantees made for Union Polymer International Investment Co., Ltd.</li> <li>2. Ratify a three-year medium-term loan limit signed with Bank of China, Taipei Branch.</li> <li>3. Approve the formulation of the "Regulations Governing Risk Management Policy and Procedures."</li> </ol>
The 5th Meeting of the 20th Term (1st Meeting in 2021)	March 8, 2021	<ol style="list-style-type: none"> <li>1. Ratify the three-year medium-term comprehensive credit line signed with Far Eastern International Bank.</li> <li>2. Approve the 2020 accounting books.</li> </ol>



Term (Year) of Meeting	Date of Meeting	Key Resolutions
		3. Approve the 2020 Directors' and Employees' Compensation Distribution Plan. 4. Approve the 2020 Earnings Distribution Plan. 5. Approve the amendment to certain articles of the "Rules of Procedure for Shareholders' Meetings." 6. Approve the recommendation to lift the non-compete restriction on Directors 7. Approve matters related to the convening of the 2021 Annual General Meeting. 8. Establish the period of acceptance of shareholders' proposals: April 4, 2021 to April 14, 2021. 9. Approve the 2021 evaluation of the independence of appointed CPAs 10. Approve the appointment of CPAs for 2021. 11. Approve the issuance of the 2020 Statement on Internal Control System. 12. Authorize the Chairman to sign and deliver short-term credit loan contracts and related documents to financial institutions 13. Approve donations to the USI Education Foundation

(XII) Dissenting opinions or qualified opinions on resolutions passed by the Board of Directors that are made by directors and supervisors, and are documented or issued through written statements, in the most recent fiscal year up to the publication date of this annual report:

No such situation at the Company in the most recent fiscal year up to the publication date of this annual report.

(XIII) Summary of the resignation or dismissal of the Company's Chairman, General Manager, Heads of Accounting, Finance, Internal Audit and R&D in the most recent fiscal year up to the publication date of this annual report:

No such situation at the Company in the most recent fiscal year up to the publication date of this annual report.

## V. Information of CPA Fees

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

Name of the CPA Firm	Name of CPAs		Auditing period	Remarks
Deloitte Touche Tohmatsu Limited	CPA, Chuang, Pi-Yu	CPA, Kuo Cheng-Hung	2020	None

Unit: NT\$ thousands

Range of Fees		Professional Fee	Audit Fees	Non-Audit Fees	Total
1	Less than NT\$2,000,000		—	70	70
2	NT\$2,000,000 (inclusive) - NT\$4,000,000		—	—	—
3	NT\$4,000,000 (inclusive) - NT\$6,000,000		5,120	—	5,120
4	NT\$6,000,000 (inclusive) - NT\$8,000,000		—	—	—
5	NT\$8,000,000 (inclusive) - NT\$100,000,000		—	—	—
6	Over NT\$10,000,000 (inclusive)		—	—	—

1. If the non-audit fees paid to the CPAs, their accounting firm and affiliated companies of their accounting firm exceed one-fourth of the audit fees paid to them, the amount of audit and non-audit fees, and the content of non-audit services should be disclosed:

The non-audit fees paid by the Company did not exceed one-fourth of the audit fees.

Unit: NT\$ thousands

Name of the CPA Firm	Name of CPAs	Audit Fees	Non-Audit Fees					CPA's duration of audit	Remarks
			System Design	Business Registration	Human Resources	Others (Note 2)	Subtotal		
Deloitte Touche Tohmatsu Limited	CPA, Chuang, Pi-Yu	5,120	0	0	0	70	70	2020	Non-audit fees and details of other services: CPA fees for verification of the Company's financial statement checklist submitted to the Overseas Chinese and Foreign Investment Commission.
	CPA, Kuo Cheng-Hung								

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

Note 2: Non-audit fees should be listed by service item. If the Others column under non-audit



fees reaches 25 percent of the total non-audit fees, the service items associated with this column should be listed in the Remarks column.

2. Where the CPA firm was replaced, and the audit fees in the fiscal year when the replacement was made was less than that in the previous fiscal year before replacement, the amount of audit fees paid before replacement and reasons for paying this amount should be disclosed: The Company did not replace the CPA firm.
3. When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) thereof shall be disclosed:

The Company's audit fees in 2020 reduced by NT\$1,480 thousand, or 22%, from the 2019 level. This is because the Company ceased to entrust the CPA firm with the work of translating the Company's financial statements of each quarter into English from 2020 onwards.



## VI. Information of Replacement of CPAs:

### (1) Previous CPAs: Not applicable

Replacement Date			
Replacement reasons and explanations			
Statement on whether the authorizing party or the accountant terminate or reject the authorization	Principal	CPA	The Company
	Status	Not applicable.	
	Termination of appointment		
No longer accepted (continued) appointment			
Other issues (except for unqualified issues) in the audit reports within the last two years			
Is there any disagreement with the issuer?	Yes	Accounting principles or practices	
		Disclosure of financial statements	
		Audit scope or procedures	
		Others	
	None		
Explanation:			
Other items for disclosure (where Item 1-4 to Item 1-7, Subparagraph 6, Article 10 of the Regulation should be disclosed)			

### (II) Successor CPAs: Not applicable

Name of CPA Firm	/
Name of CPAs	
Date of Appointment	
Subjects and outcomes of consultation on the accounting treatment of or application of accounting principles to specific transactions, or opinions that might be included on financial statements before the appointment of new CPAs	
Written opinions from successor CPAs with regards to matters with which former CPAs disagreed	

### (III) Former CPAs reply to Item 1 and Item 2-3, Subparagraph 6, Article 10 of the Regulations: Not applicable.



VII. The Company's Directors, General Manager, Managerial Officers in Charge of Finance or Accounting Who Has Served in a CPA's Accounting Firm or Its Affiliated Companies in the Most Recent Fiscal Year Shall Disclose Their Names, Positions and the Period of Employment in CPA's Accounting Firm or Its Affiliated Companies: Not such occurrence.

VIII. Equity Transfer or Changes in Equity Pledged by the Company's Directors, Managerial Officers, or Shareholders with Shareholding Percentage Exceeding Ten (10) Percent in the Most Recent Fiscal Year up to the Publication Date of this Annual Report:

(I) Changes in shareholdings of directors, supervisors, managers and major shareholders

Unit: Shares

Title (Note 1)	Name	2020		Year-to-date through April 30, 2021	
		Change in Shares Held	Change in Shares Pledged	Change in Shares Held	Change in Shares Pledged
Major Shareholder	Shing Lee Enterprise (Hong Kong) Limited	0	0	0	0
Director	Wu, Quintin (Representative of Shing Lee Enterprise (Hong Kong) Limited)	0	0	0	0
	Wu, Hung Ting (Representative of Shing Lee Enterprise (Hong Kong) Limited) (Newly elected on June 12, 2020.)	49,000	0	0	0
	Chang, Chi-Chung (Representative of Shing Lee Enterprise (Hong Kong) Limited) (Dismissed on June 12, 2020.)	0	0	Not applicable.	
Shareholder	Asia Polymer Corporation (Newly- elected on June 12, 2020)	0	0	0	0
Director	Yu, Ching-Shou (Representative of Asia Polymer Corporation)	0	0	0	0
	Kao, Che-I (Representative of Asia Polymer Corporation)	0	0	0	0
Shareholder	Taita Chemical Company, Ltd. (Newly elected on June 12, 2020)	0	0	0	0
Director	Huang, Kuang-Che (Representative of Taita Chemical Company, Ltd.)	(10,000)	0	(22,185)	0
	Wang, Ke-Shun (Representative of Taita Chemical Company, Ltd.)	0	0	0	0
Independent Director	Chen, Chung	0	0	0	0
	Tu, Tzu-Chun	0	0	0	0

Title (Note 1)	Name	2020		Year-to-date through April 30, 2021	
		Change in Shares Held	Change in Shares Pledged	Change in Shares Held	Change in Shares Pledged
	Hai, Ying-Chun	0	0	0	0
General Manager	Wang, Ke-Shun	50,000	0	5,000	0
Deputy General Manager	Liu, Han-Tai	0	0	0	0
Senior Manager	Wu, Ming-Tsung	0	0	0	0
Corporate Governance Officer.	Chen, Yung-Chih	0	0	0	0
Chief Financial Officer	Yang, Wen-Li	0	0	0	0
Chief Accounting Officer	Kuo, Chuan-Hua	0	0	0	0

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

Note 2: Counterparties involved in equity transfer or pledging of shares to related parties should be shown in the following table.

## (II) Information regarding equity transfer

Unit: Shares

Name (Note 1)	Reason for Equity Transfer (Note 2)	Date of Transaction	Counterparty	Relationship between the counterparty and the Company, its Directors, Supervisors, managerial officers, and shareholders with shareholding percentage exceeding ten (10) percent	Shares	Transaction Price
Not applicable						

Note 1: Fill the name of the Company's directors, supervisors, managerial officers and shareholders with shareholding percentage exceeding ten (10) percent.

Note 2: Fill either Acquisition or Disposal.



(III) Information Regarding Pledging of Shares

Name (Note 1)	Reason for Pledging of Shares (Note 2)	Date of Transaction	Counterparty	Relationship between the counterparty and the Company, its Directors, Supervisors, managerial officers, and shareholders with shareholding percentage exceeding ten (10) percent	Shares	Shares Holding %	% of Pledged Shares	Pledged (Redeemed) Amount
Not applicable								

Note 1: Fill the name of the Company's directors, supervisors, managerial officers and shareholders with shareholding percentage exceeding ten (10) percent.

Note 2: Fill in either "Pledged" or "Redeemed."

IX. Information of the Top 10 Shareholders in Terms of Number of Shares Held, Who Are Related Parties or Each Other's Spouses and Relatives within the Second Degree of Kinship:

April 13, 2021

Name (Note 1)	Shares Held in Person		Share Held by Spouse & Minor		Shares Held in the Name of Others		Title or name and relationship of top 10 shareholders who are related parties or each other's spouses and relatives within the second degree of kinship (Note 3)		Remarks
	Shares	Shares Holding % (Note 2)	Shares	Shares Holding % (Note 2)	Shares	Shares Holding % (Note 2)	Title (or Name)	Relationship	
Shing Lee Enterprise (Hong Kong) Limited	173,776,546	14.62%	—	—	0	0%	Asia Polymer Corporation,	Note 8	
Representative: Yu, Ching-Shou	0	0%	12,500,000	1.05%	0	0%	Note 4	Note 8	
Wholegainer Company Limited's investment account is under custody of Fubon Securities Co., Ltd.	110,000,000	9.25%	—	—	0	0%	None	None	
Asia Polymer Corporation	101,355,673	8.53%	—	—	0	0%	Shing Lee Enterprise (Hong Kong) Limited	Note 8	
Representative: Wu, Quintin	113,122	0.01%	—	—	0	0%	Yu, Ching-Shou	Note 8	
Yueh Hsing Hua Investment Co., Ltd.	20,621,422	1.73%	—	—	—	—	Hsueh, Mei-Liang	Company Director	
Representative: Hsueh, Hui-Liang	0	0%	0	0%	0	0%	Hsueh, Mei-Liang	Note 9	
Lin Su, Shan-Shan	19,853,807	1.67%	0	0%	0	0%	None	None	
Norges Bank Investment Account is under custody of Citibank (Taiwan)	19,054,491	1.60%	—	—	0	0%	None	None	



Name (Note 1)	Shares Held in Person		Share Held by Spouse & Minor		Shares Held in the Name of Others		Title or name and relationship of top 10 shareholders who are related parties or each other's spouses and relatives within the second degree of kinship (Note 3)		Remarks
	Shares	Shares Holding % (Note 2)	Shares	Shares Holding % (Note 2)	Shares	Shares Holding % (Note 2)	Title (or Name)	Relationship	
Limited									
Tai-Hsing Investment Co., Ltd.	17,791,424	1.50%	—	—	—	—	None	None	
Representative: Hsueh, Mei-Liang	6,442,271	0.54%	0	0%	0	0%	Hsueh, Hui-Liang	Note 9	
Yu, Wen-Hsuan	16,750,000	1.41%	0	0%	0	0%	Note 5	Note 8	
Yu, Wen-Tsung	16,750,000	1.41%	0	0%	0	0%	Note 6	Note 8	
Yu, Wen-Yu	16,750,000	1.41%	0	0%	0	0%	Note 7	Note 8	

Note 1: The name of top 10 shareholders shall be listed and the names of institutional shareholders and their respective representatives shall be separately identified

Note 2: Shareholding ratio is calculated separately based on the number of shares held in the name of the person, his/her spouse and minors, and others.

Note 3: Relationships between the aforementioned shareholders, including institutional and natural person shareholders should be disclosed based on the financial reporting standards used by the issuer.

Note 4: Wu, Quintin, Yu, Wen-Hsuan, Yu, Wen-Tsung, and Yu, Wen-Yu.

Note 5: Yu, Ching-Shou, Yu, Wen-Tsung, and Yu, Wen-Yu.

Note 6: Yu, Ching-Shou, Yu, Wen-Hsuan, and Yu, Wen-Yu.

Note 7: Yu, Ching-Shou, Yu, Wen-Hsuan, and Yu, Wen-Tsung.

Note 8: The representative of Shing Lee Enterprise (Hong Kong) Limited Mr. Yu Ching-Shou and the representative of Asia Polymer Corporation Mr. Wu, Quintin are related by marriage. Mr. Yu Ching-Shou is also the father to his daughters Yu Wen-Hsuan and Yu Wen-Yu and his son Yu Wen-Tsung. Yu, Wen-Hsuan, Yu, Wen-Tsung, and Yu, Wen-Yu are within the second degree of kinship.

Note 9: The representative of Yueh Hsing Hua Investment Co., Ltd. and the representative of Tai-Hsing Investment Co., Ltd. are relatives within the second degree of kinship.

X. Number of Shares Held by the Company, Its Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Investment Companies in the Same Investment Companies, and the Combined Calculation of Shareholding Percentages

December 31, 2020

Unit: Share, %

Reinvestment Entities (Note)	Ownership by the Company		Investments by Directors, Supervisors, managerial officers and directly or indirectly controlled enterprises		Total Ownership	
	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio
USIFE Investment Co., Ltd.	87,250,800	100.0%	-	0.0%	87,250,800	100.0%
Swanlake Traders Ltd.	30,000,000	100.0%	-	0.0%	30,000,000	100.0%
USI (Hong Kong)	159,999	100.0%	1	0.0%	160,000	100.0%
USI Management Consulting Corporation	671,400	100.0%	-	0.0%	671,400	100.0%
Union Polymer International Investment Corporation	616,268,754	100.0%	-	0.0%	616,268,754	100.0%
Taiwan United Venture Capital Corp.	32,900,000	70.0%	3,913,533	8.3%	36,813,533	78.3%
Chong Loong Trading Co., Ltd.	4,358,183	99.9%	-	0.0%	4,358,183	99.9%
Acme Electronics Corporation	49,250,733	26.9%	33,768,784	18.5%	83,019,517	45.4%
Swanson Plastics Corporation	62,616,299	40.6%	20,019,558	13.0%	82,635,857	53.6%
Cypress Epoch Limited	5,000,000	100.0%	-	0.0%	5,000,000	100.0%
INOMA Corporation	9,243,369	94.4%	-	0.0%	9,243,369	94.4%
USI Optronics Corporation	33,000,000	50.9%	28,263,712	43.5%	61,263,712	94.4%
Ever Conquest Global Limited	246,670,000	59.1%	170,475,000	40.9%	417,145,000	100.0%

Note: Invested by the Company using the equity method.

## Chapter 4. Funding Status

### I. Capital and Shares

#### (I) Source of Share Capital

Disclose the types of shares issued by the Company in the most recent fiscal year up to the publication date of this annual report

As of April 30, 2021; Unit: Shares; New Taiwan Dollars (NT\$)

Year and Month	Issued Price	Authorized Share Capital		Paid-in Capital		Remarks		
		Shares	Shares	Shares	Shares	Source of Capital	Capital Increased by Assets Other than Cash	Others
100.09	10	993,567,274	9,935,672,740	993,567,274	9,935,672,740	Recapitalization of earnings of NT\$1,295,957,310	None	Note 2(1)
101.08	10	1,142,602,365	11,426,023,650	1,142,602,365	11,426,023,650	Recapitalization of earnings of NT\$1,490,350,910	None	Note 2(2)
102.06	10	1,342,602,365	13,426,023,650	1,142,602,365	11,426,023,650	—	None	Note 2(3)
106.08	10	1,342,602,365	13,426,023,650	1,165,454,412	11,654,544,120	Recapitalization of earnings of NT\$228,520,470	None	Note 2(4)
107.08	10	1,342,602,365	13,426,023,650	1,188,763,500	11,887,635,000	Recapitalization of earnings of NT\$233,090,880	None	Note 2(5)

Note 1: The annual data shall be updated as of the publication date of this annual report.

Note 2: The effective (approval) date together with the doc. No. should be added for any capital increase.

(1) Approved document with Reference No. Ching Shou Shang Tzu 10001195590.

(2) Approved document with Reference No. Ching Shou Shang Tzu 10101178710.

(3) Approved document with Reference No. Ching Shou Shang Tzu 10201118240 (change of authorized capital).

(4) Approved document with Reference No. Ching Shou Shang Tzu 10601121280.

(5) Approved document with Reference No. Ching Shou Shang Tzu 10701105950.

Note 3: Shares traded below par value shall be indicated in a clear manner.

Note 4: Capital increase by currency debts or technology should be stated, and the type and amount of assets involved in such capital increase should be noted.

Note 5: Shares traded via private placement shall be indicated in a clear manner.

As of April 30, 2021; Unit: Shares

Types of Shares	Authorized Share Capital			Remarks
	Outstanding Shares (Note)	Unissued Shares	Total	
Registered Common Shares	1,188,763,500	153,838,865	1,342,602,365	Listed

Note: Please indicate whether the shares are issued by a company listed on the Taiwan Stock Exchange (TWSE) or the Taipei Exchange (TPEX) (Shares of which trading is restricted on the TWSE or those which are traded on the TPEX should be noted).

2. Information regarding shelf registration: Not applicable

#### (II) Shareholder Structure



April 13, 2021; Unit: Shares

Shareholder Structure Quantity	Government Agencies	Financial Institutions	Other Legal Persons	Individuals	Foreign Institutions and Natural Persons	Total
Number of Shareholders	0	3	248	91,518	273	92,042
Number of Shares Held	0	174,040	183,177,597	497,958,850	507,453,013	1,188,763,500
Shareholding Ratio	0	0.01%	15.41%	41.89%	42.69%	100%

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

### (III) Distribution of Equity Ownership

#### 1. Common shares

April 13, 2021; Unit: Shares

Shareholding Range	Number of Shareholders	Number of Shares Held	Shareholding Ratio
1 to 999	46,173	7,748,363	0.65%
1,000 to 5,000	32,511	69,833,588	5.88%
5,001 to 10,000	6,221	46,016,955	3.87%
10,001 to 15,000	2,428	29,659,238	2.49%
15,001 to 20,000	1,357	23,959,923	2.02%
20,001 to 30,000	1,190	29,383,048	2.47%
30,001 to 50,000	960	37,293,004	3.14%
50,001 to 100,000	603	42,998,178	3.62%
100,001 to 200,000	307	41,826,592	3.52%
200,001 to 400,000	125	35,944,078	3.02%
400,001 to 600,000	56	27,752,234	2.33%
600,001 to 800,000	20	13,751,305	1.16%
800,001 to 1,000,000	11	10,279,751	0.86%
1,000,001 and above (This range can be further classified where necessary)	80	772,317,243	64.97%
Total	92,042	1,188,763,500	100.00%

2. Preferred shares: None.

### (IV) List of Major Shareholders

# Funding Status



April 13, 2021

Major Shareholders' Name	Shares	Number of Shares Held (Unit: Shares)	Shareholding Ratio
Shing Lee Enterprise (Hong Kong) Limited		173,776,546	14.62%
Wholegainer Company Limited's investment account is under custody of Fubon Securities Co., Ltd.		110,000,000	9.25%
Asia Polymer Corporation		101,355,673	8.53%
Yueh Hsing Hua Investment Co., Ltd.		20,621,422	1.73%
Lin Su, Shan-Shan		19,853,807	1.67%
Norges Bank Investment Account is under custody of Citibank (Taiwan) Limited		19,054,491	1.60%
Tai-Hsing Investment Co., Ltd.		17,791,424	1.50%
Yu, Wen-Hsuan		16,750,000	1.41%
Yu, Wen-Tsung		16,750,000	1.41%
Yu, Wen-Yu		16,750,000	1.41%

(V) Market Price, Book Value, Earnings, and Dividends in the Most Recent 2 Years

Unit: New Taiwan Dollars (NT\$)/Share

Item		Year	2020	2019	Year-to-date through April 30, 2021 (Note 8)
		Market Price Per Share (Note 1)	Highest	23.15	14.60
	Lowest	8.11	11.40	18.55	
	Average	17.34	12.89	28.71	
Net Value Per Share (Note 2)	Before Distribution	17.66	15.70	18.91	
	After Distribution	— ※	15.20	— ※	
Earnings Per Share (Note 3)	Weighted Average Number of Shares (Thousand Shares)	1,072,298	1,072,298	1,072,298	
	Earnings Per Share Before Adjustment	2.25	1.19	1.16	
	Earnings Per Share After Adjustment	— ※	1.19	— ※	
Dividend Per Share (DPS)	Cash Dividends		1.0 ※	0.5	—
	Stock Dividends	Stock Dividends from Retained Earnings	— ※	—	—
		Stock Dividends from Capital Reserve	— ※	—	—
	Cumulative Undistributed Dividends (Note 4)		—	—	—
Return on Investments	Price-to-Earnings Ratio (Note 5)		6.31	10.47	5.37
	Price-to-Dividends Ratio (Note 6)		14.19	24.92	—
	Cash Dividend Yield (Note 7)		7.05%	4.01%	—

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

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

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

Note 2: Please fill these rows based on the number of shares that have been issued at the end of the fiscal year and the distribution plan approved at the Shareholders' Meeting in the subsequent fiscal year.

Note 3: If there was any retroactive adjustment required due to stock dividends, earnings per share before and after such adjustment should be listed.

Note 4: If there was any condition regarding the issuance of equity securities stating that undistributed dividends for the current fiscal year have to be accumulated till the year when a profit is recorded, the Company should separately disclose cumulative undistributed dividends as of the current fiscal year.

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



share.

Note 6: Price/dividend ratio = Average closing price per share for the current fiscal year/cash dividend per share.

Note 7: Cash dividend yield = Cash dividend per share/average closing price per share for the current fiscal year.

Note 8: For net asset value per share and earnings per share, data from the most recent quarter that has been verified (reviewed) by CPAs as of the publication date of this annual report should be filled. For other fields in this column, data from the current fiscal year as of the publication date of this annual report should be filled.

## (VI) Company Dividend Policy and Implementation:

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

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

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

### 2. Distribution of dividends proposed at the most recent Shareholders' Meeting

Cash dividends: The allocation of NT\$1,188,763,500 from earnings in 2020 for the distribution of cash dividends, where

a dividend of NT\$1.0 will be paid for every share, has been proposed. The proposal is still pending approval at the Annual General Meeting before the Chairman of the Board is given the authority to set the record date for dividend allotment.

3. Any expected material changes to the dividend policy should be further explained:

The Company's dividend policy is not expected to experience any material changes as of the publication date of this annual report.

(VII) Effects on the Company's business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent Shareholders' Meeting

Unit: NTD

Item	Year	2021 (estimated)
Beginning paid-in capital		11,887,635,000
Distribution of stock and cash dividends in the current fiscal year (Note 1)	Cash dividends per share	1.0
	Number of shares distributed per share held due to capital increase from earnings	—
	Number of shares distributed per share held due to capital increase from capital reserve	—
Changes in Operating Performance	Operating profits	Not applicable (Note 2)
	Ratio of increase (decrease) in operating profit over the same period last year	
	Net income after taxes (NIAT)	
	Ratio of increase (decrease) in NIAT over the same period last year	
	Earnings Per Share (EPS)	
	Ratio of increase (decrease) in EPS over the same period last year	
	Annual average return on investment (reciprocal of average annual price/earnings ratio)	
Pro forma earnings per share and price/earnings Ratio	If capital increase from surplus earnings is entirely replaced by distribution of cash dividends	Pro forma earnings per share
		Pro-forma average annual return on investment
	If capital reserves are not used for capital increase	Pro forma earnings per share
		Pro-forma average annual return on investment
	If capital reserves are not used for capital increase and capital increase by retained earnings is replaced by cash dividend distribution	Pro forma earnings per share
		Pro-forma average annual return on investment

Note 1: Distribution of dividends in 2020 is based on the profit distribution plan approved by the Board of Directors on March 8, 2021.

Note 2: The Company has no regulations in place for the publication of its financial forecast. Hence, changes in the Company's operating performance, pro forma earnings per share and price-to-earnings ratio are not applicable.

## (VIII) Remuneration Distributed to Employees and Directors

1. Percentage or range of remuneration distributed to employees and directors as stipulated in the Company's Articles of Incorporation:
  - (1) Employee remuneration: Employee remuneration shall not be less than one (1) percent of the Company's profit in the current fiscal year. However, the Company shall reserve its profit to cover its loss if cumulative loss is recorded. The above-mentioned employee remuneration can be distributed in the form of shares or cash. Remuneration may also be distributed to employees of the Company's subordinate companies when they meet certain conditions. Such conditions shall be set by the Board of Directors.
  - (2) Directors' remuneration: Directors' remuneration shall not exceed one (1) percent of the Company's profit in the current fiscal year. However, the Company shall reserve its profit to cover its loss if cumulative loss is recorded.
2. Basis for estimating the amount of remuneration to be distributed to employees and directors, basis for calculating the number of shares to be distributed as employee remuneration and accounting treatment for discrepancies between the actual and estimated amount of remuneration to be distributed for this period:
  - (1) Basis for estimating employee remuneration: To be calculated based on the condition that employee remuneration shall not be less than one (1) percent of the Company's profit in the current fiscal year.
  - (2) Basis for calculating the number of shares to be distributed as employee remuneration: Not applicable.
  - (3) Accounting treatment for discrepancies between the actual and estimated amount of remuneration to be distributed: If there is

any material change made to the amount of rewards upon approval by the Board of Directors, such changes shall be adjusted as annual expenses in the current fiscal year.

3. Distribution of remuneration approved by the Board of Directors:

- (1) Remuneration for employees and directors shall be distributed in the form of cash or shares. If there is any discrepancy between the abovementioned amount and estimated amount of recognized expenses for the current fiscal year, the amount, causes and treatment of such discrepancy shall be disclosed:

Employee remuneration: NT\$25,892,138 is distributed in the form of cash.

Director remuneration: NT\$3,000,000 is distributed in the form of cash.

There was no discrepancy between the amount of rewards to be distributed as approved by the Board of Directors and the recognized amount of rewards for employees and directors.

- (2) Dollar amount of employee remuneration distributed in the form of shares and its proportion to net income after taxes provided in the parent company-only or individual financial statements, as well as its proportion to the total amount of employee remuneration:

Not applicable as employee remuneration were not distributed in the form of shares.

4. If there is any discrepancy between the actual amount of remuneration distributed to employees and directors (including number and dollar amount of shares distributed, as well as share price) and the recognized amount of remuneration for employees and directors in the previous fiscal year, the amount, causes and treatment of such discrepancies should be stated:

- (1) Distribution of remuneration to employees and directors in the previous fiscal year:

Unit: NTD

Item	2019 Directors' and Employees' Remuneration Distribution Plan		Discrepancy	Description of Reason for Discrepancy
	Approved by the resolution of Shareholders' Meeting on June 12, 2020.	Approved by the resolution of the Board of Directors on March 9, 2020		
Remuneration of Directors	5,500,000	5,500,000	0	—
Remuneration of Employees	14,792,794	14,792,794	0	—

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

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



## II. Issuance of Corporate Bonds

### (I) Unpaid Corporate Bonds:

April 30, 2021

Type of Corporate Bonds (Note 2)	2015-1 Unsecured Ordinary Corporate Bond Corporate Bond B (Note 5)	2016-1 Unsecured Ordinary Corporate Bonds (Note 5)	
Issue Date	February 12, 2015	October 28, 2016	
Par Value	NT\$ 1 million	NT\$ 1 million	
Place of issuance and transaction (Note 3)	Taipei Exchange (TPEX)	Taipei Exchange (TPEX)	
Issued Price	NT\$ 1 million	NT\$ 1 million	
Total	NT\$ 1 billion	NT\$ 2 billion	
Interest Rate	1.90% per annum	0.80% per annum	
Maturity	7 years Maturity date: February 12, 2022	5 years Maturity date: October 28, 2021	
Guarantor	None	None	
Trustee	Trust Department, Mega International Commercial Bank Co., Ltd.	Taipei Fubon Commercial Bank Co., Ltd.	
Underwriter	None	Yuanta Securities Co., Ltd.	
Certified Lawyer	True Honesty International Law Offices Lawyer Kuo, Hui-Chi	True Honesty International Law Offices Lawyer Kuo, Hui-Chi	
Certified Public Accountant	Deloitte Touche Tohmatsu Limited CPAs Wei, Liang-Fa and Wu, Shih- Tsung	Deloitte Touche Tohmatsu Limited CPAs Kuo, Tzu-Jung and Wu, Shih- Tsung	
Repayment Method	Bullet repayment	Bullet repayment	
Outstanding Principal Balance	NT\$ 1 billion	NT\$ 2 billion	
Terms of Redemption or Early Repayment	Not applicable.	Not applicable.	
Restrictions (Note 4)	None	None	
Name of credit rating agency, rating rate and corporate bond ratings	USI was given a long-term and short-term rating of tw A-/twA-2 by Taiwan Ratings Corporation on November 25, 2014	USI Group was given a long-term and short-term rating of tw A-/twA-2 by Taiwan Ratings Corporation on November 27, 2015	
Cum Rights	Dollar amount of common shares already converted (swapped or subscribed) and global depository receipts or other negotiable securities as of the publication date of this annual report	Not applicable.	Not applicable.
	Regulations of Issuance and Conversion/Swap/Subscription	None	None
Possible dilution of equity or impact to shareholders' equity caused by regulations on the issuance and conversion, swap or subscription to stocks	Not applicable.	Not applicable.	
Name of Commissioned Custodian of Exchangeable Underlyings	Not applicable.	Not applicable.	



Type of Corporate Bonds (Note 2)	2017-1 Unsecured Ordinary Corporate Bonds (Note 5)	2019 - 1 Unsecured Ordinary Corporate Bonds (Note 5)	
Issue Date	October 27, 2017	April 26, 2019	
Par Value	NT\$ 1 million	NT\$ 1 million	
Place of issuance and transaction (Note 3)	Taipei Exchange (TPEX)	Taipei Exchange (TPEX)	
Issued Price	NT\$ 1 million	NT\$ 1 million	
Total	NT\$ 2 billion	NT\$ 2 billion	
Interest Rate	1.10% per annum	0.98% per annum	
Maturity	5 years Maturity date: October 27, 2022	5 years Maturity Date: April 26, 2024	
Guarantor	None	None	
Trustee	Taipei Fubon Commercial Bank Co., Ltd.	Taipei Fubon Commercial Bank Co., Ltd.	
Underwriter	Masterlink Securities Corporation	Yuanta Securities Co., Ltd.	
Certified Lawyer	True Honesty International Law Offices Lawyer Kuo, Hui-Chi	True Honesty International Law Offices Lawyer Kuo, Hui-Chi	
Certified Public Accountant	Deloitte Touche Tohmatsu Limited CPAs Kuo, Tzu-Jung and Wu, Shih-Tsung	Deloitte Touche Tohmatsu Limited CPAs Chuang, Pi-Yu and Kuo, Cheng-Hung	
Repayment Method	Bullet repayment	Bullet repayment	
Outstanding Principal Balance	NT\$ 2 billion	NT\$ 2 billion	
Terms of Redemption or Early Repayment	Not applicable.	Not applicable.	
Restrictions (Note 4)	None	None	
Name of credit rating agency, rating rate and corporate bond ratings	USI Group was given a long-term and short-term rating of tw A- /twA-2 by Taiwan Ratings Corporation on November 28, 2016	USI Group was given a long-term and short-term rating of tw A- /twA-2 by Taiwan Ratings Corporation on December 21, 2018	
Cum Rights	Dollar amount of common shares already converted (swapped or subscribed) and global depository receipts or other negotiable securities as of the publication date of this annual report	Not applicable.	Not applicable.
	Regulations of Issuance and Conversion/Swap/Subscription	None	None
Possible dilution of equity or impact to shareholders' equity caused by regulations on the issuance and conversion, swap or subscription to stocks	Not applicable.	Not applicable.	
Name of Commissioned Custodian of Exchangeable Underlyings	Not applicable.	Not applicable.	

Note 1: The issuance of corporate bonds includes public offering and private placement corporate bonds that are still under preparation. Public offering corporate bonds still under preparation refer to corporate bonds that have already been confirmed valid (approved) by the SFB, whereas private placement bonds still under preparation refer to corporate bonds that have already been approved by the Company's Board of Directors.

Note 2: The number of rows is adjusted according to the number of issues.

Note 3: To be filled as well if corporate bonds are issued overseas.

Note 4: Such as restrictions on the distribution of cash dividends, foreign investments or requirement for maintaining the asset ratio at a certain level.

Note 5: Private placement of corporate bonds should be indicated in a clear manner.

Note 6: Information regarding corporate bond conversion, information regarding corporate bond swap, status of shelf registration for corporate bonds and information regarding equity warrant bonds should be disclosed in table form according to characteristics.

(II) Corporate Bonds Still Under Preparation: None.

(III) Information regarding the Conversion of Corporate Bonds: None.

(IV) Information regarding Corporate Bond Swap: None.

(V) Information regarding Shelf Registration for Corporate Bonds: None.

(VI) Information regarding Equity Warrant Bonds: None.

III. Issuance of Preferred Shares: None.

IV. Issuance of Global Depository Receipts: None.

V. Issuance of Employee Stock Options: None.

VI. Issuance of New Restricted Employee Shares: None.

VII. Status of New Share Issuance in Connection with Mergers and Acquisitions: None.

VIII. Implementation of Capital Utilization Plan

(I) Content:

As of one quarter before the publication date of this annual report, previous issuance or private placement of marketable securities that have not been completed, or that have been completed but are yet to record any benefit within the past three fiscal years: None.

(II) Status of Implementation:

Not applicable.



## Chapter 5 Operations Overview - Consolidated Information

### I. Business Content:

#### (I) Scope of business:

##### 1 Major lines of business

- (1) Manufacture, processing and sales of polyethylene plastic raw materials (including ethylene vinyl acetate resin)
- (2) Manufacture, processing and sales of polyethylene plastic products (including ethylene vinyl acetate resin products)
- (3) Manufacture, processing and sales of catalyzers and related chemicals required by the plastics industry
- (4) Research and development of technologies in the plastics industry; the acquisition and sales of proprietary technologies and patents in the plastic industry, and licenses of such technologies and patents to others
- (5) Design, manufacture, processing and sales of plastic processing equipment
- (6) General import/export trade businesses (except those subject to special approval)
- (7) Businesses that are not prohibited or restricted by law, except those which are subject to special approval
- (8) Manufacturing of plastic processed products and required raw materials.
- (9) Manufacturing of plastic processed products and required chemical products for the manufacturing of plastic
- (10) Manufacturing and sales of technical services (including design and installation) for chemical machinery equipment (including vinyl chloride monomer (VCM) plant equipment)
- (11) Manufacturing, storage, transport, sales, import and export, and resale of VCM

- (12) Production and manufacturing, import and export, storage, and sales of dichloroethane (EDC)
- (13) Manufacturing and sales of degradable plastic materials
- (14) Machinery wholesaling
- (15) Manufacturing and sales of polystyrene (GPS) resins and foaming polystyrene (EPS) resins
- (16) Manufacturing and sales of acrylonitrile-butadiene-styrene copolymer resin (ABS)
- (17) Manufacturing and sales of styrene-acrylonitrile copolymer resin (SAN)
- (18) Manufacture and sales of plastic raw materials and processed products
- (19) Manufacturing and sales of glass wool and related products
- (20) Production and sales of cubic printing and related products
- (21) E303020 noise and vibration control engineering
- (22) E801010 interior decoration
- (23) Manufacturing and sales of manganese-zinc and nickel-zinc soft ferrite powder, ferrite cores, and other components related to inductors
- (24) Engaging in venture capital investments in invested businesses
- (25) Providing business management and consulting services to invested businesses and other venture capital investments

## 2 Proportion of each business

The revenue and proportion of the Company's main products are as follows:

<u>Product Item</u>	<u>Proportion of Revenue (%)</u>
Plastic Raw Materials	95
Electronic Materials	4
Others	1

## 3 The Company's current product items

- (1) Low-density polyethylene (LDPE)



- (2) Ethylene vinyl acetate resin (EVA)
  - (3) High-density polyethylene (HDPE)
  - (4) Linear low density polyethylene (LLDPE)
  - (5) Vinyl chloride monomer (VCM)
  - (6) PVC powder, plastic pellets, and chemicals
  - (7) PVC building materials and products: Plastic tubes, pipe fittings, plastic door panels and anti-corrosion protection films
  - (8) Plastic sheets: Soft plastic sheets, rigid plastic sheets, semi-rigid plastic sheets, adhesive plastic sheets and print plastic sheets
  - (9) Plastic leather and soft plastic leather
  - (10) Expanded polystyrene (EPS)
  - (11) Acrylonitrile-butadiene-styrene copolymer resin (ABS)
  - (12) General purpose polystyrene (GPS)
  - (13) Styrene (SM)
  - (14) Glass wool products
  - (15) Cubic printing (CUBIC)
  - (16) Impact-resistant polystyrene (IPS)
  - (17) Mn-Zn soft ferrite powder
  - (18) Ni-Zn soft ferrite powder
  - (19) Mn-Zn soft ferrite cores
  - (20) Ni-Zn soft ferrite cores
  - (21) High Purity SiC powder
- 4 Plans for new product development
- (1) Development of new optical-grade applied materials - Cyclic block copolymer
  - (2) 30L PVC synthesis test
  - (3) Low film gelatinization PVC powder
  - (4) Waterproof line for submerged water pump

- (5) AI control for PVC powder water content
- (6) Vinyl chloride acrylic copolymer resin cloth
- (7) Third-generation stain-resistant PVC leather
- (8) PU CASTING stain-resistant PVC leather
- (9) PVC multi-dimensional printed soft leather
- (10) PVC vacuum embossing stain-resistant soft leather
- (11) PVC water-based scratch-resistant soft leather for automobiles
- (12) PVC/TPE leather without solvent surface treatment
- (13) TPE highly expanded leather series for treadmills
- (14) TPE leather for American furniture/boats
- (15) Development of highly hydrolysis-resistant TPU material and related products
- (16) TPE series (R grade) for shoe products
- (17) Development of PVC cooling leather and cooling raw material supply chain
- (18) TPE leather for infant car seats
- (19) Leather combing TPE with PU
- (20) PVC/TPE leather series of low VOC
- (21) High-speed laminating film-grade, high-viscosity pre-coating film-grade, and other special-grade EVA products
- (22) Development of acrylonitrile-butadiene-styrene (ABS) polymers for low volatility materials
- (23) Development of acrylonitrile-butadiene-styrene (ABS) polymers for thermally stable materials
- (24) Development of low impedance, anti-static expanded polystyrene (EPS) for electronic packaging materials
- (25) Development of expanded, non-flammable polystyrene materials for environmentally friendly and energy-saving automotive/electrical appliance interior components
- (26) Design, application and development of materials and iron cores



with frequency up to 10 MHz

- (27) Development of 3D/4D vehicle sensor iron cores.
- (28) Development of power materials and iron cores for electric vehicle charger boxes
- (29) High flux/high Curie temperature choke materials and iron cores for automotive applications.
- (30) Development of CAN bus materials and iron cores for automotive applications.
- (31) Development of automotive airbag connector materials and iron cores.
- (32) Development of amorphous and superfine alloy materials and iron cores.
- (33) Development of SiC power semiconductors and semi-insulating powder for monocrystal growth.
- (34) Development of SiCC ceramic powder and ceramic chips.

## (II) Industry Overview:

### 1 The current state and development of the industry

Since Formosa Petrochemical Corporation' Sixth Naphtha Cracking Plant went into production, Taiwan's PE/EVA production has increased year by year, and it has generally remained stable in recent years. At present, the three main PE/EVA manufacturers in Taiwan are the Company (including USI and APC) and Formosa Petrochemical Corporation. As a new EVA production line was put into production in both USI and APC, respectively in 2016, the total domestic production volume in 2020 reached 1.237 million metric tons, of which HDPE accounted for 606,000 metric tons, LLDPE 166,000 metric tons, and LDPE (including EVA) 465,000 metric tons. In terms of domestic market demand, in 2020, the total domestic demand for HDPE was 383,000 metric tons, LLDPE 251,000 metric tons, and LDPE (including EVA) 244,000 metric tons. The overall domestic market of PE/EVA is in the state of oversupply; however, because of low import tariffs and competitive prices, imported materials still account for a certain percentage.



Owing to the COVID-19 ravages, operations in 2020 were affected first in Mainland China after the Lunar New Year, and then the effect spread to Europe and India, where ports and cities were locked and closed. The vinyl chain in the industry was severely affected in April and May. However, as the pandemic eased, the market began to bottom out and rebound with the blockade being lifted around the world. This, coupled with unanticipated production disruptions around the world, further boosted the PVC market. By the end of the year, the strong upward trend had not stopped and is expected to continue into 2021. In terms of raw materials, also affected by COVID-19, coupled with new production capacity, ethylene prices fell sharply in April, approaching the low point during the financial turmoil. Later, as the pandemic subsided, demand recovered, and oil prices rose, ethylene prices rebounded in tandem. The prices pushed all the way up to a new high of the year at the end of year. EDC also experienced a V-shaped trend. In the second quarter, prices plummeted due to reduced demand as a result of the COVID-19 closure. The U.S. also saw a record low export price. However, with the lack of profit, chlor-alkali plants cutting production, and the successive force majeure declarations issued by U.S. manufacturers, the supply of EDC plunged, and prices soared, even hitting a ten-year high in December.

There are many fellow ABS/PS producers domestically, and ABS/GPS/EPS each has four producers. Domestic demand accounts for merely 15% of the annual production of each product while the rest is exported to maintain normal operations by depending on export sales. The trend of globalization and regional economic integration are important directions for future development. Because of cost competitiveness and the response to competition from U.S.-China trade, downstream processing plants are slowly shifting from Mainland China to Southeast Asian countries to set up factories. In addition, the Middle East, Africa, and Central and South America are emerging markets with relative potential for demand growth. With abundant manufacturers engaged in EPS production in Mainland China, the total production

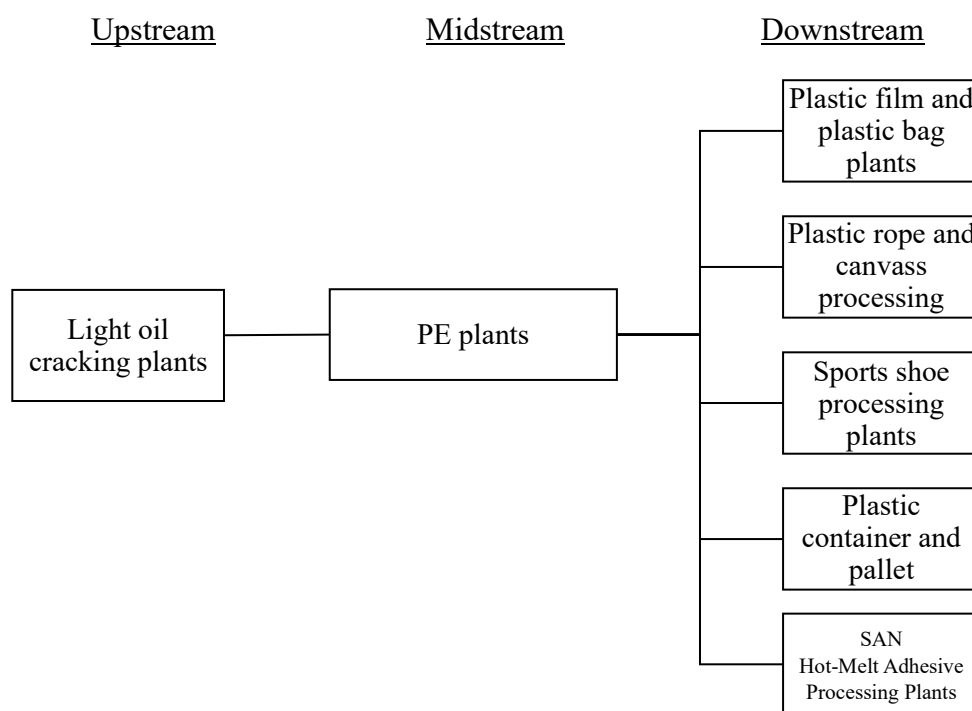


capacity of EPS in the country is also far greater than the domestic demand. According to the statistics 2020, the annual production capacity of EPS was 6.38 million tons in Mainland China, with an operating rate of only 50% or so. EPS demand by application is basically divided into four segments: electrical appliances packaging, fruit and vegetable boxes, ceramic packaging, and panels, of which electrical appliances packaging and construction panels are dominant. As regards market distribution by region, it is mainly concentrated in South China (Guangdong), East China (Jiangsu and Zhejiang), North China (Shanxi, Hebei and Shandong) and Northeast China (Heilongjiang, Jilin and Liaoning). South China and East China are mainly for electrical appliances packaging whereas North China and Northeast China are mainly for construction panels. With advancements in the Chinese government's policy for expanding the domestic market, the electrical appliance production sites in South China and East China have gradually relocated inland along the Yangtze river basin. The relocation is exemplified in the emerging appliance manufacturing bases in Hefei, Wuhan, Chongqing, and Chengdu. Demand in the North China and Northeast China regions, which has been affected by the severe overcapacity, and unregulated actions on the market have led to the deterioration of the competitive environment in the regional market. Moreover, the increasingly stringent environmental protection policies in China have led to early closure or relocation of some EPS molding plants.

In respect to ferrite powder and iron cores, such materials are mainly applied in the production of coil inductors which is a type of inductive material of passive components. Inductors are mainly used for preventing electromagnetic interference, filtering noise in electric current and power conversion. In addition to the aforementioned functions, inductors can also be used along with resistors and capacitors to demonstrate filtering functions. For example, inductors can be used as upstream material for filters, chokes, ballasts, switch power supplies, and various transformers (e.g. inverters, converters, inductors and telecoms), and can be further applied to common electronic products, such as (wireless)

chargers, cloud servers, desktop computers, notebook computers, liquid crystal displays, LED TVs, smartphones, automotive electronics and communication network devices. This is because inductors can stabilize current and remove noise. In 2020, demand of 5G and automotive electronics applications grew, and the U.S.-China trade war persisted. Demand of stay-at-home economy also grew under the influence of the COVID-19 pandemic. The annual growth of passive components was approximately 8%, and the demand for them is expected to continue to grow.

## 2 Correlations between upstream, midstream and downstream Industries



The Company has maintained good upstream and downstream relationship with CPC Corporation in Taiwan for a long time, and both the companies can mutually complement with each other in business. In the future, the Company will still actively seek to tighten up its partnership with CPC Corporation. There are three PE manufacturers in Taiwan and each of these manufacturers has its own supply and sales system. Nevertheless, the Company continuously strives for excellence by improving product quality and production volume, thereby being able to provide high-quality



products to a large number of downstream processing companies which subsequently enhance their product processing standards and lead to cooperation with the Company in market development.

Ethylene dichloride (EDC), the raw material to manufacture VCM in the upstream, is procured from Formosa Plastics Corporation and overseas manufacturers. Ethylene is procured from CPC Corporation in Taiwan and other overseas manufacturers, while liquid chlorine is procured from Taiwan Chlorine Industries Ltd. Vinyl chloride monomer (VCM) is produced from cracking EDC, and hydrochloric acid gas is the by-product. Ethylene, oxygen and hydrochloric acid produce EDC via oxychlorination. VCM produces PVC resin via polymerization, which is then supplied to secondary plastic processing plants in Taiwan in order to produce a series of plastic products such as PVC leather, film/sheet, pipe and compound.

The primary raw material for GPS and EPS is styrene monomer (SM) while that for ABS includes SM, acrylonitrile (AN), and butadiene (BD). SM producers in Taiwan include Taiwan Styrene Monomer Corporation, Formosa Chemicals & Fibre Corporation, and Grand Pacific Petrochemical Corporation. They have a combined output of approximately 2.23 million MTA, which is sufficient for total domestic demand (annual demand is approximately 1.85 million MTA in Taiwan). SM is traded in large quantities in international trade, and the transportation conditions are more convenient. Therefore, it is relatively easy to obtain. In addition to making purchases from domestic sources, some of the SM required in Taiwan is purchased from foreign sources on a spot basis. The total annual production capacity of SM producers in Mainland China is currently about 11.85 million tons. There have been expansions and new plants since 2021, resulting in an oversupply, and therefore SM producers in Mainland China seek to export SMs. The main raw material of EPS, SM, for the Company's Zhongshan plant is obtained mainly from domestic SM plants in Mainland China while the rest is supplied steadily by overseas major SM manufacturers through contracts. AN producers in Taiwan include China Petrochemical Development Corporation and

Formosa Chemicals & Fibre Corporation. They have a combined output of approximately 510,000 MTA, sufficient for all domestic demand (annual demand is approximately 380,000 MTA in Taiwan). AN is toxic and its transportation is governed by numerous regulations and restrictions. It is therefore not favored for long-distance transportation. The Company can obtain sufficient quantities of AN from domestic sources and does not depend on imports. BD producers in Taiwan include CPC Corporation and Formosa Chemicals & Fibre Corporation. They have a combined output of approximately 600,000 MTA, which equals the overall domestic demand of 600,000 MTA. However, companies sometimes import the product during annual maintenance shutdowns. The main users of this product are the rubber industry and ABS production plants. The Company can obtain sufficient BD from domestic sources. The upstream materials for ABS/PS/EPS are crude oil derivatives and prices usually fluctuate along with fluctuations in oil prices. Reference prices of raw materials for SM/AN/BD are available globally for buyers and sellers. Downstream customers are mainly small and medium enterprises with a generally low processing scale. The design of molds and craftsmanship also differ based on product design provided by final customers. ABS/PS/EPS plants have to meet the downstream customers' needs for changes and provide technical services and material recommendations upon request.

In respect to magnetic iron oxide powder and cores:

Upstream	Midstream	Downstream	Product Application
Iron oxide Manganese oxide Zinc oxide Nickel oxide Copper oxide	Manganese-zinc ferrite core Nickel-zinc ferrite core Manganese-zinc ferrite powder Nickel-zinc ferrite powder	Upstream component for power transformers, load coils, choke coils and degaussing coils	Information products: Power supplies, monitors, motherboards, hard drives, optical drives, printers, scanners and other computer peripheral devices Telecommunication products: Transmission devices such as smartphones, telephones, fax machines, switches and servers, as well as end-user devices Consumer electronics: tablets, digital cameras, game consoles, CD/DVD players, LED TV, audio, etc. Others: Automotive electronics, solar energy, wireless chargers etc.



### 3 Product development trends and competition

In terms of domestic sales, there are currently three domestic PE and EVA manufacturers. Over the years, their respective supply and marketing systems have been formed. However, due to the low import tariffs, LDPE, HDPE, and LLDPE products still account for a considerable proportion of the import. In terms of the export market, Taiwan is always the main exporter of petrochemical products, such as PE and EVA; the export areas are mainly Mainland China, Southeast Asia, and South Asia. In addition to the Middle East and some ocean-going goods from Europe and the US, the main competitors in Asia include manufacturers from Japan, South Korea, Thailand, Singapore, Malaysia, India, Indonesia, and Mainland China. In recent years, with rising local protectionism, countries, including ASEAN members, Mainland China, and India, have successively implemented differentiated tariff policies. Our main competitor, South Korea, has taken a lead in trade negotiations. Even ASEAN countries, such as Thailand and Singapore, have continuously expanded their production capacity in recent years with the benefits of preferential tariffs, which has greatly affected the competitiveness of Taiwan's petrochemical products. Moreover, new PE production capacity of several million tons has been put into operation in North America in the past two years with the shale gas as a raw material; the low cost of ethylene produced accordingly has posed a great threat to Asia's light cracking naphtha plants. Faced with this severe challenge, the Company has continued to develop differentiated products for the market in recent years to avoid general specification-based price-undercutting competition while actively strengthening its international marketing capabilities and developing its business layout in Russia, Pakistan, Vietnam, Cambodia, Myanmar, and Central and South America to avoid the risk of excessive market concentration.

Currently in Taiwan, the annual production of VCM in the PVC industry consists of 485,000 tons produced by the Company and 1,644,000 tons produced by Formosa Plastics Corporation. The annual production volume of PVC at the Company, Formosa Plastics Corporation and Ocean Plastics Co., Ltd. is 450,000 tons,

1,735,000 tons, and 120,000 tons, respectively. The main downstream processing industrial players in need of the material include manufacturers of plastic tapes, plastic sheets, and building materials. In 2020, the number of domestic public works projects and private housing sales and construction projects grew significantly from 2019. In addition, returning Taiwan businesses purchased land to build factories, and the construction industry enjoyed better business, rendering the demand for building materials stronger. In terms of export markets, the global economy was hit by COVID-19 in 2020, but the raw material market showed an upward trend in the second half of the year. Boosted by strong demand from India and South America, the Company was able to close the annual sales gap and reduce the annual rate of decline to 8%. The Company's operating strategy for 2021 is still maintained at a 100% production-sales ratio. However, particular attention shall be paid to price-volume control due to the soaring EDC/ethylene cost in the upstream sector.

ABS was originally classified as a kind of high-priced/high-profit engineering plastic. However, the material has gradually lost its edge and become more of the kind of general-purpose plastic after Chi Mei Corporation in Taiwan and LG in South Korea competed to increase their capacity and became the first and second largest plants in the world, respectively. ABS resin are widely used in automotive engineering, electronics, electrical appliances, equipment and building materials, due to the product's synthesized feature of resistance to impact, heat, low temperature, and chemical erosion, in addition to its modability and surface gloss. It is a type of polymer material between general-purpose plastic and engineering plastic. In Mainland China, the downstream consumption of ABS is mainly concentrated in the household appliance industry, accounting for 60% of the total market share. Among all the applications, air conditioners, vacuum cleaner, refrigerator and laundry machines incur the most demand for ABS. In 2020, under the influence of the pandemic, stay-at-home economy significantly increased the demand for home appliances and sports equipment, and the profit reached an all-time high. GPS



is widely used plastic whose market value mainly fluctuates with the price of raw material SM. Due to the advantage of vertical integration, Taiwan's largest GPS manufacturer, Formosa Chemicals & Fibre Corporation, has a lower GPS production cost than other manufacturers, and thus it can easily dominate the market. Other GPS manufacturers in Taiwan (including the Company) all use externally purchased SM material to feed their GPS production lines; therefore, SM price have a material impact on these companies' competitiveness. The Company is the only manufacturer in Asia who adopts NOVA manufacturing technology in the production of GPS. Featuring the character of low free monomer, the quality of the Company's product is competitive in the market and is mainly distributed in Taiwan and Mainland China. The principal market of GPS has stable demand for disposable tableware. There are no obvious seasonal differences. In recent years, fellow manufacturers have not expanded production, and last year, some of the fellow manufacturers withdrew from the industry, and therefore, the Company saw an increased rate of capacity utilization for GPS and a widened spread. Because of the gradual relocation of large processing plants in Taiwan, the demand for EPS as packaging has declined. Taiwan is situated in the subtropical zone, where EPS is rarely used as insulation in construction, so the four EPS manufacturers in Taiwan currently have about 90% of sales from exports, covering the world. The Company's Zhongshan Plant, Mainland China reported a shortage of production and sales in 2020 as a result of the shutdown of a fellow manufacturer's Dongguan Plant, which had an annual production capacity of 300,000 tons, and the increase in demand for home appliance packaging due to the pandemic.

In respect to ferrite powder and iron cores, rapid development of 3C products has encouraged downstream manufacturers to continuously launch new products in response to changing consumer demand. With the function of electronic products enhanced and the polarized market trend evolving towards the development of large-sized transformers as well as the development of micro-miniature inductors, customers' demand regarding product



characteristics such as functions, materials, and shapes should all be considered into the design of a product's materials, formulas, impedances, dimensions and appearances. The requirement for temperature endurance, high frequency, resistance to high electric current and micro-miniature size just complicates the market trend but should not be eliminated in product design either. The Company's products are mainly sold in Mainland China. Currently, the Company's principal competitors are the iron core manufacturers in Mainland China and Japan. Since there are many competitors in this industry, and the price competition is fierce, the Company has established a competitive advantage by enhancing the added value of its products, improving the manufacturing process to reduce production costs, and bettering the quality of its products in a comprehensive fashion for effective market differentiation. In addition, the Company has established an all-round support service to be in line with customers' need for product development. This has helped the Company shaping competitive advantage in differentiation over other competitors. By cooperating with customers in the research and development of future products, the Company has been able to keep a close eye on market dynamics as well as enhancing its business competitiveness.



## (III) Overview of Technology and Research &amp; Development:

- 1 Research and development expenditures invested during the most recent fiscal year

Unit: NT\$ thousand

	2020	As of the end of April, 2021
R&D Expenses	362,961	137,397

- 2 Technologies and/or products successfully developed
  - (1) New specifications of ethylene vinyl acetate resin
  - (2) Performance enhancement of high-density coating materials
  - (3) Development of the application of high-performance shoes made of foaming material
  - (4) Development of new dosage and application of fire-retardant addition liquid
  - (5) Application development and performance enhancement of hot-melt adhesives
  - (6) Development of high-liquidable hot-melt adhesives
  - (7) Development of shock-absorbing eco-friendly elastic materials without adhesives
  - (8) Development of polyolefin used in LCD monitors and biomedical testing equipment, and its applied materials
  - (9) Development of high-liquidity HDPE
  - (10) Production technology for the second-generation stain-resistant leather for furniture
  - (11) PVC foaming pipe production technologies
  - (12) TPE highly foaming soft leather production technologies
  - (13) Advancement of the wear-resistant rubber surface treatment production technologies
  - (14) PVC rigid-foaming door panel production technologies and formula
  - (15) Arsenic-free mildew-proof agent application technologies
  - (16) Independent charging of cold and hot pure water in reaction tanks

- (17) PU/TPE compound leather production technologies
- (18) TPE (TPU) soft leather formulation technologies for yellowing-resistant shoes
- (19) PVC anti-slip adhesive pad
- (20) Leather-like PVC for household cars in Australia
- (21) PVC stain-resistant printing soft leather for Europe
- (22) Third-generation stain-resistant PVC leather
- (23) 60" PVC plastic leather for agricultural equipment
- (24) Double-color rolled hole automotive PVC leather
- (25) Second-generation PVC cat scratch-prevention furniture soft leather
- (26) Soft PVC leather for agricultural machinery seats
- (27) PVC foaming pipe
- (28) PVC building material (foam door panel)
- (29) PVC breathable soft imitation leather for furniture
- (30) PU casting PVC stain-resistant leather
- (31) Vacuum embossed stain-proof soft rubber
- (32) Exported plastic pellets for discharge pipes
- (33) 90°C temperature-resistant outer wires
- (34) PVC imitation cloth feeling breathable furniture soft leather
- (35) TPE highly foaming soft leather for shoes
- (36) TPE leather for baby strollers
- (37) TPE anti-sliding plastic sheet
- (38) Development of the production technology for the large batch production of V18161 low crystal dot coating grade EVA products
- (39) Development of production technologies for low crystallization point coating-grade high-speed laminating film EVA product V18251
- (40) Wooden flooring glass wool sound insulation system has passed



the test of Green Building Material Technology Service Center of National Pingtung University of Science and Technology, with  $\Delta L_w=20\text{dB}$  for snap-in marble and  $\Delta L_w=22\text{dB}$  for snap-in wood flooring.

- (41) Low VOC EPS is developed for environmental protection and energy saving, and promoted to be used in the markets of automobile materials and furniture fillers.
- (42) Development of anti-static expanded polystyrene (EPS-351SSAA).
- (43) The quality of fast expanded EPS is improved to increase hardness of and decrease water leakage of molded products for packaging material market.
- (44) Universal acrylonitrile-butadiene-styrene copolymer resin (ABS) is certified to UL RTI.
- (45) Acrylonitrile-butadiene-styrene copolymer resin (ABS) VOC is improved and can effectively reduce the residual methyl methacrylate monomer.
- (46) ABS, GPS, and EPS process improvement with cumulative energy savings of approximately 6.49%. (The total energy savings from 2015 to 2024 required by central policy is 10%.)
- (47) Mn-Zn high frequency and Low Loss Material P452/P53.
- (48) Ni-Zn High Permeability and High Tc K151.
- (49) High purity 6N SiC Powder for semi insulating powder.
- (50) High purity ceramics SiC powder AFSC4/AFSC3.
- (51) Low Core Loss at Wide Frequency 200 to 500kHz (P452i).
- (52) High  $\mu_i$  ( $\cong 10000$ ) and High Impedance Ferrite Material (A105).
- (53) Ceramic injection molding (CIM) for mini-sensor.
- (54) Low Core Loss at Wide Frequency 200 to 500kHz (P452ii).
- (55) Ni-Zn High Permeability and High Tc  $> 130^\circ\text{C}$  (K201).
- (56) Amorphous alloy for power inductor.
- (57) Nanocrystalline Soft Magnetic.

#### (IV) Long-term and short-term business development plans

##### 1 Short-term business development plans:

For short-term business planning, due to lack of ethylene supply based on the contract with CPC Corporation, the Company not only is committed to searching for sources of low-priced ethylene, but also continuously develop differentiated products, optimizes product mix, and reduces production costs, thereby enhancing product profitability and the competitiveness in the domestic market. In terms of exports, the Company plans to continuously solidify its position in the markets outside the market in China to diversify risks. Additionally, the Company will comprehensively enhance service quality, improve product structure and focus on differentiation and customization to address niche market needs in order to avoid vicious low-price competition. The Company has the advantages of high quality and reputation in the solar packaging film-grade and special hot melt adhesive market. In recent years, the solar market has developed vigorously. To meet clients' urgent needs, the company established two new EVA production lines with a total annual production capacity of 90,000 tons, which was successfully put into production in the middle of 2016. The products were immediately recognized by clients. At present, the overall EVA sales were smooth. For the investment in the Gulei Project, the Company has begun to establish a plant with the aim of having a stable supply of raw materials in the upstream section and integrating both petrochemical raw materials and plastics refining in the mid-stream section, so as to enhance its overall cost support and reduce transportation costs while alleviating the price competition in the international market, thereby enabling the Company to establish a foothold in the Greater China market. The Company will continue to research and develop CBC optical materials and apply CBC's characteristics of high purity and low dissolution to vaccine vials, pre-filled syringes, blood collection tubes, and other related medical devices.

The Company will strengthen integrated operations of VCM-related industry chain in order to stabilize high production volume and quality and actively explore stable sources of raw material supply.



In view of PVC, the Company is keenly to establish cooperative and reciprocal relationship with major clients of PVC powder, while continuously acquiring new clients and enhancing development in high-value sectors. Therefore, both domestic sales and the market share are expected to be maintained in 2021. The production capacity of the plants in Toufen and Linyuan are utilized in flexible ways to enable product diversification, labor division, thereby decentralizing the customer and market base. The Company has set up policies to select customers with good credit ratings for sales and strengthen major distribution channels to increase the proportion of sales with downstream manufacturers. All these have been done in an attempt to balance market fluctuations between the peak and off-peak seasons, and eliminate the bottleneck of excessive sales concentration on retailers. Affected by the epidemic, the global economy in 2020 saw a declined demand. In response to this, the Company seeks to constantly consolidate its relationship with channels, expand supply chain integrity into downstream partnership, and improve the overall service quality to secure constant product supply and increase sales volume in chemicals. Particularly for the 45% liquid caustic soda product, the Company keeps making solid relationship with core customers in order to maintain its market share. The Company will continue to develop new PVC pellet products with niche and medical devices, hard pipes and relevant parts, and low-odor transparent pellets as the mainstream. Additionally, the Company will continue to enhance product quality, and ensure accurate delivery and services. In Bangladesh, business opportunities for pipe sales are keenly pursued by collaborating with local large-scale manufacturers and small and medium-sized users to promote the PVC pellet products. Through international trading services on the Internet, the Company will secure the opportunity of participating in major markets to sell PVC pellet products to emerging markets, such as Central Asia and South Asia. With respect to PVC plastic products, the pipe product assortment will be adjusted in order to increase its market share in general-purpose construction pipes and waterproof materials. The Company will also increase the market share in construction pipes and actively participate in the supply of public works to increase

and improve profitability. The Company will promote environmentally friendly PVC plastic products, enhance the added value of products and brand image; it is expected that material innovation will enhance sales in the market. On top of that, advertisements on media, website broadcasting design, and participation of various major exhibitions are made to enhance product awareness and expand business opportunities for the plastic leather / sheet products. The Company will also join forces with its peers to strengthen the supply of various types of artificial leather, with the purpose of increasing its product portfolio and enhancing horizontal competitiveness. The formula of the FORBID stain-resistant product is upgraded to improve the cleaning effect. A water-based formula is developed to create more market opportunities. The leather-like product used to make seats and the inner lining of agricultural equipment has seen steady sales in North America, with a sales order clinched from a major tractor seat manufacturer in the U.S serving as a stable source of revenue for the year. Due to this, the Company's product portfolio and sales performance is estimated to experience a strong rise in the future. The Company endeavors to enter the OEM truck market to increase sales of interior leather and seat leather and expand the range of product applications. The upgraded anti-mold formula for plastic leather used in ships have met the REACH requirements. Hence, the Company is expected to establish and benefit from a stable source of orders for this product in the European market. We shall also upgrade the anti-UV formula for leather used for boats to enter the OEM marine leather market in the United States. The Company will also make improvements in formulas and related labels to make them in line with the regulatory requirements of Prop #65 implemented in the North American market; hence, the Company's market operations in this region is expected to be more sound and robust. The Company will promote environmentally friendly materials and new products for the furniture, marine, automotive, and footwear markets. It is expected that more sales will be created because of its innovative materials. With marketing power strengthen in the rigid plastic sheet market in Asia, an increase in market share was obviously seen as a result. The development of



the automotive tape market in Europe and Southeast Asia is expected to increase the shipment performance in 2021 substantively. By making use of new production capacity, the Company can continue to develop plastic sheets, pool cloth, and water-proof cloth to enlarge its customer base. With the support of capacity expansion and market recovery during the post-pandemic period, our shipment performance will grow as compared with 2020. The pandemic is not favorable to trade shows. Therefore, the Company will continue to use e-commerce/Internet services to capture business opportunities in various markets for promotion.

The proportion of direct clients will be raised for ABS. In the production of ABS, new Toyo SAN manufacturing process is set in place, and improvement in the background color and quality of the ABS product has also been seen. In the future, the Company will actively make good use of these advantages to reach out to quality customers in need of electroplating-grade, and high-liquidity ABS. The Company will continue to improve the proportion of production and sales of the injection-grade GPS with better profitability, and by tapping into the advantage of the quality of NOVA's manufacturing process, there is an opportunity for continued growth in the optoelectronic market so as to improve the profitability of GPS. The Company will increase the proportion of production and sales of general EPS, which is more lucrative, and continue to meet the demand of anti-static EPS customers and develop high value-added LOW VOC products to increase sales volumes. The Company will realize the integrated supply chain management to maximize production and sales and maintain the inventory of raw materials and finished products at a low level. The Company will strengthen the profit analysis of customers, select more favorable customers and products, and plan and implement market segmentation strategies to maximize benefits. The Company will develop and advance high value-added products to strengthen market competitiveness. We shall expand functionality and flexible organization and actively expand export sales, particularly develop the market in emerging and developing countries. We will work with main customers in product development to launch new product



range and expand into new markets. In view of EPS sales, material supply is constantly maintained stable in South China. Along with the quality of fast-molding materials and ultra-light materials improved, the Company is able to maintain basic sales volumes while expanding business into markets with good profitability. The Company will continue to strengthen core markets (in Yunnan and Guangdong Provinces) and develop markets in Guangxi, Fujian, Sichuan, and Hubei so as to further enhance regions that favor market sales. By taking the advantage of complementary market demands, different specifications in sales are balanced. The scope of technical service and the capability of providing such service for technical customers are persistently upgraded to consolidate customers' loyalty. The Company will continue to improve the concentration degree of pellets and the screening capacity to meet market demand.

In terms of ferrite powder and cores, the Company will continue to develop new materials, new technology and new products, and integrate the cost advantage of factories in Mainland China to increase competitiveness and market share. The Company's existing sales offices in South China, East China, and Chengdu will continue to enhance services for downstream customers, and stay close to them in order to respond quickly to their needs. The Company will also work in collaboration with international major manufacturers to implement the Design-in/Spec-in process and recognize their new product designs. As a result, the Company's product portfolio can be adjusted to enhance profitability.

## 2 Long-term business development plans

In the long-term planning of its PE/EVA business, the Company will actively expand this business into markets including Southeast Asia, South Asia, East Asia, the Middle East and the Americas in order to diversify risks due to excessive market concentration. In addition, the Company will find a stable source of ethylene and seek opportunities for vertical integration, thereby controlling the cost of raw materials in the upstream to get a foothold in the global market, and expanding its sales strategies by integrating refineries in both the upstream and the downstream.



In VCM business, occupational health and safety policies will be intensified companywide and production processes will be stabilized in plants; all these will be made in the hope to reduce cost and ensure long-term stability for the Company's product supply. The Company will enhance product differentiation for PVC powder and continue to promote product applications with special specifications. The existing production capacity for chemicals will be fully utilized, and the bottlenecks in equipment will be removed to improve product quality and production volume, as well as establishing stable sales channels. In the meantime, the Company will continue to enhance PVC pellet product quality and to develop new functional formulas, while engaging in the research and development of high-end products to be in line with market demands and to increase the competitiveness of the PVC pellet products. The Company will enhance research on processing technologies for PVC plastic products, and improve equipment and its environment in order to produce differentiated products, thereby segmenting the increasingly competitive traditional product market. The Company will improve the production capacity and raw material formula of PVC plastic product machines, develop high value-added products, and expand the production capacity of professional products to increase the market share. The PVC products will continuously be promoted in regions with high economic growth potential, such as Southeast Asia, Bangladesh, Vietnam, and South America. The product portfolio to be promoted includes SRT stain-resistant leather, cooling leather, automotive leather and stationery / universal / pool adhesive sheets. The Company will search for information on fashion and trends to continuously develop trendy emboss and color combinations, and jointly develop new PVC plastic products with its peers to create a more complete product portfolio, thereby allowing for the acquisition of more customers. In line with the updated environmental protection regulations, the Company will continue to adjust the formula and various supporting measures, and optimize the equipment in order to enhance the value of the products. The Company will continue to develop and promote environmentally friendly materials to the markets ranging from footwear, automotive,

furniture, marine to flooring products. The Company will try to reduce the production cost of environmentally friendly materials to enhance market competitiveness and acceptance. The Company will continue to monitor the impact of the U.S.-China trade war and COVID-19 on the industry in 2021 and the production and sales trends resulting from the downstream shift of production bases. The shortage of COVID-19 vaccines has slowed down the vaccination schedule in various countries, and the speed of economic recovery worldwide may be affected.

The Company will collect information on trends in the selection of materials in the electronics and develop suitable products and materials. With the improvement of physical properties of its products, the Company will increase market share in the "high-quality, high-priced" market segment. The Company will increase its market share in overseas emerging markets. The Company will also reduce its reliance on materials suppliers and acquire direct customers. The Company will collect information on trends in the selection of industrial materials so as to adapt to industry adjustments and develop suitable products and materials.

The Group's related resources will also be integrated in order to continuously develop businesses related to ferrite powder and cores, as well as new materials. The Company will also actively acquire potential customers and develop new locations so as to increase its market share. On the other hand, the Company will continue to nurture international marketing talents, set up overseas sales offices, and keep abreast of information related to international markets in order to achieve the goal of internationalization.



## II. Market, Production and Sales Overview

### (I) Market Analysis:

#### 1 Sales regions and market share of major products

Domestic polyethylene (PE) plastic raw materials are used by USI, APC, and Formosa Plastics Corporation to manufacture low-density polyethylene (LDPE) and ethylene vinyl acetate (EVA). High-density polyethylene (HDPE) and linear low-density polyethylene (LLDPE) are manufactured by USI Corporation and Formosa Plastics Corporation. USI's PE/EVA sales in the domestic market account for 40% of total, while 60% of the sales are originated from export. The Company's products are exported to different countries, including the United Arab Emirates, Australia, Bangladesh, Brazil, mainland, Ecuador, Egypt, Britain, Hong Kong, Indonesia, Israel, India, Iran, Japan, Cambodia, Sri Lanka, Myanmar, Mexico, Malaysia, Nigeria, New Zealand, Peru, Philippines, Pakistan, Poland, Russia, Senegal, Thailand, Turkey, United States, Venezuela, Vietnam, South Africa, with 75% of the sales orders arising from Hong Kong and Mainland China. In the export of plastic materials, ethylene vinyl acetate (EVA) is the main exported plastic material, followed by high-density polyethylene (HDPE). The rest are low-density polyethylene (LDPE) and linear low-density polyethylene (LLDPE). USI's low density polyethylene (LDPE) accounts for about 2.7% of the domestic market, while the rest is supplied by APC and imports. Of the total sales volume of ethylene vinyl acetate (EVA) in the domestic market, sales by USI account for 39% whereas APC and Formosa Plastics Corporation claim 37.9%, and the remaining 22.8% is imported. In terms of domestic market share, USI has about 22.4% in high-density polyethylene (HDPE) and 3.1% in linear low-density polyethylene (LLDPE), while the rest is supplied by Formosa Plastics Corporation and imports. Since the total domestic production volume has exceeded the demand, the Company strives to increase export sales in an attempt to absorb excess production and achieve the balance between production and sales.

For VCM, the ratio of domestic sales to export sales and self-use

products is approximately 2:0:98. For PVC powder, the ratio of domestic sales to exports to self-use is 12:78:10. The main export regions include India, Bangladesh, Mainland China, Southeast Asia, the Middle East, South America, and Australia. Chemical products are sold mainly to Hsinchu Science Park, Central Taiwan Science Park and northern regions, accounting for 60% of total sales. The main client for these products are electronics and petrochemical industries. The Company's market share in the domestic market is approximately 3 to 4% for liquid caustic soda and approximately 16 to 18% for hydrochloric acid and liquid bleach. At present, the PVC pellets are mostly sold domestically. For the export markets, shoe material manufacturers in India and Nepal turned to low-cost sources; thus, the Company, at present, focuses on the development of the pipe market in Bangladesh. The PVC plastic product portfolio consists of: (1) building products: mainly sold domestically. Domestic market share: approximately 18% for PVC pipes and a gradual increase in PVC door panels. (2) Plastic sheets: The ratio of domestic sales to exports is 55:45; the market share in the domestic market is approximately 20%. Export sales mainly concentrate in overseas regions, including America, Europe, Australia, South Africa, Russia, Japan, Mainland China, Vietnam, Bangladesh, and Southeast Asia. (3) Plastic leather: The ratio of domestic sales to exports is 35:65, while the Company's market share in the domestic market is approximately 28%. These products are exported mainly to North America, Europe, Australia, Japan, Mainland China, Malaysia and India.

ABS/PS are mainly exported and constitute 87% of the Company's business turnover. These products are exported mainly to Mainland China and Hong Kong, but sales of these products are gradually increasing in other regions. The percentage of sales in the domestic market is as follows: 13% for ABS/PS and 53% for glass wool products. In addition, EPS products produced in the Company's plants located in Mainland China are basically all sold within Mainland China.

In regard to ferrite powder and cores, the size of the inductor market in Taiwan accounts for 10-12% of the passive component market in



Taiwan, and the Company's market share for these products is estimated to be around 5%.

## 2 Market supply and demand, and market growth in the future

In recent years, domestic demand for PE and EVA has remained generally stable. In the export market, global PE demand has declined slightly due to COVID-19 and the China-US trade war. However, more than 7 million tons of new PE capacity in North America has been put into production, in which shale gas is adopted to refine ethylene; compared with the light cracking plant where naphtha is used, it has a very great advantage in cost, and the threat to the Asian light cracking plants cannot be underestimated. In addition, new EVA production capacity is coming on stream in Mainland China. Fortunately, the demand for solar energy is still good, so the impact on the Company's exported EVA products is not significant. The Company's PE products are mainly sold domestically, and in recent years, the Company has gradually turned its focus to differentiated products. Moreover, with the experience of coping with the previous wave of expansion in the Middle East, the Company has the confidence that it can successfully overcome this wave of severe challenges.

In 2021, with the new PVC production capacity to cover some demand for VCM and the frequent annual preventive maintenance sessions of manufacturers in the first half of the year, it is estimated that the supply of VCM will be tightened, which will help to increase the price of VCM, but it is still necessary to observe the degree of impact of COVID-19 on the overall economy. In the second half of the year, it is estimated that the trend of VCM in the first half of the year will continue. In addition, the tight supply of raw materials has been relaxed compared to 2020; thus, it is estimated that a certain profit will be maintained. Looking ahead to PVC powder, the pandemic continues to spread globally, but it does not hinder the demand for raw materials around the world. After the rapid rise in prices in the second half of last year, however, prices are expected to return to normal levels this year. The Company will continue to monitor the volume and price changes in South Asia, Southeast Asia and South America, where demand is growing at a

high rate, in order to continue to achieve good results. As for domestic demand in 2021, a positive side is that the government's policy to restrict the import of plastic waste will help boost PVC consumption while the expansion of production capacity in the brick and building materials industry will also support PVC powder demand. However, negative disruptions, including labor shortages, material shortages, spiking shipping and raw material costs, and slow downstream response to competition, have affected the export industry and domestic industrial demand. Therefore, the overall performance is expected to be the same as in 2020. The demand from domestic large chemical users is expected to remain stable in 2021, which is mainly influenced by the growth of upstream production capacity of the wafer, panels and petrochemicals industries. Domestic demand for plastic pellets is expected to grow slightly in 2021 as compared to 2020, while for the overseas sales, the business opportunities from pipe users in Bangladesh and from plastic pellets in Central Asia, Southeast Asia and South America will continue to be developed. In 2020, the overall market volume was boosted by the growth of housing sales, public works and private construction projects. In 2021, the government's housing market policy is to curb housing speculation and price increases by adopting some credit control measures while public construction contracts are expected to be issued one after another. Therefore, the overall sales of building materials are expected to remain stable in 2021. Looking forward to 2021, the domestic and overseas PVC plastic sheet markets show promise for recovery. The Company's product assortment will still focus on the existing products with profitability as well as the promotion of high value-added products. In the export market, pressure on businesses has multiplied due to appreciation of New Taiwan dollar, spiking shipping rates and declining demand in international markets. However, the Company's customer base is stable and well-coordinated. Both the Company and its customers spared no effort in developing new products and new markets and we have achieved significant results in this respect. At the same time, the Company's export team continued to develop new customers and new markets, thereby significantly contributing to the Company's sales volume and



profitability. Looking forward to 2021, the domestic sales of PVC plastic leather will continue to expand the indirect export channels and promote a series of functional and environmentally-friendly products, while in terms of export, the U.S.-based market will continue to be maintained steadily. Despite low-price competition from Vietnam, India, Mexico, and Mainland China, the Company's production and sales team will research and develop new products, expand product assortment, and develop new markets; the sales volume is expected to increase in 2021.

As for ABS, the pandemic spurred stay-at-home economy in 2020, with strong demand from Mainland China widening spreads. Demand grew significantly throughout the year. The long-term demand for ABS remains growing. The impact of the pandemic on major economies is gradually easing due to the introduction of vaccines. However, the Company still needs to pay close attention to it and take action with prudence. The new ABS/AS production capacity of 450,000 MTA at fellow producer Chi Mei's Zhangzhou Plant is expected to be launched in July 2021 and will be a project of interest in the future. In terms of GPS, there has been no expansion or new entrant in the industry in recent years, and the Denka Singapore Plant with an annual production capacity of 200,000 tons has officially withdrawn from the market this year. There are no significant seasonal differences in disposable tableware in major markets. With the growth of the eating out population and the pandemic driving the usage of disposable tableware, the demand for GPS is expected to continue to increase. Moreover, with reasonable control of raw material inventories and an increased proportion of sales of higher-margin injection-grade plastic products, the profitability of GPS operations is still expected. In terms of EPS, the international market is still in a situation where supply exceeds demand. Although the cost of ocean freight has increased significantly, it is still being passed on smoothly. However, due to the increase in the cost of flame retardants, the profit margin of flame-resistant-grade EPS has decreased. In the future, the Company will increase the production and sales proportion of its ordinary-grade EPS with better profitability and continue to



develop markets with lower market share and better profitability. The overall situation is still promising. In view of EPS products in Mainland China: there is relatively a balance in the supply and demand of styrene in South China, and there are only three major EPS manufacturers in the area. LW additionally put in 300,000 tons of production capacity in Zhuhai in November 2020, which has changed the entire supply and demand dynamic in the market and will further increase the production capacity in the South China market. The Company's main objectives include stabilizing the quality of raw materials (quality of fast materials), improving the quality of special light materials, enhancing the Company's competitiveness in the electrical packaging and sheet market, increasing the output ratio of effective specifications, reducing the generation of stagnant materials, increasing uptime with full production, and reducing the inventory of raw materials and finished products. In addition, TTC has established a new 200,000-ton plant in Gulei and actively promotes its pre-sales project, so it is expected to increase the pre-sales volume to more than 40,000 tons in 2021. In terms of glass wool products, the domestic market declined by 3% in 2020, and the import volume accounted for about 8% of the overall market. South Korea and India were the main import countries, accounting for 26% and 60% of the import volume, respectively. It is estimated that the domestic market in 2021 will grow by 4-5% compared with that in 2020. The export market in Southeast Asia is highly competitive and the unit price is low. The sales focus is on New Zealand, Australia, South Africa and other markets with high unit price. At present, the sales in New Zealand and Australia are stable, and other market opportunities are continuously developed to actively improve the breadth and depth of the export market. The ratio of domestic sales to export sales is estimated to be 52% to 48% in 2021.

In terms of ferrite powders and iron cores, after the depletion of inventories in 2019, customers started to replenish their inventories in the first half of 2020, and with the pandemic driving work from home and stay-at-home economy, demand for notebook computers, communication and 5G base stations increased continuously,



reaching 8% in annual growth. Demand for passive components is expected to continue to grow.

### 3 Competitive Niches

The Company has always been known for its decent management. Our business philosophy is "Solid Operation, Professional Management, Seeking Excellence and Serving the Society." The Company's current business strategy focuses on the manufacture and sale of high-added-value PE/EVA products though under the limitation of ethylene sources, as well as continuous improvement in product portfolio to generate higher and higher profit. The Company has set up a research and development division in Guishan, which focuses on customer service and the research and development of products. In addition to the research and development of new products, the Company is committed to developing products for new applications and introducing new products in order to assist customers in improving their processing technologies. Such efforts have been well recognized by processing manufacturers. The Company has set up a research and development division in Guishan, which is responsible for development of new products and development of new market application, and is also committed to product optimization and customer technical support, with the effect affirmed by downstream customers.

The Company also improves VCM manufacturing processes and equipment to stabilize production and maximize production capacity, purchases competitive raw materials, improves production performance and reduces costs in order to increase the overall profitability of the entire industry chain. Stable and suitable quality, fast and accurate delivery, fully understanding customer needs and offering full cooperation are some of the keys to the Company's competitiveness in domestic sale and export of PVC powder. The Company has built long-term cooperative relationship with business partners situated in Hsinchu Science Park and Central Taiwan Science Park, and the quality of chemical products and services supplied to the aforementioned companies is also highly regarded. Besides, the Company has plants situated in vicinity to

Hsinchu Science Park and Central Taiwan Science Park; the geographic advantage enables the Company to make speedy delivery of goods to its business partners. The Company has created good command over the supply of PVC plastic pellets, and an experienced R&D team is engaged to improve product quality and cooperate with customers to develop high value-added new products. Generally, sales of PVC plastic pellets are not affected by seasonal changes due to: (1) a propriety brand of high brand awareness for the product; (2) good quality control and after-sales service; (3) the wide variety of the existing product lines and downstream sales. It is less affected by the off-peak season of a single industry to impact the overall sales; (4) vertical integration of VCM, PVC powder, and downstream processing; (5) complete technical professionals; (6) complete international marketing sites; (7) complete IATF16949 (International Automotive Task Force) and the ISO 9001 quality control system, providing an excellent quality certification system; (8) The Company is able to comply with increasingly rigorous environmental protection regulations, such as Prop#65, REACH, and RoHS, which is beneficial for the competition in the export market.

For the ABS/PS and glass wool products, the Company has created business competitiveness based on (1) maintaining low inventory levels of raw materials and finished products to maximize production and sales volumes, and then maximize profits; (2) continuously increasing the proportion of export sales in niche markets; (3) continuous development of customized products; (4) fast and timely customer service and regular customer visit plans to enhance product added value in an enhanced after-sales service system.

The Company has invested in Zengcheng City, Guangdong Province, and Kunshan City to engage in molding, sintering and grinding of magnetic cores in Mainland China and provide services to its customers in the South China region. In order to meet customers' need for promptness, the Company has shortened delivery time, and provides products of stable quality, so as to establish a brand image with competitive advantage. The technical



experience and product scale of Japan, Europe, and the US are in a dominant position. The magnetic powder formula of the ferrite magnet cores greatly affect the magnet process and the final quality as the content of the formula is closely related to the magnetic permeability, density, energy conversion efficiency of the manganese-zinc ferrite, as well as the time and yield required for future sintering. Since establishment, the Company has continuously accelerated talent cultivation and the development of technology research to establish the self-development ability for materials. The Company has also caught up with the pioneer of material development. In addition, the products need to be aligned with the applications of downstream manufacturers for different purposes. Therefore, the Company participates in the planning at the beginning of the downstream clients' product design, and then supplies it to the downstream system terminal product manufacturers to make finished products. Once the downstream clients adopts this model, it is not easy for them to change suppliers in normal conditions, and the product loyalty is high.

4 Favorable and unfavorable factors affecting the Company's development prospects and corresponding countermeasures

Favorable factors affecting the Company's development prospects:

- (1) With regards to PE / EVA, the Company has established an excellent supply chain relationship with CPC Corporation, and has implemented flexible measures to obtain a stable supply of ethylene from various sources and maintain the stability of raw material supply.
- (2) With regards to PE / EVA, the Company has established long-term cooperation with downstream customers and developed such cooperation into cooperative partnerships. Apart from meeting each other's supply and sales in a stable manner, the Company has also engaged in technical cooperation and exchanges to jointly develop new products and their applications.
- (3) In view of EVA used in membrane-encapsulated solar cells, the Company has a leading edge in terms of quality and technology. In addition, the Company's customers play a vital role in the

industry. Over the years, these customers have collaborated and grown with the Company, and thus deep and solid partnerships have been established.

- (4) In view of PE/EVA, the Company's efforts to actively expand its related business in a number of emerging markets have shown excellent results. The Company will continue to target effort at different regions and products in order to meet product needs from these market segments, and thereby expanding into emerging economy markets.
- (5) The new EVA production line has entered mass production in 2016 and the sales of PV photovoltaic-grade materials and high-end forming materials are expanded which has increased revenue.
- (6) The Gulei Petrochemical investment project is under construction and will enhance the Company's competitiveness in the future.
- (7) Vertical integration of VCM and PVC powder.
- (8) Fully keeping abreast of sources of main raw materials, EDC and ethylene.
- (9) Fully utilizing the Company's VCM production capacity to effectively reduce production costs.
- (10) The price reduction of upstream raw materials, such as ethylene and EDC, will help improve the profitability of the PVC industry.
- (11) The production of PVC at the Company's Toufen Plant and Linyuan Plant complement each other, thereby diversifying product features and ensuring faster delivery of goods with a higher degree of flexibility.
- (12) Vertical integration of VCM, PVC powder, and secondary processed products.
- (13) The Company's relationship with PVC powder customers and the depth of its services.
- (14) The Company continues to break bottlenecks in PVC powder production and sales, thereby effectively reducing the production cost.
- (15) The Company has long been reputed for good quality of its



chemical products.

- (16) For chemical products, the Company has a good customer portfolio as market demand for these products is experiencing stable growth.
- (17) Vertical integration of upstream and downstream processing of PVC plastic products
- (18) The Company has its own brand for PVC plastic products, along with good quality control and after-sales services.
- (19) The Company has readily available professionals in the area of PVC plastic product technology.
- (20) The automotive leather for PVC plastic products has been certified by IATF16,949.
- (21) With regard to PVC plastic products, the Company is engaging in the research and development of new products including high value-added and eco-friendly materials.
- (22) For PVC plastic products, the Company continues to improve its equipment, manufacturing processes and product quality.
- (23) The Company has established sales offices and distribution channels overseas which can facilitate market expansion.
- (24) For PVC plastic products, exported plastic leather and plastic sheets, the Company has printed its corporate identification labels on the products in order to increase brand awareness, thereby effectively raising customers' willingness in purchase.
- (25) Continuous research and development of environmentally friendly materials for PVC plastic products helps enhance product segmentation and market promotion. In 2021, the Company will plan consecutive new product launches focusing on the US markets for furniture and the interior of ships. It is expected for the Company to experience an increase in profit and performance in the American markets.
- (26) The surface treatment technology applied to PVC plastic product is expanded its use to plastic leather and plastic sheet; it is expected to increase sales volumes in the US market for the inner

lining products for machinery and equipment.

- (27) Stable quality of ABS/PS products, active research and development capabilities, enhanced customer service and implementation of management systems can help increase customers' confidence in the Company's products.
- (28) The NOVA manufacturing process technology applied to GPS can produce products with heat resistance and in the form of low residue monomer.
- (29) The development of new EPS product has taken a leading position in the domestic market. The Company is the first to develop fire-rated and anti-static products, and has gained considerable reputation in the international market.
- (30) There is still space for domestic demand in the South China market to grow. Since the demand for EPS is still growing, this is conducive to the operation of the Company's Zhongshan Plant.
- (31) The Company is a leading brand in the glass wool market, and its quality is well recognized.
- (32) The Company offers high level of services associated with its glass wool products to effectively eliminate competition against foreign goods.
- (33) The Company's marketing channels for glass wool products are stable, thereby facilitating market development and competition.
- (34) Glass wool is used as a filler in calcium silicate board partition systems. This application has been gradually accepted in the market.
- (35) With annual increases in sales for gypsum board partition systems, the use of glass wool is expected to increase too.
- (36) The conversion of the non-combustibility test of CNS6532 to CNS14705 can facilitate the fiberglass ceilings panel products to pass the test.
- (37) In addition to the successful renewal of BRANZ certification in New Zealand and Australia, the Company has also helped its New Zealand customers successfully obtain the Environmental Choice



- New Zealand (ECNZ) eco-friendly label, thereby facilitating bids for government projects.
- (38) The Company will continue to develop market for the product of fire-retardant glass wool used in roof and outer walls. The sales of the product in 2020 increased by 39% from 2019.
  - (39) Regulations related to floor impact sound will be implemented in January 2021. Newly developed product, i.e. the glass wool sound insulation system for Porter panels and wood floors has passed the test, thus facilitating new market development.
  - (40) The newly developed six-sided-covered design can add value to the Company's products.
  - (41) Electromagnetic radiation interference between electronic products has been attracting growing attention. Europe, the U.S. and other advanced countries were the first to pay attention to the issue of electromagnetic radiation, and have established strict electromagnetic test standards. In the future, electronic products must pass these electromagnetic radiation tests, which will help increase demand for products such as ferrite cores and inductors.
  - (42) With the thriving development in the global automotive, information, network communication, and consumer electronics industries, the global market scale continues to expand, thereby increasing the demand for magnetic cores and inductors. Moreover, due to a wide range of applications for downstream products, the Company will be less affected by the condition of a single industry.
  - (43) The Company has gained extensive experience in product development trends, manufacturing and sales in the industries to which it belongs. In addition, the Company's senior management knows very well that quality is the cornerstone of sales and promotion. Therefore, the Company focuses on total quality improvement, and comprehensively promotes quality control in the entire company to ensure that product quality and environmental requirements are met.
  - (44) With large production scale and excellent production efficiency,



the Company has been focusing on the improvement and enhancement of production processes in order to facilitate smooth management of production lines. In response to industry development trends, the Company has shifted the production of its products abroad, where it effectively uses local resources and adopts the method of mass production in order to achieve economies of scale and effectively reduce costs, so that the Company can provide customers with products and services that come from nearby.

Unfavorable factors and response measures:

PE/EVA:

- (1) The Company relies on purchasing from third parties to complement the shortage of ethylene supply. The price of ethylene is fluctuated in line with the international market, thus are difficult to manage.
- (2) The low production capacity of the production line increases unit production costs.
- (3) Low import tariffs for LDPE/EVA products in Taiwan have resulted in competition from low-priced imported materials from new production capacities in foreign countries. Not only has the market been divided, the sales price of LDPE/EVA products will also be indirectly affected and cannot be increased.
- (4) For LDPE/EVA, Taiwan has not joined the ASEAN free trade zone and countries have established tariff agreements and caused trade barriers and unfair competition in the export market which will severely affect sales volume and prices.

Response measures:

Apart from continuously seeking sources of low-priced ethylene, making investment in the Gulei petrochemical projects, improving and enhancing the stability and operating rate of production equipment, increasing production capacity and product quality to reduce production cost to win over the market, the Company is even more committed to offering reasonable product prices and providing services to customers. Besides, the Company also develops high value-added



products in response to market trends, and expands export sales into emerging markets, such as Mainland China, to establish stable customer base for the long term and therefore increase operating profits.

VCM:

- (1) With the increasingly strict domestic environmental protection policy, accelerated implementation of draft resolutions related to energy conservation and carbon reduction, along with the direction of amendment of the Labor Standards Act, supporting measures and grace periods were below expectations, thereby limiting the transformation and development of the petrochemical industry.
- (2) The poor sodium hydroxide has affected the producers' willingness to continue production. The EDC exports from the United States have been taken by companies in Brazil, Egypt, and India. The IMO issues also increased transportation expenses and supported EDC prices. These developments make it difficult to control the cost of VCM materials with stability.
- (3) Domestic supply of ethylene is unstable, while the cost of imported ethylene fluctuates greatly.
- (4) It is estimated that the COVID-19 epidemic will take some time to ease, which may cause the global economy to remain depressed for an extended period.

Response measures:

- (1) Accelerate the improvement and investment of production equipment and energy conservation, water conservation, electricity conservation, and carbon emissions reduction while improving operation efficiency to maintain high productivity.
- (2) Continuously communicating with the government about the Company's plan for fulfilling corporate social responsibility and environmental responsibility in order to achieve consensus in related issues.
- (3) Performing continuous control on the source of competitive raw materials and adopting flexible production and sales strategies in response to evolving market changes.

- (4) VCM is mostly for self-use, and the inventory will be carefully adjusted to enhance the advantages of vertical integration and increase overall profitability.

#### PVC resin:

- (1) The epidemic will impact the economic recovery of the main producing areas in Europe and the U.S. Oversupply and inventory pressure will affect the supply and demand balance of the global PVC market in the second half of the year.
- (2) The rise of quotation of PVC powder in the international market accelerates the production resumption of manufacturers of calcium carbide powder in Mainland China. They wait the opportunity of production idleness to acquire low-price orders and interfere with the market order.
- (3) Taiwan has yet to sign FTA with major PVC consuming countries, and thus export opportunities have gradually gone to Japan, South Korea and Southeast Asian countries.

#### Response measures:

- (1) Actively secure stable cooperative relationships with downstream manufacturers in Mainland China, India, Bangladesh, and South America, to meet their requirements for raw materials.
- (2) Through distribution channels operated by agents and traders, actively solidify customer base in both India and Bangladesh where the demand for PVC is rapidly growing to expand the sources of sales orders.
- (3) Seeking for long-term support from key customers in each region.
- (4) Enhancing product quality and developing products with unique specifications to enable market differentiation.
- (5) Streamlining organizational operations, improving operational efficiency and enhancing customer service.

#### Chemicals:

- (1) The domestic hydrochloric acid market is impacted by the increase in the production of secondary hydrochloric acid which arose from the expansion of potassium sulfate plants.



- (2) The Company's liquid caustic soda product is faced with the competition of goods imported from Mainland China in domestic sales, which has squeezed the Company's profit margin.

Response measures:

- (1) Segmenting sales markets to establish stable sales and distribution channels.
- (2) Continuously increasing production quality and efficiency, and optimizing production and sales planning.

PVC processed products:

- (1) Development of high value-added and differentiated products is not yet ready.
- (2) The cost of green eco-friendly materials is high.
- (3) OEM automotive leather exports are restricted by rigorous quality requirements and the long testing and development schedule delays qualification certification.
- (4) Environmental regulations in Europe and the U.S. are becoming more stringent. The Company adjusted product formula and reorganized sales regions in North America in response to the restrictions on the use of flame-retardant agents.
- (5) The competition between low-priced products in the same industry at home and abroad and the tariff barriers set by various countries has set up bottle necks in the Company's plan for market expansion.
- (6) Some markets require replacement materials for PVC.
- (7) The Company continues to face exchange rate pressure, which reduces export competitiveness.
- (8) Due to COVID-19, large-scale exhibition activities have been canceled, and opportunities to expand product sales are lost.

Response measures:

- (1) Win public projects and obtain rights to supply building materials for private construction projects.
- (2) Continuously engaging in the research and development of eco-

friendly materials and high value-added products.

- (3) Segmenting sales by product and market to acquire markets for high value-added products.
- (4) Continuously reducing production costs and improving production technologies.
- (5) Developing business opportunities in emerging markets and launchings new products to capture market share.
- (6) Using the successful high-end product portfolio in North America to make promotion in other shipping or furniture markets overseas; the main target regions are Europe, Australia and Asia.
- (7) Cooperating with U.S. professional channels of OEM automotive leather and leveraging their profession to accelerate market entry into the automobile industry supply chain.
- (8) Establishing strategic alliances with domestic and overseas brands, as well as developing and promoting new materials.
- (9) Engaging in information exchange about products and horizontally promoting featured products from different regions to markets across the five continents.

ABS/PS products:

- (1) EPS manufacturers in Asia are also facing overcapacity, and price competition in this area is also intense.
- (2) EPS manufacturers in Mainland China are also facing overcapacity, and price competition in this area is also intense.
- (3) The volatile and unstable SM market has led to difficulties in the production and sales control.

Response measures:

- (1) Enhancing product quality and product added value, segmenting market and avoiding market price competition.
- (2) Maximizing capacity, reducing cost, as well as selecting and selling products with relatively good profit margin.
- (3) Analyzing and keeping abreast of market trends to make early entry into the emerging markets.



- (4) To effectively bring the integrated supply chain management into full play and lower raw material and finished goods inventories so as to reduce risk.

Glass wool products:

- (1) The cost of products imported from India is low and the country's product has passed the one-hour calcium silicate board fire test, thus making a big impact in the domestic market.
- (2) Substitutes are flooding the market.
- (3) Products from Mainland China have entered the Taiwanese market through importing via application for projects.

Response Measures

- (1) Consolidating the Company's distribution networks through promoting products similar to the specifications of imported goods, as well as monitoring market projects closely to enable direct sales.
- (2) Increasing visits for projects and related control to prevent glass wool materials from being replaced.
- (3) Actively participating in related trade associations, maintaining close contact with the Industrial Development Bureau, and keeping an eye on the product trends in Mainland China at all times

In regards to ferrite magnetic powder and iron cores:

- (1) Domestic and foreign labor costs are gradually increasing year by year, thus increasing cost in production and operations.
- (2) There are many competitors in the industry, which leads to intense price competition.

Response measures:

- (1) Improve quality, lean production, and automated production through the purchase of advanced machines and equipment and improvement of manufacturing processes, as well as enhance employees' on-the-job training in order to improve efficiency and productivity.

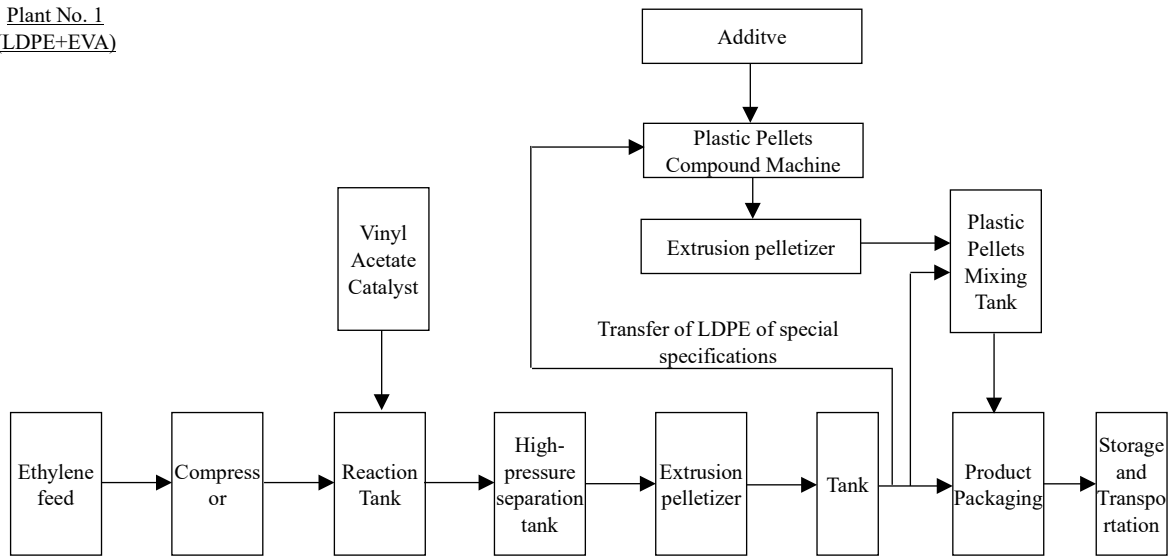
- (2) Increase the added value of products, implement the refinement of various manufacturing processes and improve such processes to reduce production costs and enhance overall product quality, thereby engaging in effective market segmentation and establishing a competitive advantage in the market. In addition, establishing all-around support service capabilities in line with customers' product development needs, shaping the Company's competitive advantage over other competitors, as well as jointly developing future products according to development trends in order to quickly grasp market dynamics and enhance competitiveness.

## (II) Important uses and production processes of major products

The Company's polyethylene plastic pellets are supplied to domestic and overseas processing plants. These pellets are used in a wide range of plastic products for daily use, such as plastic bags, handbags, food bags, plastic films, bubble cloth, woven bags, woven canvas, window nets, fishing nets, ropes, plastic tubes, plastic flowers (trees), plastic turf, plastic lunch boxes, plastic containers, bottles, baskets, boxes, beer boxes, bottle caps, non-woven fabrics, carpet adhesives, and even hot-melt adhesives for cartons, just to name a few. As PE is non-toxic and easy to process, the number of new products made from PE is still increasing. Another product, ethylene vinyl acetate copolymer resin (EVA), is mainly used in the production of foaming shoes, sports equipment, various types of films, membrane-encapsulated films for solar batteries, hot-melt adhesives, protective films, wire and cable insulation shields, and low-smoke halogen-free materials due to its high level of toughness and flexibility. The process of producing low-density polyethylene (LDPE) and ethylene vinyl acetate (EVA) is as follows. Raw materials, ethylene (its finished product is LDPE) or ethylene vinyl acetate (its finished product is EVA) is fed into a high-pressure reactor after going through multiple times of pressurization. Next, organic peroxides are used as catalysts to carry out polymerization. Semi-finished polymer products are then packaged into pellets after

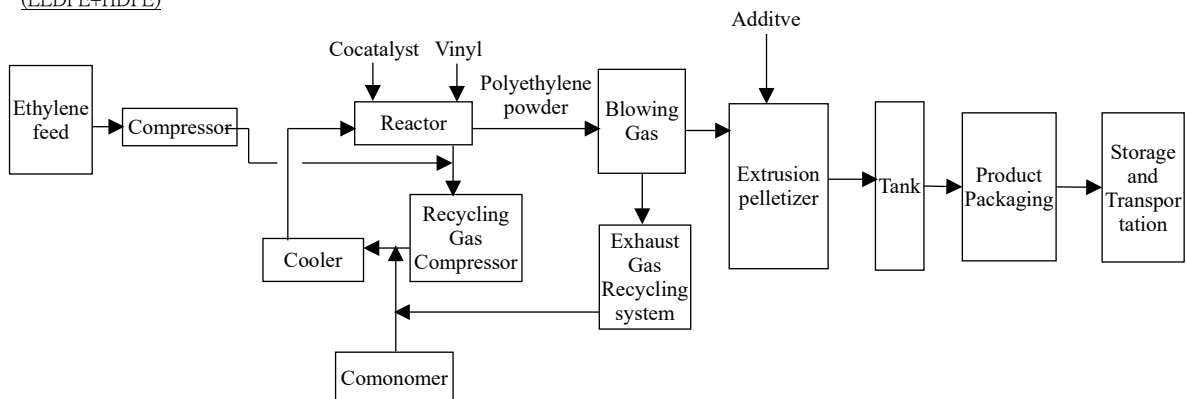
pelletizing, and unreacted gases are repeatedly recycled.

Plant No. 1  
(LDPE+EVA)



The process of producing high-density polyethylene (HDPE) and linear low-density polyethylene (LLDPE) is as follows. First, raw materials, ethylene (its finished product is HDPE) or ethylene and butene (their finished product are LLDPE) are fed into a reactor after pressurization. Next, transition-metal catalysts are added to carry out polymerization. Granular semi-finished products are then packaged into commercially available products after granulation, and unreacted gases are recycled after separation.

Plant No. 2  
(LLDPE+HDPE)





VCM is mainly used in the production of PVC powder, where EDC is used as a raw material. After cracking, VCM and hydrochloric acid gas are produced. Through the oxychlorination reaction on ethylene, oxygen and hydrochloric acid gas, EDC is then produced (back to cracking process). PVC powder is used mainly for producing products such as soft plastic sheets, plastic sheets, rigid plastic sheets, rigid tube and building materials for shaped extrusion. VCM, starter and dispersant are used as raw materials in the production of PVC powder, which involves polymerization and drying processes. Chemicals are mainly used in water treatment and the production of food MSG, synthetic fibers, detergents, dyes, pulp, steel, etc. and the materials consist of industrial salt, other indirect materials, and water which are refined into pure brine and then electrolyzed into liquid caustic soda, hydrogen, and chlorine using ion-exchange membranes. Chlorine gas is then reacted with hydrogen and liquid caustic soda to synthesize hydrochloric acid and bleaching liquid. PVC building materials and products (PVC pipes, foamed PVC pipes, glass-reinforced plastics door panels, foamed door panels, and anti-corrosion lining) mainly for buildings (water pipes, drainage pipes, electrical protection sleeves, glass-reinforced plastics door panels and partitions) and public construction projects (water supply and drainage works, electrical protection sleeves, and wastewater sewage). The materials include PVC powder and stabilizing agents which undergo procedures including mixing, gelatinization, extrusion, cooling, and cutting. Soft plastic sheets can be used to produce tape cloth, semi-rigid cloth, stationery cloth, transparent cloth, waterproof film, swimming pool cloth, mesh cloth, cloth for gas blowing, bonding cloth, furniture cloth, advertising cloth, screen cloth, raincoat cloth, table towel cloth, shower curtain cloth, and curtain cloth. Soft plastic sheet is made of PVC powder, plasticizer, and other auxiliary materials through the process of cold and hot mixing, gelation, filtration, calendaring, cooling, and coiling. These sheets/cloth can also be printed and laminated to increase their added value. Hard plastic sheets can be used for the production of vacuum

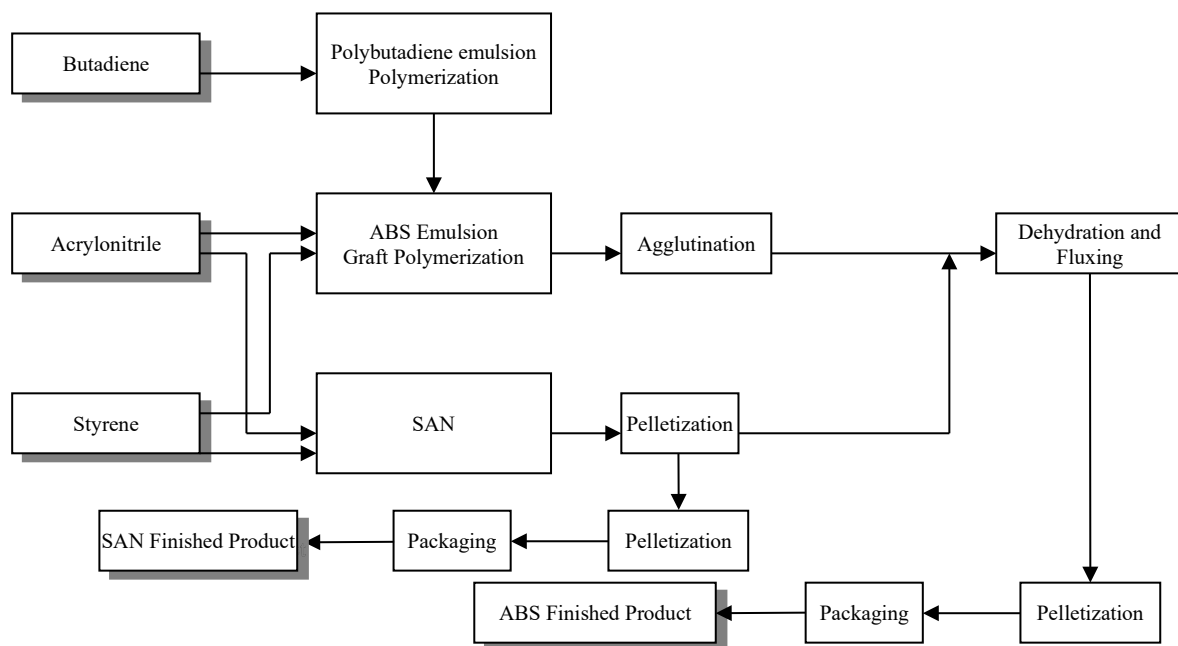


forming cloth, drug packaging cloth, cooling tower dripping cloth, collar lining cloth, flitch cloth, protective cloth, printing cloth, stationery cloth, and ceiling cloth. They are produced from PVC powder and other auxiliary materials which are mixed before undergoing procedures including gelatinization, extrusion, deferred pressure, cooling, and coiling extraction. They can also be processed or embossed to increase added value. Plastic leather is used in the production of foaming soft leather and non-foaming leather after surface treatment and air-pinning. Soft leather and non-foaming leather are mainly used to produce sofa skin for cars, motorcycles, bicycles and marine vehicles, SPA cover, shoe leather, baseball gloves, sports equipment, and medical chairs. etc. Plastic leather is made of plastic powder, plasticizers and other auxiliary materials, and is put through various processes in production, including mixing, gelatinizing, filtering, and being stretched by tape machine, laminating to base fabric, and finally being foamed and embossed in the foaming furnace or embossing machine. Moreover, special treatments such as printing, stain-resistant or water-based scratch-resistant treatment can be performed to increase added value. Plastic pellets are used for the production of electrical wires, car foot pads, and shrink wraps. They are made from PVC powder, plasticizers, and other auxiliary materials which undergo procedures including mixing, gelatinization, extrusion, and cooling.

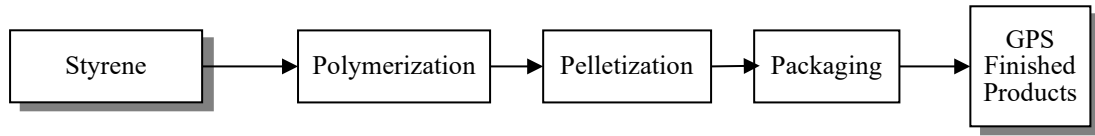
ABS resins are mainly used for producing information equipment, OA equipment, home appliances and electronic parts and appliances, electronic accessories, bathroom ware, toys, automotive and scooter components, heels, suitcases, daily necessity items, telephones, stationery, sports equipment, batteries, and safety helmets. SAN resins are mainly used to produce juice blender casing, powder boxes, coffee machine water tank, transparent decorations, air-conditioning fan, blades, stationary, and tableware. Important applications of the general-purpose polystyrene include lighting, stationery, household appliance, daily accessories, diffusion boards, insulation boards, disposable

tableware, food and pharmaceutical packaging materials. Expanded polystyrene is applied to building material insulation boards, packaging materials, antistatic packaging materials, vegetable and vegetable boxes, fishing boxes, insulation materials, boards, construction walls, and helmet cushion. Impact-resistant polystyrene is mainly applied to digital equipment, home appliances, toys, everyday accessories, stationery, electronic components and disposable cups. Glass wool is mainly applied to cooling materials for air-conditioning ducts, metal roofs, heat-insulating materials for walls, dry partitions filled with sound-absorbing insulation materials, ceilings for interior decoration, wall panels, heat-insulating materials used in machinery and equipment installed in the petrochemical industry, heat-insulating and sound-absorbing materials for home appliances, vehicles, heat- and sound-insulating materials for ships and heat-insulating materials for curtain walls. Cubic printing is used mainly in special printing techniques for plastics, metals, wood, plaster, glass and ceramics. The production processes for major products are demonstrated as follows:

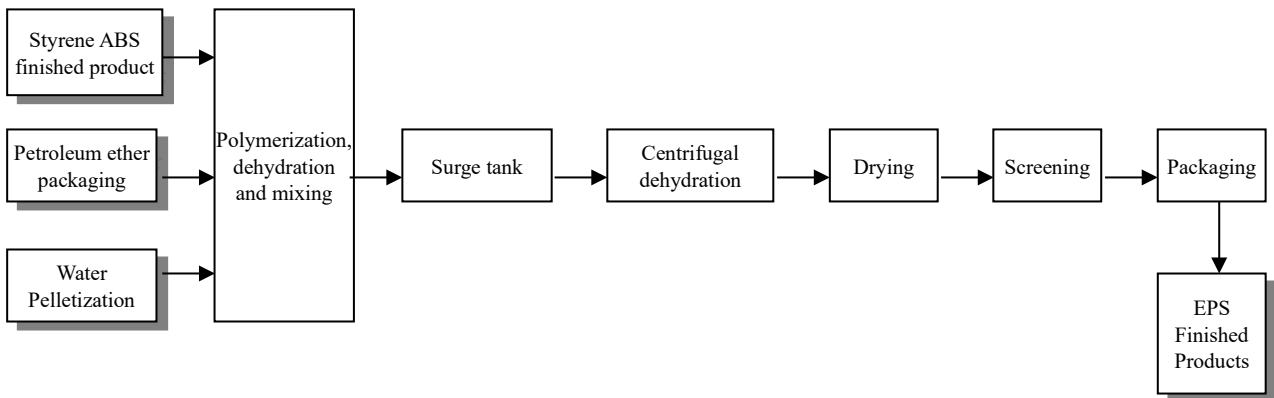
(1) Production process for styrene acrylonitrile-butadiene-styrene (ABS) and acrylonitrile-styrene copolymer resin (SAN)



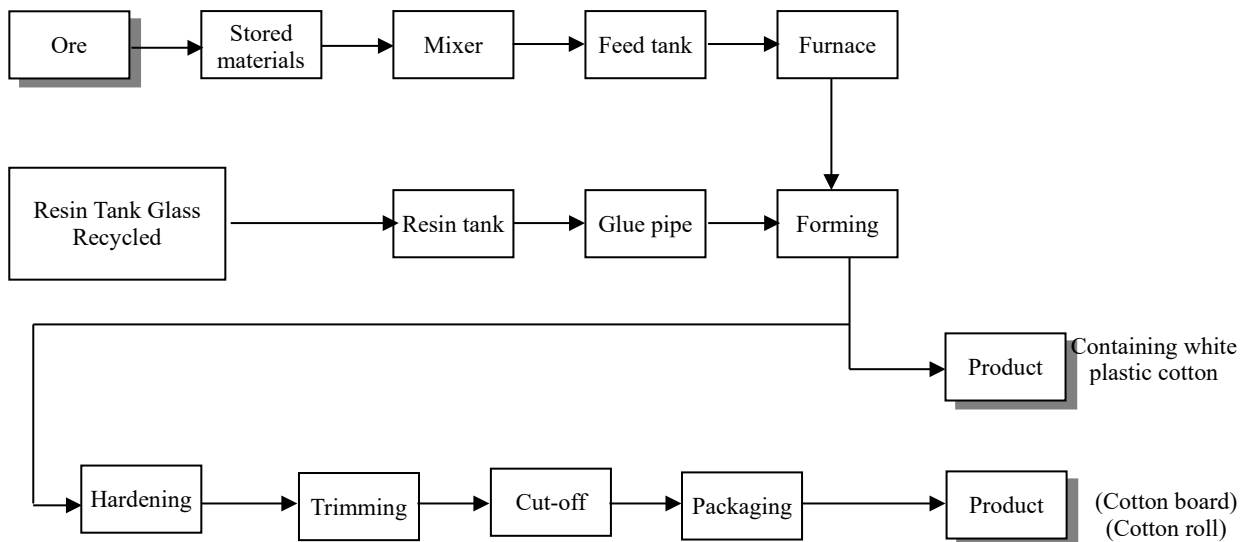
(2) Production process of GPS



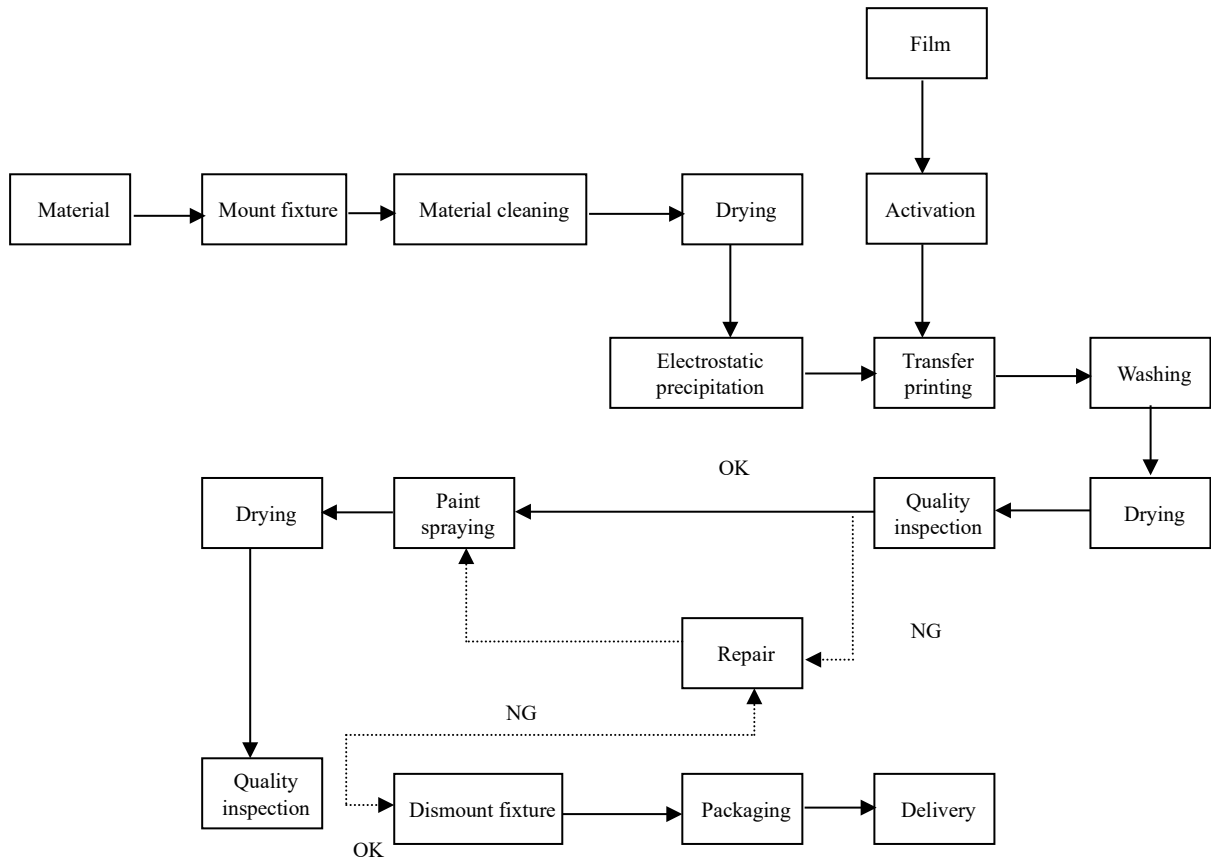
(3) Production process of expanded polystyrene (EPS)



(4) Production process of glass wool products



(5) Production process of cubic printing



The production process for ferrite powder and cores is divided into four stages: milling, forming, sintering, and abrasive machining. The main uses for these products are as follows:

Product Category	Downstream Products	Applications
Traditional magnetic core	Filters, adapters, and light tube stabilizers	Power supplies, modems, scanners, (wireless) chargers, LED TVs, laptops, smartphones, tablets, game consoles, routers, central office switches and telecommunication network equipment, automotive electronics, and medical equipment
Magnetic core for inverters	Inverters	
Magnetic core for communications	Communication transformers and splitters	
Polished magnetic core for filtering	Electromagnetic interference filters	
Ring-type magnetic core	Electromagnetic interference filters and light tube stabilizers	
Magnetic core for power inductors	Power inductors	
Nickel-zinc series magnetic core	Communication transformers and power inductors	
Soft ferrite powder	Raw materials used in iron cores	



### (III) Supply of major raw materials

The basic raw material for the Company's polyethylene plastic products is ethylene, which is mainly provided by CPC Corporation. The Company partly relies on imported ethylene to supplement the shortage of supply from CPC Corporation. Some of the raw materials of EVA, namely vinyl acetate monomers (VAM), are supplied by Dairen Chemical Corporation or are supplemented by imported VAM. Other fillers are mostly imported from abroad as they are either used in small quantities or produced outside Taiwan.

The main raw materials of VCM are EDC and ethylene. Long-term contracts have been signed with suppliers to ensure stable supply of these raw materials. The main raw material of PVC powder is vinyl chloride monomer (VCM), which is produced by the Company for self-use. The main raw material of alkali-chlorine is industrial salt. Long-term contracts have been signed with suppliers to ensure stable supply of these raw materials. The main raw materials to produce plastic sheets and leather are PVC powder and plasticizers, and the supply condition is described as follows: (1) PVC powder: Most of the PVC powder is produced by the Company for self use in production, and only a small quantity is purchased from external sources; (2) Plasticizers: They are mainly supplied by Nan Ya Plastics Corporation, and special plasticizers are purchased from abroad. The main raw material to produce building materials is PVC powder, which is mainly supplied by the Company's plants and thus the source is stable.

The supply and demand of styrene monomer (SM) is currently in balance. The Company has routinely purchased SM from Taiwan Styrene Monomer Corporation, Formosa Chemicals and Fibre Corporation, China Petrochemical Development Corporation, CNOOC and Shell Petrochemicals Company Limited, whereas supplemental supply is also secured from direct import of goods from a few foreign suppliers such as SABIC, in order to balance price risk and overcome the shortage of supply. The Company has signed a contract with China

Petrochemical Development Corporation with regard to the supply of acrylonitrile (AN). Besides, the Company also regularly purchases this product from Formosa Plastics Corporation, and irregularly imports this product according to supply and demand in order to increase dispatch flexibility. Hence, there is no concern regarding shortage of supply for this material. With regards to butadiene (BD), material supply agreements have been signed with CPC Corporation and Formosa Petrochemical Corporation. The Company imports this material from time to time according to market supply and demand in order to meet its own demand. Pentane is mainly purchased through foreign spot sales. Part of the material is purchased from CPC Corporation; the usage is stable, and the supply is sufficient. Glass-quality sand is the main raw material to produce glass wool products. Because the unit price is relatively low, it is constantly purchased domestically. Changes in the quantity and price of glass-quality sand is minimal so can be fully controlled.

The main raw materials and suppliers of ferrite powder and cores are as follows and the supply of such materials are stable:

Main Raw Material	Name of Main Supplier
Iron oxide	High-tech magnetic technology
Manganese oxide	PRINCE MINERALS SRL
Zinc oxide	ZINSA
Nickel oxide	Prior Company, Ltd.

(IV) Name of customers who account for more than ten (10) percent of the total purchases (or sales) of goods and their dollar amount and proportion of purchase (or sales) of goods in any one of the most recent two fiscal years, and an explanation of the reason for changes in these figures

1 Name of customers who account for more than ten (10) percent of the total purchases of goods and their amount and proportion of purchase (or sales) of goods

Unit: NT\$ thousand

Item	2020 (audited and verified)				2019 (audited and verified)				2021 up to the previous quarter (reviewed) (Note 2)			
	with the Issuer	Shares	Proportion to Annual Net Purchases of Goods (%)	Relationship with the Issuer	with the Issuer	Shares	Proportion to Annual Net Purchases of Goods (%)	Relationship with the Issuer	with the Issuer	Shares	Proportion of the net sales of goods from the current fiscal year up to the previous quarter (%)	Relationship with the Issuer
1	CPC Corporation	6,013,467	22	None	CPC Corporation	8,531,571	22	None	CPC Corporation	2,229,371	24	None
2	Others	20,876,956	78	Note 3	Others	29,619,354	78	Note 3	Others	7,005,773	76	Note 3
	Net Purchases	26,890,423	100		Net Purchases	38,150,925	100		Net Purchases	9,235,144	100	

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

Note 2: If, before the date of publication of the annual report, there is any financial data for the most recent period of a company whose shares are listed on a stock exchange ("listed company") or whose shares have been approved for trading on an over-the-counter market and attested or reviewed by a CPA, the financial data shall also be disclosed therewith.

Note 3: No suppliers who account for more than ten (10) percent of the total purchases of goods

Reasons for changes in purchases of goods: Due to COVID-19, weak global economic demand and poor confidence, ethylene prices declined in 2020, with decreased purchases from CPC Corporation.

2 Name of customers who account for more than ten (10) percent of the total sales of goods and their dollar amount and proportion of purchase (or sales) of goods: None.



(V) Production volume and value in the most recent two fiscal years

Unit: metric tons/thousand yards/grids/NT\$ thousands

Production volume and value Main Product	2020			2019		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
LDPE/EVA (metric tons)	300,000	253,958	8,532,948	300,000	267,981	10,360,458
HDPE/LLDPE (metric tons)	130,000	119,876	3,092,983	130,000	103,923	3,285,763
Plastic Powder, Chemical Products (metric tons)	511,375	457,020	9,942,701	511,375	479,423	10,859,540
Plastic Products (metric tons)	99,360	52,612	2,335,619	99,300	53,742	2,386,359
Plastic Leather (thousand yards)	8,600	6,632	553,928	8,600	6,558	561,978
Vinyl Chloride Monomer (metric tons)	485,000	391,457	6,528,342	485,000	447,911	9,039,972
ABS Resins (metric tons)	100,000	122,461	3,981,790	100,000	121,642	5,103,038
Polystyrene (metric tons)	480,000	317,461	9,115,484	480,000	323,311	11,872,352
Cubic printing (JIG)	200,000	64,050	50,320	200,000	73,576	55,386
Glass wool products (metric tons)	8,600	8,711	266,478	8,600	8,594	278,334
Ferrite Powder and Cores (metric tons)	11,500	7,263	1,694,581	11,500	6,706	1,759,349
Packaging Films (metric tons)	51,198	48,732	2,444,179	49,978	49,207	2,837,601
Others			698,519			641,465
Total			49,237,872			59,041,595

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

Unit: metric tons/thousand yards/grids/NT\$ thousands

Sales volume and value	Year	2020				2019			
		Domestic Sales		External sales		Domestic Sales		External sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
<b>Main Product</b>									
LDPE/EVA (metric tons)	52,239	2,273,283	205,254	8,756,995	57,081	2,670,288	217,402	10,229,034	
HDPE/LLDPE (metric tons)	93,722	2,802,237	33,792	1,059,189	75,482	2,666,575	22,659	828,354	
Plastic Powder, Chemical Products (metric tons)	109,675	1,916,898	306,788	8,238,647	112,139	2,116,016	333,689	8,738,891	
Plastic Products (metric tons)	37,933	1,697,566	12,712	681,635	37,604	1,677,551	14,336	802,507	
Plastic Leather (thousand yards)	2,908	269,081	4,070	624,839	2,819	267,316	4,319	631,519	
Vinyl Chloride Monomer (metric tons)	12,361	304,482	-	-	38,769	884,055	-	-	
ABS Resins (metric tons)	9,310	439,590	113,921	4,736,715	7,295	364,909	114,234	5,048,927	
Polystyrene (metric tons)	185,813	5,824,346	131,985	4,005,987	181,302	6,940,252	127,651	4,784,507	
Cubic printing (JIG)	63,127	53,503	-	-	72,186	64,209	-	-	
Glass wool products (metric tons)	8,415	306,148	4,062	132,092	8,718	319,627	4,234	149,773	
Ferrite Powder and Cores (metric tons)	37	16,184	7,523	2,125,696	28	14,523	7,131	2,100,114	
Packaging Films (metric tons)	9,079	542,216	42,001	2,595,220	8,416	523,508	43,515	3,084,410	
Others (square meters)	-	140,834	-	657,890	-	130,947	-	618,929	
<b>Total</b>		<b>16,586,368</b>		<b>33,614,905</b>		<b>18,639,776</b>		<b>37,016,965</b>	

III. Average Years of Service, Average Age, and Distribution of Academic Qualifications of Employees in the Most Recent Two Fiscal Years up to the Publication Date of this Annual Report

Year		2020	2019	The year up to April 30, 2021
Number of employees	Staff	1,754	1,795	1,778
	Workmen	3,096	3,129	3,251
	Total	4,850	4,924	5,029
Average Age		40.21	39.15	40.08
Average years of services		11.28	11.19	10.7
Percentage Distribution of Academic Qualifications	PhD	0.49%	0.55%	0.54%
	Master's degree	9.44%	9.22%	9.33%
	Bachelor's degree	35.15%	34.32%	34.26%
	Senior High School	29.09%	30.32%	28.18%
	Below senior high school	25.83%	25.59%	27.69%

IV. Information Regarding Environmental Protection Expenditure

(I) In the most recent years as of the publication date of this annual report, the losses incurred due to the environment pollution (including compensation and environmental protection audit results that violated environmental protection laws and regulations, the date of disciplinary action, disciplinary official letter number, the provision of laws violated, the content of laws violated, and the content of disciplinary action), current and future estimated amounts that may occur, and responding measures:



Unit: NTD

Date of disciplinary action/Disciplinary official letter No.	Regulation Violated	Amount of fines (NTD thousand)	Facts violated	Improvement Measures
October 8, 2020 / 40-109-100006	1.Subparagraph 1, Paragraph 1, Article 31, and Paragraph 1, Article 36 of the Waste Disposal Act. 2 Subparagraph 2, Paragraph 1, Article 7 and Subparagraph 4, Paragraph 1, Article 11 of Methods and Facilities Standards for the Storage, Clearance and Disposal of Industrial Waste	66	The Central Branch, Bureau of Environmental Inspection sent personnel to the company's Toufen Plant for supervision from August 20 to 21, 2020, and found that (I) There were 15 barrels of waste liquid (C-0301) stored on site, but the name of the enterprise, storage date, quantity, composition of the waste and the mark distinguishing the characteristics of the hazardous industrial waste were not specified; no warning signs with white background, red letter and black frame were set in obvious places, and no disaster prevention equipment was set up. (II) In addition, there were empty containers for storing ink, which were not reported in the approved waste disposal plan.	1. Hazardous industrial waste signs have been improved on site. 2 The waste disposal plan has been revised and was approved on October 14, 2020.
February 13 2020 / 20-109-020015	Paragraph 1, Article 20 of the Air Pollution Control Act	100	On October 22, 2019, the Environmental Protection Bureau, Kaohsiung City Government, sent personnel to the Company's Linyuan Plant to inspect the leakage concentration of volatile organic compounds of equipment components in the manufacturing process. As a result, the detected concentration value of equipment components at one point was 18723.95 ppm, which exceeded the control standard of 2000 ppm.	Strengthen the independent detection frequency of equipment components.
April 9, 2020 / 20-109-030013	Paragraph 1, Article 20 of the Air Pollution Control Act	200	The Environmental Protection Bureau, Kaohsiung City Government, sent personnel to the Company's Linyuan Plant to collect a representative sample of odorous pollutants, 1 group, at the outlet of the discharge pipe (No. P007) on February 18, 2020. According to the perceptive measurement method of odor pollutants – Triangular Odor Bag	1. Increased the circulation of C-6703 detergent. 2 Controlled pH value to avoid acid odor. 3 Reduced the inlet gas temperature. 4 Increased the height of packing material of washing tower.

Date of disciplinary action/Disciplinary official letter No.	Regulation Violated	Amount of fines (NTD thousand)	Facts violated	Improvement Measures
			method (NIEA A201.14A) analysis results, air pollutant – odor pollutant – concentration was 4120, which exceeded the emission standard value of 2000 for discharge pipes of odorous pollutants set out in the Air Pollutant Emission Standard for Fixed Pollution Sources (height: 26.71 meters; pipeline height $18 < h \leq 50$ meters).	
September 29, 2020 / 20-109-090012	Paragraph 1, Article 20 of the Air Pollution Control Act	450	On August 7, 2020, the Environmental Protection Bureau, Kaohsiung City Government, sent personnel to the Company's Linyuan Plant to inspect the leakage concentration of volatile organic compounds of equipment components in the manufacturing process. As a result, the detected concentration value of equipment components at two points was 11852.78 ppm and 18206.26 ppm respectively, which exceeded the control standard of 2000 ppm.	Strengthen the independent detection frequency of equipment components.
October 8, 2020 / 20-109-100006	Paragraph 1, Article 20 of the Air Pollution Control Act	100	On December 11, 2019, the Environmental Protection Agency sent personnel to the Company's Linyuan Plant to inspect the leakage concentration of volatile organic compounds of equipment components in the manufacturing process. As a result, the detected concentration value of equipment components at one point was 2529.9 ppm, which exceeded the control standard of 2000 ppm.	Strengthen the independent detection frequency of equipment components.
November 17, 2020 / 20-109-110016	Article 20 of the Air Pollution Control Act	450	On September 23, 2020, the Environmental Protection Bureau, Kaohsiung City Government went to Linyuan Plant to inspect the equipment components, and the result exceeded the standard.	<ol style="list-style-type: none"> <li>1. On September 24, 2020, an inspection company was commissioned to conduct a retest at the plant, and a retest report was submitted to the Environmental Protection Bureau to close the case.</li> <li>2. Strengthened the internal inspection of components: two sets of TVA2020 equipment and component inspection instruments have been purchased in</li> </ol>



Date of disciplinary action/Disciplinary official letter No.	Regulation Violated	Amount of fines (NTD thousand)	Facts violated	Improvement Measures
				<p>October, 2020 (there are four in the plant), and the equipment and components have been fully inspected by the Manufacturing Department every three months since December 1, 2020 (the management measures for internal inspection of equipment and components of the Manufacturing Department have been formulated and implemented on December 22, 2020).</p> <p>3 Labor Safety Office conducted four trainings (October 29, November 4, November 10, and November 16, 2020) for inspectors on equipment component detection methods and calibration operations, and educated the operators to take responsibility and implement the component detection in their own jurisdiction.</p> <p>4 Reduction of performance bonus: about NT\$50000 of employee performance bonus was deducted from the whole plant.</p> <p>5 On October 21, 2020, the reward and punishment measures for announcing the environmental inspection results of equipment components were formulated to strengthen the responsibility of personnel.</p>
August 26, 2020 / 20-109-080022	Paragraph 1, Article 20 of the Air Pollution Control Act	480	On June 18, 2020, the Environmental Protection Bureau of Miaoli County went to Toufen Plant and found that white particulate pollutants were discharged from the discharge port (P005) of M01 Process (glass fiber manufacturing process), so visual inspection was	1. In order to meet the emission standards, an improvement plan has been drafted. Miaoli Environmental Protection Bureau applied for the extension of the P005 chimney improvement project to June 30, 2021.

Date of disciplinary action/Disciplinary official letter No.	Regulation Violated	Amount of fines (NTD thousand)	Facts violated	Improvement Measures
			<p>carried out to judge the smoke of P005 discharge pipe. The result showed that the opacity of smoke was 50%, and the duration was more than 3 minutes, which exceeded the emission standard of air pollutants from fixed pollution sources (20%).</p>	<p>2 From June 19, 2020 to October 15, 2020, according to the suggestions of Owens Corning and group consultant Ming-Sian Chow, the forming drip box and static separator were inspected before the discharge of P005 chimney. . . The improvement included strengthening water curtain, increasing spray, adding a 9-layer 3M filter and adjusting the pH value of recycled washing water in order to improve exhaust concentration. The opacity of P005 chimney did not decrease significantly.</p> <p>3 On October 22, 2020, the equipment manufacturer was invited to test the electrostatic dust collector on site. A hose was connected from the P005 chimney to connect the exhaust to the electrostatic dust collector. After the electrostatic dust collector was running, no white smoke was discharged judging by visual inspection. The improvement was remarkable.</p> <p>4 Applied for temporary CER addition of air pollution control equipment – electrostatic precipitator and related engineering improvement.</p> <p>5 Miaoli Environmental Protection Bureau changed the operation permit after the smoke was qualified by re-inspection – visual inspection.</p>
January 21, 2021 / 40-110-010013	Subparagraph 1, Paragraph 1, Article 31 of the	6	The Environmental Protection Bureau of Miaoli County checked the output records of	Revised the waste disposal plan – increased the output of waste paint and paint slag



Date of disciplinary action/Disciplinary official letter No.	Regulation Violated	Amount of fines (NTD thousand)	Facts violated	Improvement Measures
	Waste Disposal Act		Toufen Plant from November, 2019 to November, 2020, and found that 2.8871 metric tons of waste paint and paint slag were produced in April, 2020, which exceeded the maximum monthly output (2 MT/month) approved in the waste cleaning plan by 10%.	to 3.2 tons per month.
January 8, 2020 / Jonjee) Emergency Penalty (2020) No.003	Article 10 of Water Pollution Prevention and Control Law	RMB 260	On October 18, 2019, the Environmental Protection Bureau of the Torch Development Zone of the Mainland went to Zhongshan Plant to sample and monitor the standardized wastewater discharge outlet (No.: WS00641). The results showed that the total phosphorus was 12.4 mg/l, which exceeded by 11.4 times the limit value specified in the Emission Standard of Pollutants for Synthetic Resin Industry (GB31572-2015) (Standard < 1mg / L).	The Company has planned to carry out technical transformation on the sewage treatment plant. The project contract and EIA contract were signed on January 1, 2020; in order to carry out the construction as soon as possible, we communicated with the District Planning Bureau and the Environmental Protection Bureau for many times, and finally started the construction on March 4, 2020 (the EIA approval of the sewage treatment technical transformation project was obtained on June 1, 2020, and the construction project planning permit was obtained on September 16, 2020). The installation of the equipment in the project was completed on July 5, 2020. Since August 2020, the sewage treatment plant has been in the process of commissioning. After the commissioning is completed, the environmental protection unit shall apply for environmental protection acceptance.
April 1, 2020 / 20-109-040001	Article 32, item 1, paragraph 1 of air pollution control law	200	On March 10, 2020, the safety valve of the fourth production line tripped off the waste gas combustion tower. During the operation, obvious fire light and black smoke of particulate pollutants were produced, causing pollution.	1. Repaired the return control valve and tested it before putting back in use. 2 Rechecked the reactor and reviewed for the resumption of work, and approved the restart of production. The suspension time was 45 days.
May 11, 2020 / 20-109-050005	Paragraph 1, Article 23 of the Air Pollution	100	On March 10, 2020, the process waste gas was led to the waste gas combustion tower for treatment.	3 Inspection rounds,



Date of disciplinary action/Disciplinary official letter No.	Regulation Violated	Amount of fines (NTD thousand)	Facts violated	Improvement Measures
	Control Act		However, the annual maintenance (start/stop) was not listed in the service conditions of the waste gas combustion tower.	maintenance, and update of equipment components were enhanced.
October 15, 2020 / 20-109-100008	Article 32, item 1, paragraph 1 of air pollution control law	1,080	On September 19, 2020, the rupture disk of the reactor in the second production line broke and released pressure, resulting in obvious granular pollutants scattered in the air, causing pollution.	4 Adjusted the pressure of the storage tank to guide the escaping gas to the back-end control equipment.
January 7, 2021 / 20-110-010007	Paragraph 1, Article 20 of the Air Pollution Control Act	675	On November 10, 2020, the net leakage value of two equipment components in the M03 process of the third production line exceeded the control standard.	
January 7, 2021 / 20-110-010008	Paragraph 1, Article 20 of the Air Pollution Control Act	225	On November 10, 2020, the waste gas was not effectively collected to the regenerative incinerator of the control equipment in the M01 process separation tower pipeline of the first production line.	
March 3, 2021 / 20-110-030003	Paragraph 1, Article 20 of the Air Pollution Control Act	1,530	On January 22, 2021, the rupture disk of the reactor in the first production line broke and released pressure, resulting in obvious granular pollutants scattered in the air, causing pollution.	
May 5, 2020 / 20-109-040047	Paragraph 1, Article 20 of the Air Pollution Control Act	100	Kaohsiung Environmental Protection Bureau found that the volatile organic compounds (VOCs) in the M01 process equipment components of Renwu Plant exceeded the air pollutant control and emission standards.	1. The leakage components were immediately locked for maintenance and improvement, and the retest and verification were completed. 2 Strengthened the detection of leakage-prone equipment components. 3 Inspected the similar components comprehensively and replaced them with non-leakage components.
September 21, 2020 / 20-109-090010	Paragraph 1, Article 20 of the Air Pollution Control Act	450	Kaohsiung Environmental Protection Bureau found that the volatile organic compounds (VOCs) in the M01 process equipment components of Renwu Plant exceeded the air pollutant control and emission standards.	1. Check the same sampling port, simplify the sampling joint and update the low emission sampling valve. 2 Comprehensively check related problems, and plan to change union to flange type to avoid leakage.



- (II) Current and future potential estimated amount and response measures:
- (1) Comply with regulations relevant to environmental protection and occupational health and safety, and relevant requirements derived from such regulations.
  - (2) Sustainable energy saving, regeneration and industrial waste reduction.
  - (3) Prevent pollution, reduce potential risks in operations.
  - (4) Continuously provide employees with education and training, and carry out works related to environmental protection and occupational health and safety.
  - (5) Actively communicate with customers and local residents, manage suppliers and contractors, and encourage all employees to participate in work related to environmental protection and occupational health and safety.
  - (6) Thoroughly implement environmental management system to enhance environmental performance and reduce environmental safety risks in communities.

The material environmental protection expenses of the Company in the most recent fiscal year up to the publication date of this annual report are as follows:

Unit: NT\$ thousand

	Pollution Prevention Equipment Installed or Expenditure Content	Shares
1.	Application for purchase of spares of C-201C/E/F and F/G-2 & 3 Piston & Rod Assembly for Renwu Plant No. 1	1,424
2.	Application for purchase of C-201C/E/F and P1/P2 Rod Packing Cup Assembly spares for Renwu Plant No. 1	810
3.	Application for purchase of spares of L-229C/E/F Die Plate for Renwu Plant No.1	2,644
4.	Application for purchase of L.D.V Valve Body for Renwu Plant No.1	5,075
5.	Renewal of D/E + F process control valve and positioners at Renwu Plant No.1	1,701
6.	Application for purchase of spares of ethylene flow meters and SIS emergency shut down valve for Renwu Plant No. 1	2,580
7.	VA raw material unloading arm project at Renwu Plant No. 1	767
8.	EF-line modifier pump outlet high pressure pipeline renewal at Renwu Plant No. 1	1,552
9.	Replacement of E-215 1st & E-216 2nd Recycle Cooler at Renwu Plant No.1	2,733
10.	E-215/E-216/E-217 inlet and outlet pipeline modification project at Renwu Plant No. 1	1,860
11.	Application for purchase of sonic industrial imagers by Renwu Plant	798
12.	V-513/V-515/EPT equipment platform/stair/ladder renewal project at Renwu Plant No. 1	990
13.	Establishment of a new concentration tank in wastewater pool at Renwu Plant	856

Pollution Prevention Equipment Installed or Expenditure Content		Shares
14.	Repair of E-208C Product Cooler jacket in Renovation Plant No. 1, Renwu Plant	1,650
15.	Application for purchase of air hydraulic torque disassembly/locking tool set by Renwu Plant	1,690
16.	The second-stage budget of the discharge pipeline during operation and downtime at Renwu Plant No.1	743
17.	Improvement project of C-line VA injection pump inlet piping Renwu Factory No.1 Factory	659
18.	Installation of propylene material unloading arm project at Renwu Plant No. 1	985
19.	Installation of ethylene material unloading arm project at Renwu Plant No. 1	1,192
20.	V-260 catalyst unloading improvement project at Renwu Plant No.1	715
21.	Application for purchase of C-202D two-stage cylinder spares for Renwu Plant No. 1	7,091
22.	Replacement project of E-215 & E-216 Recycle Cooler at LD Plant, Renwu Plant	5,635
23.	V-404 foundation reinforcement and fire protection improvement at Renwu Plant	2,294
24.	Warehouse corrugated sheet renewal project at Renwu Plant No. 2	7
25.	Installation of butene material unloading arm project at Renwu Plant No. 2	262
26.	Improvement of operations in recycling areas at Renwu Plant: installation of filter screen on K5306, installation of hard pipe in Skid Tank, and ethylene glycol tank outlet pipeline modification	734
27.	Establishment of a new skid tank at Renwu Plant No. 2	0
28.	Stripping system for waste solvent recycling at Renwu Plant	1,905
29.	Addition of filter to C-9205 hydrogen compressor source pipeline at Renwu Plant	314
30.	TO furnace to flare pipeline switching pneumatic valve setting at Renwu Plant	186
31.	pump seal oil port modification at Renwu Plant	529
32.	Addition of filter to C-9205 hydrogen compressor source pipeline at Renwu Plant	314
33.	Purchase of equipment component testing equipment at Linyuan Plant	440
34.	Replacement of old blower (B3112-7) in zone 31 at Linyuan Plant	168
35.	Upgrade of lighting to explosion-proof LED in zone 24 at Linyuan Plant	918
36.	Exhaust duct in laboratories at the Linyuan Plant	198
37.	Improvement fire detection system in finished product warehouse at Linyuan Plants No.1 and No. 2	170
38.	Maintenance and repair of incinerator in Linyuan Plant	650
39.	Replacement of a total of five old pumps in zone 13/24/25 at Linyuan Plant	3,510
40.	Upgrade of the material of carbon steel for RBD pipelines to stainless steel	2,470
41.	Addition of water sealing groove in the tank area in zone 27 at Linyuan Plant	1,680
42.	Plant-wide replacement of gas detector hosts at Linyuan Plant	1,760
43.	(Monomer storage tank area) propylene storage tank (S1111-1 & S1111-2) and relevant pipeline paint in zones 11 and 11B at Linyuan Plant	404
44.	Purchase of NOVA CA302 heat transfer oil glandless pump magnet spares at Cianjhen Plant	289
45.	Purchase of RTO spares at Cianjhen Plant	658
46.	Addition of gas detector for EPS Section at Cianjhen Plant	155
47.	Replacement of old safety valves of reaction tank for the EPS Section at Cianjhen Plant	1,010
48.	Renewal of 2B3T process distributing board in pure water zone at Cianjhen Plant	399
49.	Replacement of breathing apparatus and purchase of protective outfit at Cianjhen Plant	213
50.	Painting of discharge pipelines and pipes for rust removal at Cianjhen Plant	989
51.	Renewal of SBR feed pump at Cianjhen Plant	87
52.	Replacement of filter bag of the dust collector filter in Toufen Plant	124
53.	Glass wool chimney (P009 - P010) heightening project at Toufen Plant	378
54.	Stage I improvement of opacity of glass wool chimney (P005) at Toufen Plant	324
55.	Improvement of glass wool chimney (P001 P004) at Toufen Plant	536
56.	Establishment of spill dyke in diesel tank at Toufen Plant	54
57.	Purchase and setting of air pollution emergency equipment at Toufen Plant	420



Pollution Prevention Equipment Installed or Expenditure Content		Shares
58.	Cooled water relying construction of the L1/2/4 manufacturing process in Linyuan Plant	3,319
59.	Replacement of the anti-explosion air conditioner in the Unit Duty Room of `Synthetic Section in Linyuan Plant	413
60.	Improvement of the discharge volume of V-3301/V-3302 Peabody Silo and improvement of tank-top erosion in Linyuan Plant	1,984
61.	Heat and coolness reservation construction project and 2019 CUI inspection in Linyuan Plant	2,561
62.	Integration of the plant-wide vibration-detection system for the reactors in Linyuan Plant	316
63.	Hot water Improvement project for staff dormitory at Guanyin Plant	178
64.	Plant renovation at the Guanyin Plant	1,600
65.	Replacement of cooling water tower at Guanyin Plant	180
66.	Maintenance and repair of air conditioners in offices at Guanyin Plant	281
67.	Addition of employee training classrooms at Guanyin Plant	691
68.	Maintenance and repair cost of roof exhaust fans at Guanyin Plant	47
69.	Working environment improvement expenses at Guangzhou Plant	10,022
70.	Decoration and reform of offices at Guangzhou Plant	1,351
71.	Renovation of employee canteen and dormitory in Guanyin Plant	151
72.	Establishment of employee parking lots at Guangzhou Plant	765
73.	Working environment improvement expenses at Kunshan Plant	10,855
74.	Cost of working environment improvement in Malaysia plant	1,093
75.	Annual exhaust gas monitoring charges at Zhongshan Plant	874
Total		105,380

The Company's expected environmental protection expenditures in 2021 are as follows:

Unit: NT\$ thousand

Proposed Pollution Prevention Equipment or Expenditure		Shares
1.	Replacement project of B-LINE E-215/E-216 Recycle Cooler at Renwu Plant No.1	9,500
2.	Renewal of high voltage switch operation in K-21 substation at Renwu Plant	4,000
3.	Replacement of E+F Line 69-KV transformer insulating oil at Renwu Plant No.1	2,500
4.	Coil maintenance of C-201b synchronous motor at Renwu Plant	1,200
5.	Modification of I-230 C/D/E/F inlet and outlet pipelines at Renwu Plant No.1	500
6.	Replacement of old C/D/E/F-Line E-215/E-216 Recycle Cooler at Renwu Plant No.1	6,500
7.	Renewal of C/D/E/F-Line Recycle Cooler cooling water pipeline at Renwu Plant	5,000
8.	E-406EF replacement project at Renwu Plant No.1	1,800
9.	E-223 replacement project of EPT reboiler at Renwu Plant No.1	1,200
10.	Renovation project of W-517 ladder platform at Renwu Plant No.1	500
11.	Renewal of steam pipeline in Renwu Plant No.1	1,000
12.	Application for purchase of Y-type high pressure valve spare parts at Renwu Plant No.1	1,200
13.	B-Line additive extrusion injection system engineering at Renwu Plant No.1	11,600
14.	Addition of propylene unloading pump at Renwu Plant No.1	1,600
15.	Modification of underground pipeline monitoring system at Renwu Plant No.1	350
16.	Adding modifier injection pump to EF-Line and D-Line at Renwu Plant No.1	12,500
17.	Waterproof construction of D-Line processing room and Shop office in Renwu Plant No.1	1,500
18.	E-209D Aftercooler elimination and replacement project at Renwu Plant	18,000
19.	B/C/EF-Line start-stop discharge line at Renwu Plant No.1	23,000

Proposed Pollution Prevention Equipment or Expenditure		Shares
20.	Renovation of cement base of equipment at Renwu Plant and Kaohsiung Plant	1,300
21.	Replacement of Ground Flare environmental protection monitoring system at Renwu Plant No.2	7,500
22.	Renewal of underground steam pipeline in the south of processing room 1F at Renwu Plant No.2	800
23.	Modification of hydrogen pressure regulating valve at Renwu Plant	900
24.	Improvement project of fire water pipe in warehouse at Renwu Plant No.2	1,200
25.	Addition of PVA-Gel aeration biological tank on line A of zone 82 at Linyuan Plant	4,750
26.	Addition of ABSL agglutinate frame filter press equipment in zone 22 at Linyuan Plant	2,300
27.	Firefighting water connection project between Linyuan Plant and Taiwan Styrene Monomer Corporation	1,200
28.	Addition of temporary storage area to the south of the incinerator at Linyuan Plant	700
29.	Addition of an air pollution prevention (regenerative thermal oxidizer) in zone 26 at Linyuan Plant	22,150
30.	Addition of sludge drying equipment to Line B in sewage treatment plant in zone 82 at Linyuan Plant	9,360
31.	Renewal of plant-wide lighting to explosion-proof LED at Linyuan Plant	1,160
32.	Establishment of a water fire hydrant turret at the northwest of the trough area in zone 27 at Linyuan Plant	500
33.	Establishment of waste storage yard project at Linyuan Plant	1,200
34.	Renewal project of bag filter for incinerator at Linyuan Plant	4,800
35.	Renewal of TAPI/II/C AN feed control valve to non-leakage type in zone 22 at Linyuan Plant	610
36.	Repair project of walls and columns of north wall at Linyuan Plant	1,600
37.	Maintenance and renewal project of incinerator equipment at Linyuan Plant (renewal of air duct & chimney)	1,520
38.	Corrosion improvement of floors, supports and outdoor stairs in zone 25 at Linyuan Plant	180
39.	Adding discharge pump to DMF discharge system in zone 27 at Linyuan Plant	425
40.	Replacement of NOVA cooling water tower fan with FRP energy-saving blade at Cianjhen Plant	738
41.	Renewal project of mechanical shaft seal of Nova R1 mixer at Cianjhen Plant	580
42.	Renewal project of EPS centrifuge at Cianjhen Plant	2,500
43.	Purchase of spare parts for mechanical shaft seal of EPS reaction tank at Cianjhen Plant	270
44.	Addition of dust collector in zone 26 at Cianjhen Plant.	60
45.	Replacement of heat medium circulating pump with glandless pump at Cianjhen Plant	1,260
46.	Renewal of waste gas pipeline at wastewater treatment plant at Cianjhen Plant.	500
47.	Renewal of slurry pump of EPS Section at Cianjhen Plant.	600
48.	Purchase of spare parts for feeding machine in Nova silo area at Cianjhen Plant	520
49.	Purchase request of spare parts for SBR circulating pump in wastewater treatment plant at Cianjhen Plant	270
50.	Renewal of staircase and guardrail of Nova cooling water tower at Cianjhen Plant.	335
51.	Purchase request of Gear Box bearing spare parts for Nova R1 mixer at Cianjhen Plant.	480
52.	Purchase of low frequency vibration analysis and testing instrument at Cianjhen Plant	1,400
53.	Purchase request of spare parts for Nova vacuum pump CB625B at Cianjhen Plant	1,000
54.	Second stage improvement of opacity of glass wool chimney (P005) at Toufen Plant	15,530
55.	Addition of waste storage facilities at Toufen Plant	4,000
56.	Addition of roof for outdoor glass storage area at Toufen Plant	1,750
57.	Operating expenses of the environmental protection facilities in Zhongshan Plant	47,029
58.	Hazardous waste disposal expenses of Zhongshan Plant	420



Proposed Pollution Prevention Equipment or Expenditure		Shares
59.	Annual wastewater monitoring charges at Zhongshan Plant	724
60.	Operating expenses of ISO14001 system at Zhongshan Plant	313
61.	Operating and maintenance expenses for exhaust gas treatment equipment in Toufen Plant	83,000
62.	Operating and maintenance expenses for wastewater treatment equipment in Toufen Plant	45,000
63.	Air pollution prevention expenses of Toufen Plant	12,000
64.	Industrial waste cleanup and treatment expenses of Toufen Plant	3,000
65.	Regular application for the inspection of stationary pollution source in Toufen Plant	1,000
76.	Pressure vessel inspection expenses of Toufen Plant	500
67.	Noise improvement in Toufen Plant	400
68.	Purchase of spare parts for reactor motors in first, second and third lines in Linyuan Plant	10,000
69.	Renewal of seriously corrosive ethylene pipeline from Line 1 V-1147 to V-1105 in Linyuan Plant	1,000
70.	Replacement of old monitoring computer system for waste gas combustion tower in Linyuan Plant	7,000
71.	Intelligent pigging inspection project of underground pipeline in 2021 at Linyuan Plant	35,000
72.	Heat and coolness reservation construction project and 110 CUI inspection in Linyuan Plant	5,000
73.	Underground pipeline risk assessment, new model introduction and data integration service in 2021 at Linyuan Plant	1,980
77.	Non-destructive inspection of key pipelines in 2021 at Linyuan Plant	3,000
78.	Plant renovation at the Guanyin Plant	2,000
79.	Cost of toilet renovation at Guanyin Plant	200
80.	Environmental improvement cost of Guanyin Plant	2,415
81.	Working environment improvement expenses at Guangzhou Plant	6,088
82.	Reconstruction of air conditioning system at Kunshan Plant	5,590
83.	Rehabitation of parking lots at Kunshan Plant	129
84.	Rehabitation of staff restaurants at Kunshan Plant	172
85.	Cost of working environment improvement in Malaysia plant	1,120
Total		473,478

(III) In response to the Restriction of Hazardous Substances (RoHS) prescribed in European Union's Directives:

The Company is RoHS-compliant, and the restriction has no effect in the Company's financial operations.

## V. Labor-management Relations:

(I) List the Company's employee welfare measures, continuing education, training, retirement system and implementation status, as well as agreements between the employer and employees and measures for protecting employee rights and interests:

### 1 Employee welfare measures

- (1) Based on the premise of external competition, internal fairness and legitimacy, the Company provides a diversified and competitive salary system, and by adhering to the concept of profit sharing with employees, provides a diversified and competitive salary system to attract, retain, cultivate and motivate excellent talents. The salary of the Company's employees includes the salary paid monthly, the bonus paid for the settlement of production performance, and the employee's salary paid by distributing the annual surplus.
- (2) Annual salary is adjusted based on the Company's profitability. In 2020, employees' salary was increased by approximately 1.5% to 2.1%. Employees' compensation shall not be less than 1% of the distributable earnings of the current year. On March 8, 2021, the Board of Directors' meeting has approved to distribute employees' compensation in the amount of NT\$ 25,892,000 for 2020.
- (3) The reward of the Company's employees is to give back to the fellows, award their contributions, and encourage them to continue to work hard, so that the interests of employees and shareholders are directly linked, to create a win-win situation among the Company, shareholders and employees. According to the Company's operating results and the payment level in the domestic industry, the Company decides the bonus distribution method of employees; the amount of money allocated to each employee depends on contribution and performance.
- (4) In addition to setting reasonable and competitive salaries according to the local labor market conditions, the Company's overseas subsidiaries also pay the remuneration to their employees according to local laws, industry practices and the overall operating performance of each subsidiary, to encourage their long-term contribution and common growth with the Company.
- (5) The Company regularly arranges health checkups for employees every year. In Taipei head office, there is fitness equipment and a shower room installed on site. Individual plants have designated qualified nurses to provide relevant assistance in physical health



and medication for employees, as well as some independent space set up for female employees who undergo menstruation or breastfeeding. The Company also collaborates with childcare institutions to provide such services for employees' children.

- (6) Employees who have served in the Company for 3 months (or above) are entitled to a birth allowance of NT\$ 10,000 for each new born child in the family. The amount is doubled for twins (or above). Employees' application for unpaid parental leave can be submitted before their children reach the age of three and the leave can be extended to up to two years.
- (7) Employee Welfare Committee is set up in accordance with the Employee Welfare Fund Act, and the welfare fund is appropriated accordingly. The fund is managed collectively and is used in holding various welfare activities to enhance employees' physical and mental health. All employees of the Company are entitled to fair access to all benefits provided by the Employee Welfare Committee. The retention and use of the employee welfare fund are processed by the Employee Welfare Committee.

## 2 Employee education and training

- (1) The Company has its own employee training regulations, where it regularly conducts surveys on employee training needs every year in accordance with the regulations, and formulates annual training plans. Moreover, the Company also prepares budgets for training and conducts various types of training. Employee functional training, management training, seminars, health talks and various types of conferences are all included in the scope of training. Employees can participate in learning through various learning methods including work instructions given by supervisors, classroom lectures, educational CDs or online learning.
- (2) In order to connect employees' training with employment promotion, the Company has specifically established general education courses regarding employment promotion to encourage employees' participation. Employees must complete the prescribed courses before they can be officially promoted.
- (3) For employees who have a strong willingness to learn and develop



their potential, the Company provides grants for further education in local universities, which is supplemented with career adjustments in their respective positions in order to nurture leading talents required by enterprises.

- (4) The records of employee training are reserved and archived. Every year, each employee has to attend at least 8 hours of internal training, which is also taken into account in employee's performance appraisal. The survey on employee's opinions and a review report is conducted at the end of each course. The Company conducts satisfaction surveys at year end to summarize employee's opinions and advices on employee's training and the result serve as a reference for improvement.
- (5) The Company's employee training expenditure in the most recent fiscal year: The Company's annual employee training expenditure for 2020 was NT\$ 7,182 thousand.

Name of Representative Training	Training Participant	Name of Representative Training	Training Participant
Continuing Courses for Directors and Supervisors: Strategies and Management of Enterprise Upgrade and Transformation – Selection of Mergers and Acquisitions and Alliances (directors and supervisors)	Chairman's Office	Digital lecture: digital transformation in the post epidemic era	Industry Information Team
Continuing Courses for Directors and Supervisors: Business Strategy and Corporate Governance in Response to Unsustainable Risks in the World from the perspective of COVID-19 (directors and supervisors)	General (deputy) Manager Office (MGT)	Understanding ISO9001	Human Resources Division
[Keynote Speech] Brief introduction and case sharing of Six Sigma	Research and Development Division.	Research on labor law of human resources personnel	Personnel Department
[Ethics Seminar] Practical cases of insider trading and related legal liabilities	Sales and Marketing Division	[SEMBA] Accounting and management decision making	Senior managers
<Big Future of 5G> 5G and AI development trend and plastic leather industry application in Taiwan	Advanced Material Division	PMP Project Manager	Information Technology Division
Oil refining and petrochemical plant overhaul management workshop in 2020	Renwu Plant	Practical cases of insider trading and related legal liabilities	Renwu Plant
Corrosion and corrosion prevention workshop in 2020	Renwu Plant	Intellectual power primary school: On trademark and patent right	Renwu Plant
Training for middle-tier executives of USI Group	Renwu Plant	ISO 14064 internal audit training	Renwu Plant
Course on occupational safety regulations	Renwu Plant	Tank/pipeline corrosion and anticorrosive coating	Renwu Plant
Research on labor law of human resources personnel	Renwu Plant	Fire and explosion prevention management practice	Renwu Plant
The labor laws and regulations that business directors must know	Renwu Plant	Fire Marshalling and Emergency Response Training	Renwu Plant
[EMBA] Industrial security and risk management	Relevant director	Education and training on #1 boiler	Utilities Section personnel



Name of Representative Training	Training Participant	Name of Representative Training	Training Participant
[EMBA] Innovation and R&D creativity	Relevant director	Operation training on replacement of natural gas burner for #7 boiler	Utilities Section personnel
[EMBA] Negotiation and consultation	Relevant director	Enterprise sustainable elite training course in 2020	CSR personnel
[SEMBA] System thinking and learning organization	Senior managers	GCB high voltage switch operation and maintenance training	Personnel of Instruments and Electrical Section
[SEMBA] Application of emerging information technology in enterprise management	Senior managers	ISO45001 Internal audit personnel education and training	ISO45001 Internal audit personnel
[SEMBA] Accounting and management decision making	Senior managers	ISO45001 Supervisor education and training	Supervisors
[SEMBA] Economic and competitive analysis	Senior managers	PrHA education and training	Process safety personnel
[SEMBA] Management decision-making	Senior managers	PULSA quantitative diaphragm pump training	Maintenance Section personnel
[SEMBA] Operations management	Senior managers	PVC powder production, transportation and loading information update and technical exchange	Personnel of raw material export group
Middle-tier supervisor training in 2020	Supervisors	General loader	Loader operators
Technical exchange seminar of USI Group in 2020	Supervisors/General employees	Class B Boiler Operator Training	Boiler operators
Industrial accident prevention training and drill	PVC Fabric Section 1 personnel	Truck driving training	Fire prevention driving
Plant safety management practice training	Industrial safety personnel	Occupational Safety and Fire Prevention Promotion	Polymerization Section personnel
Plasticizer finished product inspection	Inspection Section personnel	Work Safety Training	PVC Sheet Maintenance Section Personnel
Health promotion and emergency training in the second half of 2020	Supervisors/General employees	TAF certification test standard (all items) and finished product inspection, instrument, drug testing and calibration training	Inspection Section personnel
Occupational safety and health management system promoting education and training of internal auditors of business plan in 2020	Equipment Inspection Section	Description and adjustment of cooling water circuit of #27 and #28 door panel forming table	Rigid Pipe Management Section personnel
Education and training on emergency response to poisoning disaster in 2020	Supervisors/General employees	Introduction to stainless steel material characteristics and manufacturing technology	Engineering Department personnel
Corporate governance and law compliance	Supervisors	Corporate Governance 3.0 - Sustainable Development Roadmap	CSR personnel
Explanation meeting on supplementary premium of Kaoping class I insurance company in 2020	Management Section	Internal education and training of Instruments and Electrical Section – operation instructions for high voltage power equipment in Taiwan VCM Corporation in 2019	Instruments and Electrical Section
Training meeting of Kaohsiung Labor Inspection Division in 2020	Labor Safety Office	Chemical process heat exchanger technology	Engineering Department personnel
The second emergency training in 2020	Supervisors/General employees	Practice of processing test	Inspection Section personnel
Preparation education and training before ISO27001 certification	Information Technology Division	Emergency Response Drill for the Processing, Storage & Transportation Section	Processing, Storage and Transportation Section personnel

Name of Representative Training	Training Participant	Name of Representative Training	Training Participant
Technical safety seminar on API rotating machinery	Maintenance Section	Typhoon emergency response drill	Phase control personnel
Seminar on knowledge, ability and practice sharing of labor health service in 2020	Labor Safety Office	Internal education and training of Instruments and Electrical Section 2020 – Introduction to Taiwan VCM Corporation instruments and electric equipment	Instruments and Electrical Section
Oil refining and petrochemical plant overhaul management workshop in 2020	Manufacturing Management Department	Pre-Machine Cleaning Power Off Operation Drill	Phase control personnel
Brief introduction to gas fired boiler operation	Plastic Leather Section 2 personnel	Life with blue sky, looking forward to bright future	General employees
Internal education and training of instrument and electricity class in 109 – Description of Taiwan VCM Corporation power system	Instruments and Electrical Section	Internal education and training of Instruments and Electrical Section 2020 – Operation procedure of switching and transmitting power to field equipment in 2020	Instruments and Electrical Section
Hanging Operations Personnel Training	Hanging operators	Training of class A wastewater treatment specialist	Class A Waste Water Disposal Personnel
Education and training of 150L and 1500L fermentation tanks and peripheral equipment	Special Environmental Testing Section	Education and training of automatic lubricator	Maintenance Section personnel
Internal education and training of Instruments and Electrical Section 2020 – Operation instructions of high voltage power equipment in CGPC	Instruments and Electrical Section	Training of Professional Technical Management Personnel for Class A Toxic Chemical	Training for Class A Toxic Chemical Professional Technical Management Personnel
Internal education and training of Instruments and Electrical Section 2020 – Operation instructions of power system in CGPC	Instruments and Electrical Section	Business fraud detection and prevention practice: legal responsibility, identification and big data analysis	Auditors
Internal education and training of Instruments and Electrical Section 2020 – Introduction to instruments and electric equipment in CGPC	Instruments and Electrical Section	Training for Operators of Fixed Cranes with Hoisting Capacity of 3 Tons or More	Fixed crane operators
EC-Council CASE.NET Application Security Engineer Certification Course	Information Technology Division	Introduction to engineering design, drawing skills, design standards and regulations (ASME, ASTM, API), etc.	Engineering Section
Description of ISO 50001 regulations on energy management system	Supervisors/General employees	Self-defense fire-fighting training (2020, Part 1)	Self-defense and firefighting team personnel
PSM education and training	Supervisors/General employees	Self-defense fire-fighting training (2020, Part 2)	Self-defense and firefighting team personnel
PVC plant process explanation	Equipment Inspection Section	Emergency Response Drill for Material Section	Materials Section personnel
Six Sigma introduction and case sharing	Supervisors/General employees	Preliminary Training for Fire Prevention Personnel	Fire Prevention Personnel
Research on labor law of human resources personnel	Human resources	Fire Prevention Personnel Retraining	Fire Prevention Personnel
Holiday training class for soil pollution assessment investigators	Application Planning Section	Explanation on explosion prevention safety practice	Engineering Department personnel
Process education and training course for manufacturing management, safety and environmental protection personnel	General employees	Security supervision workshop and primary training	Security supervisors
CommonWealth Magazine LeaderCampus	Supervisors/General employees	Emergency Response Drill for the Building Material Factory	Building material plant personnel



Name of Representative Training	Training Participant	Name of Representative Training	Training Participant
Middle-tier director training Ladder 3	Relevant director	First Aid Personnel Training	First-aid personnel
Practical cases of insider trading and related legal liabilities	Supervisors/General employees	Technical training of infrared thermal image detection personnel	Equipment inspectors
Education and training on safety and health and emergency response in Taiwan VCM Corporation in the first half of 2020	Supervisors/General employees	Description of PMI alloy material composition inspection procedure for key equipment in two plants	Equipment Inspection Section
Technical training for infrared thermal image detection personnel (Level 2)	Equipment inspectors	Emergency Response Drill for Polymerization Section personnel	Polymerization Section personnel
Visual inspection	Manufacturing Management Department	The concept of risk assessment and the training of writing thinking	Process safety personnel
The labor laws and regulations that business directors must know	Supervisors/Human Resources	Continuous education and training of food safety control system	Food safety personnel
Hazard and operability study (HAZOP)	Relevant employees	Education and training of food-grade products	Alkali-Chlorine Section personnel
Guidance plan of process safety management, key equipment screening method and practical training for petrochemical and chemical plants	Equipment Inspection Section	Raw/material inspection, development test and plastic sheet inspection training	Inspection Section personnel
Strategy and management of enterprise upgrading and transformation: the choice of M&A and Alliance	Directors & Supervisors	Safety and Health On-the-job Education and Training for Special High-Pressure Gas Equipment Operators	Operators of special high-pressure gas equipment operation
Explanation on process safety assessment practice of dangerous equipment replacement inspection	General employees	Continuing Training Class for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	Manager of Accounting Department
Training meeting on hazard identification and prevention of hazardous machinery and equipment operation	Labor Safety Office	Ethics Seminar: practical cases of insider trading and related legal liabilities	General employees
Description of operation procedures related to underground pipeline maintenance and transportation	Equipment Inspection Section	Emergency response drill of Raw Material R&D Department	Personnel of Raw Material R&D Department
Education and training on wearing protective gear for emergency personnel of underground pipeline response	General employees	Emergency Response Drill for Raw Materials Storage and Transportation Section	Raw Materials Storage and Transportation Section personnel
How to Become a Manager's Good Assistant	General employees	On-the-Job Training for Specific Chemical Operations Supervisors	Specific chemical operations supervisors
Organic Solvent Operations Supervisor Training	Relevant employees/On-duty supervisors	Lectures on special operations and cancer screening	Health assessors
Driving safety training	General employees	Training for Supervisors of Dust Operations	Supervisor training on dust operations
Abnormal processing flow of processing machinery table	Plastic Leather Section 2 personnel	On-the-Job Training for Oxygen-Deficient Operations Supervisors	Supervisors of oxygen-deficient operations
Material damage analysis	Equipment Inspection Section	Health Seminar: Colorectal Cancer	General employees
Equipment inspection instructions in two plants	Equipment Inspection Section	Basic lubrication education and training	Maintenance Section personnel

Name of Representative Training	Training Participant	Name of Representative Training	Training Participant
Training meeting on hazard prevention in confined space and hypoxia hazardous operation (safety and health on-the-job education and training)	Labor Safety Office	Hazard prevention in hoisting operation (safety and health on-the-job education and training)	Maintenance Section/Manufacturing Management Department
Nondestructive testing procedures for key equipment and pipelines in two plants	Equipment Inspection Section	Mechanical Integrity (MI) Education and Training	Process safety personnel
Periodic inspection of key pressure vessels, pipelines and rotating equipment in two plants	Equipment Inspection Section	Education and training on thickness gauges	Maintenance Section personnel
On-the-job education and training of fixed crane operators	Instruments and Electrical Section	Operation and correction of vernier calipers	Rigid Pipe Management Section personnel
On-the-job training of air pollution prevention and control personnel	Labor Safety Office	Safety and environmental training in Group North Plant	Industrial safety personnel
Training and retraining class for security supervisors	Utilities Section	Color management and practical application of pigment in plastic dyeing	Technical Quality Control Section personnel
Security inspector workshop	Manufacturing Section	Operation instruction of defect detector	PVC Leather Section 1 personnel
Digital transformation in the epidemic era	Supervisors/General employees	Ethics Seminar: Anti-corruption	General employees
Safety and Health On-the-Job Training for First Aid Personnel	VCM Plant	Ethics Seminar: General education and training on information security	General employees
Leakage detection	Equipment Inspection Section	Best practice education and training on achieving zero disaster	Industrial safety personnel
Infrared analysis	Equipment Inspection Section	Operation Training for Laser Jet Machine	Rigid Pipe Management Section personnel
Radiographic testing	Equipment Inspection Section	Description of tube CNS version 2017	Rigid Pipe Management Section personnel
Vibration analysis technicians	Equipment Inspection Section	Production cost reduction and control in manufacturing industry	Supervisors
Supervisors of Specific Chemical Operations	VCM Plant	Process safety management (PSM) education and training (1)	Process safety personnel
Process safety operation training	PVC Compound Section personnel	Process safety management (PSM) education and training (2)	Process safety personnel
Education and training on high-altitude rescue equipment & the use of air supply respirator	VCM Plant	Education and training of high-altitude rescue equipment/gas pipeline respiratory protective equipment/four-purpose gas detector	VCM Plant
Process and quality control training	Quality Technology Section personnel	Introduction to process quantitative analysis	Alkali-Chlorine Section personnel
Safety and health education and training for operators of high pressure gas containers	Manufacturing Section	Process quality control training	Relevant employees
On-the-Job Training for Forklift Operators	Manufacturing Management Department/stacker operators	Business Strategy and Corporate Governance in Response to Unsustainable Risks in the World from the perspective of COVID-19	Directors & Supervisors



Name of Representative Training	Training Participant	Name of Representative Training	Training Participant
Instrument calibration and quality training	Quality Inspection Section personnel	Training on Testing, Inspection and Certification Comparisons and Practices (I)	Inspection Section personnel
Credit skills and financial report analysis	General employees	Training on Testing, Inspection and Certification Comparisons and Practices (IV)	Inspection Section personnel
Liquid seepage detection	Equipment Inspection Section	Training on Testing, Inspection and Certification Comparisons and Practices (II)	Inspection Section personnel
On trademark and patent right	Supervisors/General employees	Training on Testing, Inspection and Certification Comparisons and Practices (III)	Inspection Section personnel
On occupational safety regulations	Human resources	Instrument and Electrical Maintenance and Repair Training	PVC Sheet Maintenance Section Personnel
Safety and Health On-the-Job Training for Type I Pressure Vessel Operators	General employees	Hazard prevention of Class I pressure vessel operation (on-the-job education and training on safety and health)	Labor Safety Office
Welding education and training	Maintenance Section personnel	Emergency Response Drill for PVC Sheet Maintenance Section	PVC Sheet Maintenance Section Personnel
Basic training of cathodic protection system maintenance and testing	Equipment Inspection Section	PVC Sheet Quality Control Training	PVC sheet factory personnel
Eddy current detection	Equipment Inspection Section	PVC Sheet Quality Inspection Training	Technical Quality Control Section personnel
Education and training of Test Laboratory Supervisors	Environmental Protection Technology Division personnel	Raw Materials and Formula of Plastic Sheets	Technical Quality Control Section personnel
Strain drying equipment: FBDG-30 and SMG-50 education and training	Special Environmental Testing Section	PVC Sheet Operations Technology and Process Abnormality Handling Training	Technical Quality Control Section personnel
Ultrasonic testing	Equipment Inspection Section	Emergency response drill in each plant	Relevant employees
New version of work safety permit (CV-11-0042-8R) signing and operation specification education and training	General employees	Science popularization on new products: introduction to full effect heat insulation coating and fireproof and flame resistant materials	Supervisors/General employees
Digital transformation practice sharing	Supervisors	Mechanical Training	PVC Sheet Maintenance Section Personnel
New Employee Training	New employees	Radiation Protection Workshop	Radioactive equipment operators
Seminar on application of new testing technology in process pipeline inspection	Equipment Inspection Section	Production and application of environmental protection materials	PVC Leather Section 1 personnel
Seminar on best practices for achieving zero disaster	Labor Safety Office	Application of UV curing resin for film	Technical Quality Control Section personnel
E-mail security and e-mail fraud prevention	General employees	Occupational safety and health administrator class B	Occupational Safety and

Name of Representative Training	Training Participant	Name of Representative Training	Training Participant
			Health Personnel
Laboratory certification standard ISO/IEC17025 training	Environmental Protection Technology Division personnel	Education and training of occupational safety and fire prevention in 2020	Employees in all plants
Magnetic particle detection	Equipment Inspection Section	Training seminar on joint defense organization of Southern District in 2020	Relevant employees
Practical education and training for gas pipeline type respiratory protective equipment escape gas cylinder adapter set	Manufacturing Management Department	Emergency response education and training for drug disaster response units and joint prevention teams in Kaohsiung in 2020	Relevant employees
Pre-job training of pipeline business	Manufacturing Management Department	On-the-Job Training for Organic Solvent Operations Supervisors	Relevant employees
Process safety management (PSM) education and training – PrHA	General employees	On-the-Job Training for Emergency Personnel	Relevant employees
Leadership and communication	Supervisors/General employees	High pressure gas manufacturing safety operation supervisor training class	Relevant employees
On-the-job training for wastewater and waste management professionals	Labor Safety Office	Seminars: Leadership and communication	Relevant employees
Operation instructions for testing and oil sampling	Equipment Inspection Section	Accurate briefing and communication skills that your boss wants to pay	Supervisors/General employees
Annual retraining course of radiation safety training for operators	Manufacturing Management Department	On-the-job training class for boiler operators	Utilities Section
First aid technology for occupational health nurses (EMS-OHN) course	Labor Safety Office	Seminar: Accurate briefing and communication skills that your boss wants to pay	Relevant employees
Ethics Seminar: Intellectual property rights classroom – on trademark and patent right	Employees in all plants	Safety and health training for new employees	Employees at the Linyuan Plant
ISO 50001 energy management system internal auditor training	Manufacturing Methods Section	Parking and disaster prevention training during annual maintenance	Engineering Section/Occupational Safety Office
Introduction to dangerous mechanical equipment system	Employees at the Linyuan Plant	Practical cases of insider trading and related legal liabilities	Employees at the Linyuan Plant
Director of labor safety and health (type A)	Labor Safety Office	On trademark and patent right	Employees at the Linyuan Plant
Training of emergency personnel for underground pipelines in 2020	Employees at the Linyuan Plant	Best practices for achieving zero disaster	Labor Safety Office
2020 Employee Education and Training	Employees at the Linyuan Plant	The use of rolling bearing and its troubleshooting	Machine Repair Section
Safety training of ionizing radiation in 2020	Instruments and Electrical Section personnel	Key training of energy management system operation	Manufacturing Methods Section
Corrosion and corrosion prevention workshop in 2020	Inspection Section	Process safety assessment personnel on-the-job training	Manufacturing Technique Section/Finished Goods Section
Seminar on the causes of occupational disasters and human factors engineering in 2020	Labor Safety Office	Process pipeline integrity management training	Inspection Section



Name of Representative Training	Training Participant	Name of Representative Training	Training Participant
Application of 6 Sigma in chemical industry and materials	Employees at the Linyuan Plant	Digital transformation practice sharing lecture	All staff
Technical training of insulation layer analysis	Employees at the Linyuan Plant	ISO9001 SGS training fee	Sales and Marketing Division
Tank safety protection and accessory equipment introduction and technical exchange	Machine Repair Section personnel	Acetylene welding operation training	Tai-Tui Chen /I-fan Liu
Class B boiler operation training	Cheng-Yen Liu	Safety and health training for trade union supervisors and member representatives	Synthesis Section/Mechanical Repairs Section
Seminar and training on labor law for human resources personnel	Human Resources Unit	Consultant sales skills Business negotiation skills	All staff
Operation training of 3-ton and above fixed crane	Synthesis Section/Mechanical Repairs Section	Radiation Protection Continued Training	Instruments and Electrical Section
Training on labor laws and regulations for business executives	Human Resources Unit	Fire Prevention Personnel Training	Labor Safety Office
Process safety training in hazardous workplace	Labor Safety Office	Accurate briefing and communication lecture that your boss wants to pay	All staff
Dangerous mechanical equipment inspection training	Labor Safety Office	High pressure gas manufacturing safety supervisor training	Synthesis Section/Manufacturing Technique Section
Training of dangerous goods security supervisors	Labor Safety Office	Health risk assessment training	Labor Safety Office
Organic Solvent Operations Supervisor Training	Synthesis Section/Experiment Section	Health lecture: Pulmonary nodules	Employees at the Linyuan Plant
First Aid Personnel Training	Synthesis Section/Labor Safety Section	Health lecture: Say goodbye to three highs	Employees at the Linyuan Plant
Supervisors of Specific Chemical Operations	Synthesis Section personnel	Forklift operations training	Synthesis Section/Manufacturing Technique Section
Training for Supervisors of Dust Operations	Synthesis Section/Manufacturing Technique Section	Type 1 Pressure Vessel Operation Training	Synthesis Section personnel
Leadership and communication/crisis management training	Employees at the Linyuan Plant	Continuing education and training on ionizing radiation protection	Machine Repair Section/Inspection Section
Training for Supervisor of Oxygen-Deficient Operations	Synthesis Section/Manufacturing Technique Section	Training of group middle-tier supervisors	Employees at the Linyuan Plant
Training for operators of fixed cranes	Synthesis Section personnel	Training on new electronic document version and action approval	Employees at the Linyuan Plant
Special high-pressure equipment operation training	Synthesis Section personnel	Training about industrial chemical management prevention and response	Synthesis Section
Training on Occupational Safety Regulations	Human Resources Unit		



### 3 Employee retirement system

Item	Labor Pension	
	Old	New
Legal Basis	Labor Standards Act	Labor Pension Act (implemented as of July 1, 2005)
Proportion of Salary Contributed to Pension	The Company set up the "Labor Pension Reserve Supervision Committee," and contributes 12% of employees' monthly salaries to the pension reserve fund.	Employer: Employee's monthly salary 6% Employee: 0-6% per month (which can be fully exempted from employees' individual consolidated income tax amount of the current year)
Custodian Institution	Bank of Taiwan	Labor and Insurance Bureau
Eligibility and Application Method	When an employee whose service for a company constitutes the eligibility for pension payment in accordance with Labor Standards Act for the employee, the employer shall make such payment upon the employee's retirement.	At the age of 60, an employee may apply for return to the Labor Insurance Bureau for the accumulated amount in his/her individual pension account.
Degree of Employees' Participation in Pension Plan	100%	100%
Appropriation	Accumulated appropriation of NT\$ 2,123,016,000	Accrued NT\$108,274,000 in 2020

Note:

- 1 In old pension system, if the balance in the fund, after actuarial evaluation, is insufficient to pay to all employees qualified for retirement in following year, the Company shall make up the difference in one appropriation by the end of March in the following year. The appropriation shall be submitted to the Supervisory Committee of Labor Retirement Reserve for deliberation.
- 2 The amended Labor Pension Act took effect on July 1, 2005. Employees who were hired prior to the enactment of the amended articles and remain working for the Company thereafter are allowed to choose between the amended or the old system until July 15, 2005. Those who failed to make decision before the aforementioned deadline shall continually apply to the old system. Employees applicable to the amended pension system shall make pension contribution from their salaries starting from July 1, 2005. Employees, who continuously choose to be applicable to the old mechanism may, within five years (before June 30, 2010), choose to be applicable to the amended pension system. Employees who are employed after July 1, 2005 or are re-employed after resignation after the aforementioned date shall be applicable to the amended pension system.
- 3 Employees who are applicable to the amended pension system in accordance with the Labor Standards Act may not choose to be applicable to the old pension system.
- 4 Provisions of Labor Pension Act applicable to the Company include the following:  
 Voluntary retirement:  
 A worker may apply for voluntary retirement under any of the following conditions: (the provisions shall apply, mutatis mutandis, to those who are in the amended Labor Pension Act system)
  - (1) Where the worker attains the age of fifty-five and has worked for fifteen years.
  - (2) Where the worker has worked for more than twenty-five years.
  - (3) Where the worker attains the age of sixty and has worked for ten years.
 Mandatory retirement:  
 Unless any one of the following circumstances is met, the Company shall not force an employee to retire:
  - (1) Where the worker attains the age of sixty-five
  - (2) Where the worker is totally incompetent at work due to mental disorders or physical disabilities.
 The Company may request the central competent authority to adjust the age prescribed above if the



specific job entails risk, requires substantial physical strength or otherwise of a special nature; provided. However, that the age shall not be reduced below fifty-five.

Pension payment standard:

(1) Employees who have service seniority accumulated before or after the application of the Labor Standards Act, and choose to be applicable to the Labor Standards Act in accordance with Labor Pension Act or service seniority preserved before the application of the Labor Pension Act, shall have their retirement benefit paid in accordance with Article 55 and Article 84-2 of the Labor Standards Act.

(2) Employees who have service seniority calculated according to the preceding pension payment standard and are forced to retire in accordance with Subparagraph 2 of Paragraph 1 of Article 35 of the Labor Standards Act, an additional 20% on top of the amount calculated according to the preceding pension payment standard shall be given to the worker forced to retire due to disability incurred from the execution of their duties, as set forth in Subparagraph 2 of Paragraph 1 of Article 55.

(3) For employees who are applicable to the provisions of the Labor Pension Act, 6% of the amount of employee's salary into employees' individual account of labor pension.

Pension payment:  
The Company shall pay the due amount of pension within 30 days after an employee's retirement.

4 Protection measures for agreements between the employer and employees and all employee rights

In order to establish a rule-based channel for agreements between the employer and employees, meetings are regularly held between the employer and employees in order to effectively solve problems between the employer and employees.

5 Related certifications obtained from the relevant competent authorities by personnel of the Company involved with the transparency of financial information

Departments	Name	Relevant Certification
Accounting Division	Kuo, Chuan-Hua	Continuing Education Course for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges offered by the Accounting Research and Development Foundation
	Kuo, Chien-Chou	Continuing Education Course for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges offered by the Accounting Research and Development Foundation
	Cheng-Shun Chen	Continuing Education Course for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges offered by the Accounting Research and Development Foundation
		Passed the Accountant Examination in the 2008 Advanced Examination for Professional and Technical Personnel held by the Ministry of Examination Certificate No.: (97) Chuan Kao Hui Tzu No. 000012

Departments	Name	Relevant Certification
	Chin-Tsai Lin	Continuing Education Course for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges offered by the Accounting Research and Development Foundation
	Sheng-Chuan Chang	Continuing Education Course for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges offered by the Accounting Research and Development Foundation
		Passed the Accountant Examination in the 2007 Advanced Examination for Professional and Technical Personnel held by the Ministry of Examination Certificate No.: (96) Chuan Kao Hui Tzu No. 000147
	Chia-Ling Wu	Passed the Accountant Examination in the 2011 Advanced Examination for Professional and Technical Personnel held by the Ministry of Examination Certificate No.: (100) Chuan Kao Hui Tzu No. 000114
Auditing Division	I-Ting Chiang	International certified internal auditor (CIA)
		When IA meets AI Certificate No.: Dian Xie Zheng Zi No. 1090370
		Analysis of policies that increase the financial report preparation ability and discussion on internal audit and internal control Certificate No.: Chi Hsieh Bei Cheng Fa Tzu No. 1093351
	Li Ta-Cheng	Pre-job training for companies' internal auditing personnel Certificate No.: Chi Hsieh Bei Cheng Fa Tzu No. 1090440 Certificate No.: Chi Hsieh Bei Cheng Fa Tzu No. 1090489 Certificate No.: Chi Hsieh Bei Cheng Fa Tzu No. 1090538
		Labor-Related Knowledge That should be known by Audit Personnel - From Recruitment to Dismissal Certificate No.: Chi Hsieh Bei Cheng Fa Tzu No. 1100099
		Workshop on asset security protection and cloud-based security audit practice Certificate No.: Chi Hsieh Bei Cheng Fa Tzu No. 1100127
	Liang-Wei Hsu	The Institute of Internal Auditors, R.O.C. Certificate No.: Chi Hsieh Bei Cheng Fa Tzu No. 1093355 Certificate No.: Chi Hsieh Bei Cheng Fa Tzu No. 1095998
	Chia-Huei Lin	International Certified Internal Auditor certification Certificate No.: Chi Hsieh Cheng Tzu No. 1060022.
		The Institute of Internal Auditors, R.O.C. Certificate No.: Chi Hsieh Bei Cheng Fa Tzu No. 1092979
		Computer Audit Association Certificate No.: Dian Xie Zheng Zi No. 1090869
Chia-Fang Chuang	The Institute of Internal Auditors, R.O.C. Certificate No.: Chi Hsieh Bei Cheng Fa Tzu No. 1093983	
	The Institute of Internal Auditors, R.O.C. Certificate No.: Chi Hsieh Bei Cheng Fa Tzu No. 1097479	
Ying-Chun Tu	International certified internal auditor (CIA)	
	Certification of Qualification for Enterprise Internal Control Basic Abilities Test offered by the Securities and Futures Institute	
	Kang-Nien Chiang	International certified internal auditor (CIA)



## 6 Employees' code of conduct or ethics

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

- (1) Every employee is given an Employee Work Rules Handbook which specifies the behavior or work ethic of employees, including employment, dismissal, working hours, vacation, leave, rewards and punishments, performance appraisal, retirement and welfare.
- (2) Pre-employment training for new employees covers basic education on ethics, environmental protection, occupational safety and health management.
- (3) Signing of Letter of Undertaking by employees: This document establishes employees' commitment towards maintaining the confidentiality of information regarding the Company's tangible and intangible operating assets, and prevents employees from infringing on the interests of the Company.
- (4) The Company's website discloses the following: Guidelines for the Adoption of Codes of Ethical Conduct for Directors and Managerial Officers, Ethical Corporate Management Best Practice Principles, Procedures for Handling Material Inside Information and Procedures for Ethical Management and Guidelines for Conduct.

For Employee Work Rules, please visit the Corporate Governance section under Investor Services on the Company's website: <https://www.usife.com.tw>

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

- (1) The Company has successfully obtained the ISO14001 and OHSAS18001 (The ISO 45001 certificate was obtained in May 2020 after the change of version and is currently valid from May 20, 2020 to April 16, 2022) Management System Certifications, and actively promotes improvement activities including energy

conservation, disaster prevention and pollution prevention.

- (2) In order to enhance self-inspection of all aspects of work safety, the Company complies with the Group Safety and Health Partners Regional Joint Rescue system recommended and guided by the South Labor Inspection Institute, and actively participates in the events organized by Renda Safety and Health Promotion Association.
- (3) The Company actively attends activities held by Taiwan Responsible Care Association (TRCA) in the chemical engineering industry and upholds its spirit, as well as helps contractors build a safe and healthy environmental management system. In addition, the Company also participates in community events and cares for product protection in order to create a better living environment.
- (4) The Company provides its employees with comprehensive health care. In addition to the formulation of guidelines related to employee assistance services and gender equality in the workplace, the Company also provides group insurance, annual health checkups, sports and fitness equipment, as well as organizes various outdoor recreational activities and talks on mental, emotional and spiritual health.
- (5) With regards to employees' personal safety protection, the Company not only provides employees with personal protective equipment such as goggles, earplugs and earmuffs and vertical fall arresters, but also continuously provides training related to employee safety, with hopes that manufacturing equipment can run safely in plants, thereby achieving production goals in a smooth manner.

## 8 Fulfilling Social Responsibilities

- (1) The Company makes contributions to our social and economic well-being.
- (2) The Company encourages its employees to participate in various service activities to promote community and social development.
- (3) The Company does its best to reduce the negative impact of its



business activities on the environment in line with government regulations, and achieve the objectives of the Group's environmental policies (such as environmental protection responsibilities, using eco-friendly refrigerants and energy-saving lamps).

- (4) The Company does its best to take in to account local cultural and social traditions when implementing various business activities.
  - (5) The Company has always been committed to the principle of equal opportunities, and recognizes the contribution of employees from different backgrounds. The Company adopts an open selection process and hires the right talent for the right position, instead of restricting employees' career development based on their race, gender, age, religion, nationality or political affiliation.
- (II) In the most recent years as of the publication date of the annual report, the losses suffered due to the labor disputes (including matters with labor inspection results that violate the Labor Standards Act, the punishment date, the punishment font size, the provisions of the statute violated, the content of the statute violated, and the punishment content are listed), and the current and future estimated amounts and responding measures shall be estimated. If it cannot be estimated reasonably, state the fact that it cannot be estimated reasonably:

The Company has always attached importance to labor-management communication and harmony. On the basis of good labor-management relations, in addition to being committed to improving employee benefits, welfare, ability, and work environment, and the Company has maintained smooth communication channels to understand employees' difficulties and needs. Thus, all labor-management issues can receive attention from supervisors at all levels and can be communicated and resolved on the basis of mutual integrity. No loss has resulted from labor dispute in the most recent fiscal year up to the publication date of this annual report.

## VI. Important Contracts:

Nature of Contract	Principal	Contract Start/End Date	Main Content	Restrictive Provisions
Ethylene and Propylene Purchase Contract	CPC Corporation	2021.01.01-2021.12.31	Annual volume and price of ethylene and propylene supplied to USI Corporation's Renwu Plant	None.
Ethylene Purchase Contract	Mitsubishi Corporation	2021.01.01-2021.12.31	Annual volume and price of vinyl acetate supplied to USI Corporation's Renwu Plant	None.
Ethylene Purchase Contract	Mitsui	2021.01.01-2021.12.31	Annual volume and price of vinyl acetate supplied to USI Corporation's Renwu Plant	None.
Ethylene Purchase Contract	BASF	2021.01.01-2021.12.31	Annual volume and price of vinyl acetate supplied to USI Corporation's Renwu Plant	None.
Vinyl Acetate Purchase Contract	Dairen Chemical Corporation	2021.01.01-2021.12.31	Annual volume and price of vinyl acetate supplied to USI Corporation's Renwu Plant	None.
Vinyl Acetate Purchase Contract	HELM AG	2021.01.01-2021.12.31	Annual volume and price of vinyl acetate supplied to USI Corporation's Renwu Plant	None.
2015-1 Unsecured Corporate Bonds (Bonds B)	Trustee: Trust Department, Mega International Commercial Bank	2015.02.12-2022.02.12	USI Corporation issued corporate bonds worth NT\$ 1 billion in total; the bonds were fully issued at par value of NT\$ 1 million; a 7-year term with fixed interest rate of 1.90%.	None.
2016-1 Unsecured Ordinary Corporate Bonds	Trustee: Taipei Fubon Commercial Bank Co., Ltd	2016.10.28-2021.10.28	USI issued corporate bonds worth NT\$ 2 billion in total; the bonds were fully issued at par value of NT\$ 1 million; a 5-year term with fixed interest rate of 0.80%.	None.
2017-1 Unsecured Ordinary Corporate Bonds	Trustee: Taipei Fubon Commercial Bank Co., Ltd	2017.10.27-2022.10.27	USI issued corporate bonds worth NT\$ 2 billion in total; the bonds were fully issued at par value of NT\$ 1 million; a 5-year term with fixed interest rate of 1.10%.	None.
2019-1 Unsecured Ordinary Corporate Bonds	Trustee: Taipei Fubon Commercial Bank Co., Ltd	2019.04.26-2024.04.26	USI issued corporate bonds worth NT\$2 billion in total; the bonds were fully issued at par value of NT\$1 million; a 5-year term with fixed interest rate of 0.98%.	None.
Medium-term Lending Limit Contract	First Commercial Bank	2019/04/03-2022/04/03	USI and First Bank signed a three-year medium-term lending limit contract worth NT\$500 million, which is a revolving loan facility.	None.
Medium-term Lending Limit Contract	Bank SinoPac	2019.06.30-2022.06.30	USI signed with Bank SinoPac to secure a 3-year medium-term lending contract with a revolving credit limit of NT\$ 500 million.	Based on the most recent consolidated financial statements of USI, its current ratio shall not be less than 150%, and



Nature of Contract	Principal	Contract Start/End Date	Main Content	Restrictive Provisions
				its debt ratio (debt/net value) shall not be greater than 150%.
Medium-term Lending Limit Contract	Entie Commercial Bank	2019.09.10-2022.09.10	USI signed with Entie Commercial Bank to secure a 3-year medium-term lending contract with a revolving credit limit of NT\$ 500 million.	None.
Medium-term Lending Limit Contract	Taipei Fubon Commercial Bank Co., Ltd.	2019.12.17-2022.12.12	USI Corporation signed with Taipei Fubon Commercial Bank to secure a 3-year medium-term lending contract with a revolving credit limit of NT\$ 500 million.	Based on the consolidated annual report/semi-annual report of USI, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 150%, and its net value shall not be less than NT\$30 billion.
Medium-term Lending Limit Contract	The Export-Import Bank of the Republic of China	2020.03.27-2023.03.27	USI and the Export-Import Bank of the Republic of China signed a three-year medium-term lending limit contract worth NT\$300 million, a revolving loan facility.	None.
Medium-term Lending Limit Contract	Bank of Tokyo-Mitsubishi UFJ	2020.07.21-2023.07.21	USI signed with Bank of Tokyo-Mitsubishi UFJ to secure a 3-year medium-term lending contract with a revolving credit limit of NT\$25 million.	Based on the consolidated annual report or semi-annual report of USI Corporation, its current ratio shall not be less than 150%, and its debt ratio (debt/net value) shall not be greater than 150%.
Medium-term Secured Lending Limit Contract	Chang Hwa Commercial Bank	2020.09.01-2023.08.31	USI and Chang Hwa Bank signed a three-year medium-term secured lending limit contract worth NT\$500 million, which is a revolving loan facility.	None.
Medium-term Lending Limit Contract	Bank of China, Taipei Branch	2020.10.28-2023.10.27	USI and Bank of China, Taipei Branch, signed a three-year medium-term lending limit contract worth NT\$500 million, which is a revolving loan facility.	None.
Medium-term Lending Credit Limit Contract Secured Fully by Commercial Papers	Far Easter International Bank	2020.02.03-2024.02.03	USI signed with Far Easter International Bank to secure a 3-year medium-term lending contract with a revolving credit limit of NT\$500 million; the contract is	Based on the consolidated financial statements of USI, its current ratio shall not be less



Nature of Contract	Principal	Contract Start/End Date	Main Content	Restrictive Provisions
			fully secured by commercial papers.	than 100%, and its debt ratio (debt/net value) shall not be greater than 150%.
Medium-term Lending Limit Contract	Bank SinoPac	2019.06.30-2022.06.30	Union Polymer International Investment Co., Ltd. signed with Bank SinoPac to secure a 3-year medium-term lending contract with a revolving credit limit of NT\$500 million.	Based on the most recent consolidated financial statements of USI, its current ratio shall not be less than 150%, and its debt ratio (debt/net value) shall not be greater than 150%.
Medium-term Lending Credit Limit Contract Secured Fully by Commercial Papers	Hua Nan Bank	2019.08.02-2022.08.02	Union Polymer International Investment Co., Ltd. signed with Hua Nan Bank to secure a 3-year medium-term lending contract with a revolving credit limit of NT\$ 500 million; the contract is fully secured by commercial papers.	None.
Medium-term Lending Credit Limit Contract Secured Fully by Commercial Papers	Taipei Fubon Commercial Bank Co., Ltd.	2019.12.13-2022.12.12	Union Polymer International Investment Co., Ltd. signed with Taipei Fubon Commercial Bank to secure a 3-year medium-term lending contract with a revolving credit limit of NT\$ 500 million; the contract is fully secured by commercial papers.	Based on the individual financial report of Union Polymer International Investment Co., Ltd., its debt ratio (debt/net value) shall not be higher than 150% and its net value shall not be less than NT\$2.8 billion. Based on the consolidated annual report/semi-annual report of USI, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 150%, and its net value shall not be less than NT\$30 billion.
Medium-term Lending Limit Contract	Taishin Commercial Bank	2020.06.23-2023.06.23	Union Polymer International Investment Co., Ltd. signed with Taishin Commercial Bank to secure a 3-year medium-term lending contract with a revolving credit limit of NT\$300 million.	Based on the consolidated annual report or semi-annual report of USI Corporation, its current ratio shall not be less than



Nature of Contract	Principal	Contract Start/End Date	Main Content	Restrictive Provisions
				100%, and its debt ratio (debt/net value) shall not be greater than 150%.
Medium-term Lending Credit Limit Contract Secured Fully by Commercial Papers	Chang Hwa Commercial Bank	2020.11.05-2023.11.05	Union Polymer International Investment Co., Ltd. signed with Chang Hwa Bank to secure a 3-year medium-term lending contract with a revolving credit limit of NT\$ 500 million; the contract is fully secured by commercial papers.	None.
Joint Venture Contract	Ho Tung Chemical Corporation, LCY Group, Asia Polymer Corporation, Hsintay Petroleum Co., Ltd., Chenergy Global Co., Ltd., Lien Hwa International Corporation, CTCI Corporation, Fubon Financial Capital, HF Investment and other companies	2019.12.18	USI Corporation and other nine companies jointly invested in the Gulei Industrial Park located in Zhangzhou, Fujian Province, China, to produce petrochemical-related products.	Restrictions on the transfer and pledge of shares.
Joint Venture Contract	Ever Victory Global Limited and DOR PO Company	2019.06.05	Jointly invested in Dynamic Ever Investments Limited before jointly investing in Gulei Park, Zhangzhou, Fujian Province, to produce petrochemical-related products.	Restrictions on the transfer and pledge of shares.
Material Purchase Contract	Formosa Plastics Corporation	2020.01.01-2020.12.31	Taiwan VCM Corporation and Formosa Plastics Corporation signed a contract for the purchase of dichloroethane. The price is agreed upon by both parties.	None.
Material Purchase Contract	MITSUI & CO., LTD.	2020.01.01-2020.12.31	Taiwan VCM Corporation and Mitsui & Co., Ltd. signed a contract for the purchase of dichloroethane, with the price of the material agreed by both the buyer and the seller.	None.
Material Purchase Contract	CPC Corporation	2020.01.01-2020.12.31	Taiwan VCM Corporation and CPC Corporation signed a contract for the purchase of ethylene. The price is agreed upon by both parties.	None.
Material Purchase Contract	Dampier Salt Limited	2020.01.01-2021.12.31	China General Plastics Corporation and Dampier Salt Limited signed a contract for the	None.

Nature of Contract	Principal	Contract Start/End Date	Main Content	Restrictive Provisions
			purchase of industrial salt, with the price of the material agreed by both the buyer and the seller.	
Medium-term Lending, Foreign Exchange Credit, and Commercial Paper Guarantee Comprehensive Limit Contract	KGI Bank	2019.03.20-2022.03.20	China General Plastics Corporation signed with KGI Bank to secure a 3-year medium-term lending and commercial paper guarantee comprehensive limit contract in foreign currencies with a revolving credit limit of NT\$500 million.	Based on the consolidated annual report/semi-annual report of CGPC, its current ratio shall not be less than 175%, and its debt ratio (debt/net value) shall not be greater than 125%.
Medium-term Lending Limit Contract	Yuanta Bank	2020.08.20-2022.08.20	CGPC and Yuanta Commercial Bank signed a two-year medium-term lending limit contract worth NT\$200 million, which is a revolving loan facility.	None.
Medium-term Lending Limit Contract	Hua Nan Bank	2020.08.28-2023.08.28	CGPC and Hua Nan Bank signed a three-year medium-term lending limit contract worth NT\$300 million, which is a revolving loan facility.	None.
Medium-term Lending Limit Contract	Taishin International Bank	2020/05/11-2023/05/11	Taiwan VCM Corporation and Taishin International Bank signed a three-year medium-term lending limit contract worth NT\$300 million, which is a revolving loan facility.	Based on the consolidated annual report or semi-annual report of Taiwan VCM Corporation, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 150%.
Medium-term Lending Limit Contract	Bank SinoPac	2019/06/30-2022/06/30	Taiwan VCM Corporation and Bank SinoPac signed a three-year medium-term lending limit contract worth NT\$500 million, which is a revolving loan facility.	Based on the financial report of Taiwan VCM Corporation, its current ratio shall not be less than 150%, and its debt ratio (debt/net value) shall not be greater than 150%.
Medium-term Lending Limit Contract	The Export-Import Bank of the Republic of China	2020/09/21-2023/09/21	Taiwan VCM Corporation and the Export-Import Bank of the Republic of China signed a three-year medium-term lending limit contract worth NT\$300 million.	None.
Material Purchase Contract	CPC Corporation	2020.01.01-2020.12.31 2021.01.01-2021.12.31	Supply of ethylene to Asia Polymer Corporation, where the price of the material is mainly calculated based on ethylene and naphtha prices for the current month.	None.



Nature of Contract	Principal	Contract Start/End Date	Main Content	Restrictive Provisions
Material Purchase Contract	CPC Corporation	2021.01.01-2021.12.31	Annual contract volumes and pricing for the supply of ethylene and propylene from APC	None.
Material Purchase Contract	Mitsubishi Corporation	2021.01.01-2021.12.31	Annual contract volumes and pricing for the supply of ethylene from APC	None.
Material Purchase Contract	Mitsui	2021.01.01-2021.12.31	Annual contract volumes and pricing for the supply of ethylene from APC	None.
Material Purchase Contract	BASF	2021.01.01-2021.12.31	Annual contract volumes and pricing for the supply of ethylene from APC	None.
Vinyl Acetate Purchase Contract	Dairen Chemical Corporation	2021.01.01-2021.12.31	Annual contract volumes and pricing for the supply of vinyl acetate from APC	None.
Medium-term Lending Limit Contract	Bank SinoPac	2019.06.30-2022.06.30	Asia Polymer Corporation signed with Bank SinoPac to secure a 3-year medium-term lending contract with a revolving credit limit of NT\$ 500 million.	Based on the consolidated annual report of APC for the most recent period, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 100%.
Medium-term Lending Limit Contract	Taishin International Bank	2019.06.20-2022.06.20	APC and Taishin International Bank signed a three-year medium-term lending limit contract worth NT\$500 million, which is a revolving loan facility.	Based on the consolidated annual report or semi-annual report of APC, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 150%.
Medium-term Lending Limit Contract	E.Sun Bank	2020.08.04-2023.08.04	APC and E. SUN Commercial Bank signed a three-year medium-term lending limit contract worth NT\$300 million, which is a revolving loan facility.	None.

Nature of Contract	Principal	Contract Start/End Date	Main Content	Restrictive Provisions
Medium-term Lending Limit Contract	Chang Hwa Commercial Bank	2019.07.01-2022.06.30	APC and Chang Hwa Bank signed a three-year medium-term lending limit contract worth NT\$500 million, which is a revolving loan facility.	None.
Medium-term Lending Credit Limit Contract Secured Fully by Commercial Papers	Shin Kong Bank	2020.11.12-2023.11.12	APC and Shin Kong Bank signed a three-year medium-term lending and commercial paper guarantee comprehensive limit contract worth NT\$450 million, which is a revolving loan facility.	Based on the consolidated annual report or semi-annual report of APC, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 150%.
Medium-term Lending Credit Limit Contract Secured Fully by Commercial Papers	KGI Bank	2020.09.10-2023.09.10	APC and KGI Bank signed a three-year medium-term lending and commercial paper guarantee comprehensive limit contract worth NT\$ 600 million, which is a revolving loan facility.	None.
Medium-term Lending Limit Contract	Taipei Fubon Commercial Bank Co., Ltd.	2019.12.12-2022.12.12	APC and Taipei Fubon Commercial Bank signed a three-year medium-term lending limit contract worth NT\$500 million, which is a revolving loan facility.	Based on the consolidated annual report of APC, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 150%, while its net value shall not be less than NT\$ 7 billion.
Medium-term Lending Limit Contract	First Commercial Bank	2020.10.12-2023.10.12	APC and First Bank signed a three-year medium-term lending limit contract worth NT\$500 million, which is a revolving loan facility.	None.
Medium-term Lending Credit Limit Contract Secured Fully by Commercial Papers	Far Easter International Bank	2021.02.03-2024.02.03	APC signed with Far Easter International Bank to secure a 3-year medium-term lending contract with a revolving credit limit of NT\$ 500 million; the contract is fully secured by commercial papers.	Based on the consolidated financial statements of APC, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 150%.
Medium-term Lending Limit Contract	Hua Nan Bank	2019.03.22-2022.03.22	APC and Hua Nan Bank signed a three-year medium-term lending limit contract worth NT\$500 million, which is a revolving loan facility.	None.
Medium-term Lending Limit Contract	Bank of China, Taipei Branch	2019.12.02-2022.12.01	APC and Bank of China, Taipei Branch, signed a three-year medium-term lending limit	Based on the consolidated annual report/semi-annual



Nature of Contract	Principal	Contract Start/End Date	Main Content	Restrictive Provisions
			contract worth NT\$300 million, which is a revolving loan facility.	report of APC, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 50%, and the net value shall not be less than NT\$7 billion.
Medium-term Lending Limit Contract	Entie Commercial Bank	2019.09.27-2022.09.27	APC and Entie Commercial Bank signed a three-year medium-term lending limit contract worth NT\$500 million, which is a revolving loan facility.	None.
Purchase of material	Taiwan Styrene Monomer Corporation	2020.01.01-2020.12.31 (Contract renewal every year)	Purchase of styrene from Taiwan Styrene Monomer Corporation to be supplied to TTC's Qianzhen Plant and Linyuan Plant every year, where the price of the material calculated based on the original price agreed by both parties	None.
Purchase of material	Formosa Chemicals & Fibre Corporation	2020.01.01-2020.12.31 (Contract renewal every year)	Purchase of styrene from Formosa Chemicals & Fibre Corporation to be supplied to Taita Chemical's Cianjhen Plant and Linyuan Plant every year, where the price of the material is calculated based on the mutual agreement between both parties.	None.
Purchase of material	CPC Corporation	2020.01.01-2020.12.31 (Contract renewal every year)	CPC Corporation agreed to sell and supply butadiene to TTC's Linyuan Plant every year, where the price of the material is calculated based on the price set by CPC Corporation. Payment for the material must be settled on the 14th day of the following month after delivery.	None.
Purchase of material	Formosa Petrochemical Corporation	2020.01.01-2020.12.31 (Contract renewal every year)	Formosa Petrochemical Corporation agreed to sell and supply butadiene to TTC's Linyuan Plant every year, where the price of the material is calculated based on the price set by Formosa Petrochemical Corporation. Payment for the material must be settled on the 15th of the following month after delivery.	None.
Purchase of material	China Petrochemical Development Corporation	2019.01.01-2020.12.31	China Petrochemical Development Corporation agreed to sell and supply acrylonitrile to TTC's Linyuan Plant every year, where the price of the material is calculated based on the original	None.

Nature of Contract	Principal	Contract Start/End Date	Main Content	Restrictive Provisions
			price agreed by both parties. Payment for the material must be settled on the 15th of the following month after delivery.	
Purchase of material	CNOOC and Shell Petrochemical Co., Ltd (CSPC)	2020.01.01-2020.12.31 (Contract renewal every year)	Import of styrene from CHOOC and Shell Petrochemicals Co., Ltd. to be supplied to TTC's Zhongshan Plant every year, where the price of the material is calculated based on the original price agreed by both parties, and a domestic letter of credit should be issued before shipment	None.
Purchase of material	SinoPec Chemical Sales (Huanan) Co., Ltd.	2020.01.01-2020.12.31 (Contract renewal every year)	SinoPec Chemical Sales (Huanan) Co., Ltd. agreed to sell and supply styrene to TTC's Zhongshan Plant every year, where the price of the material is calculated based on the original price agreed by both parties. Payment for the material must be settled before delivery.	None.
Purchase of material	SABIC Company	2020.01.01-2020.12.31 (Contract renewal every year)	Purchase of styrene from SABIC to be supplied to Taita Chemical every year, where the price of the material is calculated based on the mutual agreement between both parties.	None.
Technical Cooperation	TAICA (Japanese Company)	Starting from November 25, 1996, the request will be automatically extended every five years if there is no objection by both parties after the contract expires.	This contract involves the transfer of cubic printing technology to TTC, where this technology is the first of its kind in the world and enables printing of various patterns on uneven surfaces (such as telephones, automobile parts and components), thereby enhancing the added value of products. This technology has been patented in many countries, including the United States, Japan, Canada, Germany, the Netherlands, France and the United Kingdom.	None.
Provision of Technology	Owens Corning Company (U.S. Company)	2014.04.01-2024.03.31	Provision of expertise to TTC with regards to the manufacture of glass wool insulation products	None.
Medium-term Lending, Medium-term Secured Lending, and Commercial Paper Guarantee Comprehensive Limit Contract	Chang Hwa Commercial Bank	2017.07.27-2022.06.30	Taita Chemical Co., Ltd. and Chang Hwa Bank signed a five-year medium-term lending, medium-term secured lending, and commercial paper guarantee comprehensive limit contract worth NT\$1 billion, which is a revolving loan facility.	None.
Medium-term Lending Comprehensive	KGI Bank	2019.05.24-2022.05.24	Taita Chemical Co., Ltd. and KGI Bank signed a three-year medium-term lending comprehensive credit	The current ratio of consolidated annual report / semi annual



Nature of Contract	Principal	Contract Start/End Date	Main Content	Restrictive Provisions
Credit Limit Contract in Foreign Currencies			limit contract in foreign currencies worth NT\$300 million, which is a revolving loan facility.	report of delta chemical company is not less than 100%, and the debt ratio (debt / net worth) is not more than 175%.
Medium-term Lending Limit Contract	Taishin International Bank	2020.05.18-2023.05.18	Taita Chemical Co., Ltd. and Taishin International Bank signed a three-year medium-term lending limit contract worth NT\$300 million, which is a revolving loan facility.	The current ratio of consolidated annual report / semi annual report of delta chemical company is not less than 100%, and the debt ratio (debt / net worth) is not more than 175%.
Medium-term Lending Limit Contract	Hua Nan Commercial Bank	2020.07.03-2023.07.03	Taita Chemical Co., Ltd. signed with Bank of South China to secure a 3-year medium-term lending contract with a revolving credit limit of NT\$300 million.	None.
Medium-term Lending Credit Limit Contract Secured Fully by Commercial Papers	Yuanta Bank	2021.02.18-2024.02.17	USI and Yuanta Commercial Bank signed a three-year medium-term lending and commercial paper guarantee comprehensive limit contract worth NT\$300 million, which is a revolving loan facility.	The current ratio of consolidated annual report / semi annual report of delta chemical company is not less than 100%, and the debt ratio (debt / net worth) is not more than 175%.
Medium-term Secured Lending Limit Contract	Mega International Commercial Bank	2021.03.31-2026.03.31	The land and plant of Acme Electronics' Guanyin Plant is collateral for a loan of NT\$300 million.	None.
Medium-term Unsecured Lending Limit Contract	Mega International Commercial Bank	2021.02.26-2023.02.25	The land and plant of Acme Electronics' Guanyin Plant is collateral for a loan of NT\$100 million.	None.
Medium-term Unsecured Lending Limit Contract	O-Bank	2019.12.05-2021.12.04	The credit line for Acme Electronics is NT\$200 million.	Limits on net value and current ratio.



## Chapter 6. Financial Summary

### I. Condensed financial report for the last five years most recent 5-year concise financial information: balance sheet, statement of comprehensive income, name of auditing CPA and auditor's opinions

#### (I) Condensed consolidated balance sheet and consolidated comprehensive income statement

##### 1 Condensed consolidated balance sheet - IFRS

Unit: NT\$ thousand

Item	Year	Financial information for the most recent 5 years (audit and certification)					Financial information for the year ended March 31, 2021 (reviewed)
		2020	2019	2018	2017	2016	
Current assets		28,539,554	28,020,172	30,099,382	30,484,428	33,880,175	30,691,880
Property, plant and equipment		23,257,418	23,228,911	23,825,239	23,758,495	22,804,814	23,362,636
Intangible assets		279,833	286,030	302,403	362,375	417,620	279,062
Other assets		25,247,711	19,890,673	14,764,014	9,788,553	4,892,866	25,492,994
Total assets		77,324,516	71,425,786	68,991,038	64,393,851	61,995,475	79,826,572
Current Liability	Before distribution	12,703,826	12,634,382	14,651,784	12,863,294	14,291,961	14,014,469
	After distribution (Note 1)	- (Note 2)	13,228,764	15,008,413	13,212,930	14,863,262	- (Note 2)
Non-current liabilities		15,897,047	19,614,457	17,884,545	16,722,138	15,684,028	14,508,454
Total liabilities	Before distribution	28,600,873	32,248,839	32,536,329	29,585,432	29,975,989	28,522,923
	After distribution (Note 1)	- (Note 2)	32,843,221	32,892,958	29,935,068	30,547,290	- (Note 2)
Equity attributable to owners of the parent company		20,990,778	18,659,503	18,187,153	18,124,407	17,726,796	22,476,115
Source of		11,887,635	11,887,635	11,887,635	11,654,544	11,426,024	11,887,635
Capital surplus		321,798	271,613	253,738	238,194	216,135	325,369
Retained earnings	Before distribution	9,497,146	7,756,919	6,814,829	6,738,561	6,474,504	10,745,808
	After distribution (Note 1)	- (Note 2)	7,162,537	6,458,200	6,388,925	5,903,203	- (Note 2)
Other equity		(240,195)	(781,058)	(293,443)	(31,286)	85,739	(7,091)
Treasury stocks		(475,606)	(475,606)	(475,606)	(475,606)	(475,606)	(475,606)
Non-controlling Interests		27,732,865	20,517,444	18,267,556	16,684,012	14,292,690	22,476,115
Total equity	Before distribution	48,723,643	39,176,947	36,454,709	34,808,419	32,019,486	51,303,649
	After distribution (Note 1)	- (Note 2)	38,582,565	36,098,080	34,458,783	31,448,185	- (Note 2)

Note 1: Post-distribution figures are filled based on the resolution passed by the Shareholders' Meeting in the following year.

Note 2: It is not listed unless the resolution has been passed by the Shareholders' Meeting.



## 2 Condensed consolidated statement of comprehensive income - IFRS

Unit: NT\$ thousand

Item	Year	Financial information for the most recent 5 years (audit and certification)					Financial information for the year ended March 31, 2021 (reviewed)
		2020	2019	2018	2017	2016	
Revenue		50,201,273	55,656,741	60,892,513	58,133,943	53,101,997	16,194,178
Gross profit		10,479,882	6,732,369	5,794,740	7,126,932	6,881,135	4,456,442
Operating margin		6,896,016	2,931,733	1,932,799	3,377,667	3,161,484	3,204,126
Non-operating revenue and expenses		222,706	429,637	589,628	110,603	(90,260)	60,519
Net profit before taxes		7,118,722	3,361,370	2,522,427	3,488,270	3,071,224	3,264,645
Net income from continuing operations for the year		5,678,364	2,541,226	1,868,349	2,712,050	2,357,701	—
Gain (loss) from discontinued operations		4,273	4,175	7,467	(2,197)	21,777	—
Net profit for the year		5,682,637	2,545,401	1,875,816	2,709,853	2,379,478	2,574,382
Other comprehensive income - Net amount after taxes		516,772	(993,485)	(60,577)	(370,554)	(242,451)	81,045
Total comprehensive income for the year		6,199,409	1,551,916	1,815,239	2,339,299	2,137,027	2,655,427
Net income attributable to owners of the parent company		2,409,778	1,281,364	539,935	1,111,290	1,189,570	1,248,662
Net income attributable to non-controlling interests		3,272,859	1,264,037	1,335,881	1,598,563	1,189,908	1,325,720
Total comprehensive income attributable to owners of the parent company		2,875,537	822,153	366,533	970,032	1,255,498	1,481,766
Total comprehensive income attributable to non-controlling interests		3,323,872	729,763	1,448,706	1,369,267	881,529	1,173,661
Earnings Per Share (EPS)	Before adjustment	2.25	1.19	0.50	1.06	1.15	1.16
	After adjustment (Note 1)	-(Note 2)	1.19	0.50	1.04	1.13	-(Note 2)

Note 1: Stock dividends of affected businesses have been retrospectively adjusted.

Note 2: It is not listed unless the resolution has been passed by the Shareholders' Meeting.

(II) Parent company-only condensed balance sheet and statement of comprehensive income

1 Parent company-only condensed balance sheet - IFRS

Unit: NT\$ thousand

Item	Year	Financial information for the most recent 5 years (audit and certification)				
		2020	2019	2018	2017	2016
Current assets		5,882,803	6,038,900	6,585,770	7,133,917	9,215,956
Property, plant and equipment		6,473,623	6,609,957	6,682,004	6,536,559	5,187,836
Intangible assets		155	333	470	33,638	54,209
Other assets		20,536,054	18,682,731	16,199,526	13,017,931	9,978,016
Total assets		32,892,635	31,331,921	29,467,770	26,722,045	24,436,017
Current Liability	Before distribution	4,089,828	3,102,159	3,293,739	2,076,844	2,086,624
	After distribution (Note 1)	- (Note 2)	3,696,541	3,650,368	2,426,480	2,657,925
Non-current liabilities		7,812,029	9,570,259	7,986,878	6,520,794	4,622,597
Total liabilities	Before distribution	11,901,857	12,672,418	11,280,617	8,597,638	6,709,221
	After distribution (Note 1)	- (Note 2)	13,266,800	11,637,246	8,947,274	7,280,522
Source of		11,887,635	11,887,635	11,887,635	11,654,544	11,426,024
Capital surplus		321,798	271,613	253,738	238,194	216,135
Retained earnings	Before distribution	9,497,146	7,756,919	6,814,829	6,738,561	6,474,504
	After distribution (Note 1)	- (Note 2)	7,162,537	6,458,200	6,388,905	5,903,203
Other equity		(240,195)	(781,058)	(293,443)	(31,286)	85,739
Treasury stocks		(475,606)	(475,606)	(475,606)	(475,606)	(475,606)
Total equity	Before distribution	20,990,778	18,659,503	18,187,153	18,124,407	17,726,796
	After distribution (Note 1)	- (Note 2)	18,065,121	17,830,524	17,774,771	17,155,495

Note 1: Post-distribution figures are filled based on the resolution passed by the Shareholders' Meeting in the following year.

Note 2: It is not listed unless the resolution has been passed by the Shareholders' Meeting.



## 2. Parent company-only statement of comprehensive income - IFRS

Unit: NT\$ thousand

Item	Year	Financial information for the most recent 5 years (audit and certification)				
		2020	2019	2018	2017	2016
Revenue		10,172,220	10,966,471	11,763,140	11,551,511	11,458,198
Gross profit		1,507,409	1,382,167	807,962	1,200,915	1,578,859
Operating margin		908,440	702,720	112,137	503,786	823,522
Non-operating revenue and expenses		1,651,882	756,267	508,205	703,152	459,038
Net profit before taxes		2,560,322	1,458,987	620,342	1,206,938	1,282,560
Net profit for the year		2,409,778	1,281,364	539,935	1,111,290	1,189,570
Other comprehensive income - Net amount after taxes		465,759	(459,211)	(173,402)	(141,258)	65,928
Total comprehensive income for the year		2,875,537	822,153	366,533	970,032	1,255,498
Net income attributable to owners of the parent company		2,409,778	1,281,364	539,935	1,111,290	1,189,570
Total comprehensive income attributable to owners of the parent company		2,875,537	822,153	366,533	970,032	1,255,498
Earnings Per Share (EPS)	Before adjustment	2.25	1.19	0.50	1.06	1.15
	After adjustment (Note 1)	- (Note 2)	1.19	0.50	1.04	1.13

Note 1: Stock dividends of affected businesses have been retrospectively adjusted.

Note 2: It is not listed unless the resolution has been passed by the Shareholders' Meeting.

### (V) Name of CPAs and their audit opinions in the most recent five fiscal years

Year	Name of Accounting	Name of CPAs	Audit opinion
2016	Deloitte, Taiwan	CPAs Tzu-Jung Kuo and Shih-Tsung Wu	Unqualified opinion
2017	Deloitte, Taiwan	CPAs Tzu-Jung Kuo and Shih-Tsung Wu	Unqualified opinion
2018	Deloitte, Taiwan	CPAs Chuang, Pi-Yu and Kuo, Cheng-Hung	Unqualified opinion
2019	Deloitte, Taiwan	CPAs Chuang, Pi-Yu and Kuo, Cheng-Hung	Unqualified opinion
2020	Deloitte, Taiwan	CPAs Chuang, Pi-Yu and Kuo, Cheng-Hung	Unqualified opinion

## II. Financial Analysis of the Most Recent Five Fiscal Years

### (I) Financial analysis - IFRS

#### USI and its subsidiaries

Item		Year	Financial analysis over the most recent five fiscal years (audited and verified)					The year ended March 31, 2021 (reviewed)
			2020	2019	2018	2017	2016	
Financial structure (%)	Liability-to-assets ratio		36.99	45.15	47.16	45.94	48.35	35.73
	Ratio of long-term capital to property, plant and equipment		277.85	253.10	228.07	216.89	209.18	281.70
Solvency (%)	Current ratio		224.65	221.78	205.43	236.99	237.06	219.00
	Quick ratio		184.80	176.65	154.61	177.67	185.45	175.85
	Interest coverage ratio		3,272	1,205	1,020	1,475	1,356	7,604
Operation ability	Receivables turnover ratio (times)		6.82	7.05	7.23	7.58	7.48	8.10
	Average days of collection		54	52	50	48	49	45
	Inventory turnover ratio (times)		8.62	8.42	8.13	7.54	6.78	10.08
	Payables turnover ratio (times)		12.89	15.91	14.98	13.52	13.77	13.71
	Average inventory turnover days		42	43	45	48	54	36
	Property, plant, and equipment turnover ratio (times)		2.16	2.37	2.56	2.50	2.34	2.78
	Total assets turnover ratio (times)		0.67	0.79	0.91	0.92	0.89	0.82
Profitability	Return on total assets (%)		7.89	3.96	3.12	4.60	4.28	13.28
	Return on equity (%)		12.93	6.73	5.26	8.11	7.55	20.59
	Income before tax to paid-up capital ratio (%)		59.88	28.28	21.22	29.93	26.88	109.85
	Net profit margin (%)		11.32	4.57	3.08	4.66	4.48	15.90
	Earnings per share (NT\$)	Before adjustment		2.25	1.19	0.50	1.06	1.15
After adjustment			2.25※	1.19	0.50	1.04	1.13	1.16※
Cash flow	Cash flow ratio (%)		85.14	48.06	15.15	33.68	31.49	10.82
	Cash flow adequacy ratio (%)		78.88	62.54	56.13	62.63	88.48	424.73
	Cash re-investment ratio (%)		10.83	6.53	2.26	4.78	5.33	1.58
Leverage <sup>e</sup>	Operating leverage		1.34	1.76	2.06	1.58	1.57	1.18
	Financial leverage		1.03	1.11	1.14	1.08	1.07	1.01
<p>Reasons for changes in various financial ratios in the most recent two fiscal years. (Analysis is not be required if such changes are within 20%.)</p> <p>The decline in raw material costs this year, the expansion of product spreads and increased profit led to the increases in the interest coverage ratio, return on asset, return on equity, ratio of net profit to paid-in capital, net profit margin, earnings per share, cash flow ratio, cash flow adequacy ratio and cash reinvestment ratio by 171%, 99%, 99%, 112%, 148%, 89%, 77%, 26% and 66%, respectively. Degree of operating leverage decreased by 24%.</p>								

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



## USI

Item		Year	Financial analysis over the most recent five fiscal years (audited and verified)					
			2020	2019	2018	2017	2016	
Financial structure (%)	Liability-to-assets ratio		36.18	40.45	38.28	32.17	27.46	
	Ratio of long-term capital to property, plant and equipment		444.93	427.08	391.71	377.04	430.80	
Solvency (%)	Current ratio		143.84	194.67	199.95	343.50	441.67	
	Quick ratio		120.65	155.74	153.14	271.48	376.28	
	Interest coverage ratio		2,478	1,285	787	2,007	2,591	
Operation ability	Receivables turnover ratio (times)		6.97	7.40	8.16	9.77	11.07	
	Average days of collection		52	49	45	37	33	
	Inventory turnover ratio (times)		9.49	7.93	8.08	8.20	8.57	
	Payables turnover ratio (times)		9.53	10.26	9.69	9.29	11.19	
	Average inventory turnover days		38	46	45	45	43	
	Property, plant, and equipment turnover ratio (times)		1.55	1.65	1.78	1.97	2.31	
	Total assets turnover ratio (times)		0.32	0.36	0.42	0.45	0.49	
Profitability	Return on total assets (%)		7.78	4.50	2.10	4.49	5.16	
	Return on equity (%)		12.16	6.96	2.97	6.20	6.85	
	Income before tax to paid-up capital ratio (%)		21.54	12.27	5.22	10.36	11.22	
	Net profit margin (%)		23.69	11.68	4.59	9.62	10.38	
	Earnings per share (NT\$)	Before adjustment		2.25	1.19	0.50	1.06	1.15
		After adjustment		2.25※	1.19	0.50	1.04	1.13
Cash flow	Cash flow ratio (%)		42.41	27.71	10.13	48.66	48.05	
	Cash flow adequacy ratio (%)		34.19	17.23	21.87	28.06	41.18	
	Cash re-investment ratio (%)		3.40	1.54	(0.05)	1.54	1.67	
Leverage	Operating leverage		1.68	1.74	4.84	1.79	1.31	
	Financial leverage		1.13	1.17	2.16	1.10	1.03	

Reasons for changes in various financial ratios in the most recent two fiscal years. (Analysis is not be required if such changes are within 20%.)

- 1 The decline in raw material costs this year, the expansion of product spreads and increased profit led to the increases in the interest coverage ratio, return on asset, return on equity, ratio of net profit to paid-in capital, net profit margin, earnings per share, cash flow ratio, cash flow adequacy ratio and cash reinvestment ratio by 93%, 73%, 75%, 75%, 103%, 88%, 53%, 98% and 121%, respectively.
- 2 The current ratio and the quick ratio declined by 26% and 23%, respectively, mainly because corporate bonds due within one year rose. In addition, the debt-liability ratio of the Company declined, mainly because bank loans were repaid.

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

Note: The table at the end of the annual report shall include the following formulas:

- 1 Financial structure
  - (1) Liabilities-to-asset ratio = Total liabilities/Total assets.
  - (2) Proportion of long-term capital in property, plant, and equipment = (Total equities + non-current liabilities)/(Total net value of property, plant, and equipment).
- 2 Solvency (%)
  - (1) Current ratio = Current assets/Current liabilities
  - (2) Quick ratio = (Current assets - inventory - prepaid expenses)/Current liabilities
  - (3) Interest coverage ratio = Income before income tax and interest expense/Interest expense of the current period
- 3 Operating performance
  - (1) Receivable (including accounts receivable and business-related notes receivable) turnover ratio = net sale/average balance of receivable of the period (including accounts receivable and business-related notes receivable).
  - (2) Average collection days = 365/Receivables turnover
  - (3) Inventory turnover = cost of sales/average inventories
  - (4) Payable (including accounts payable and business-related notes payable) turnover ratio = net sales revenue/average balance of payable of the period (including accounts payable and business-related notes payable).
  - (5) Average days for sale = 365/inventory turnover
  - (6) Property, plant and equipment turnover = Net sales/Average property, plant and equipment
  - (7) Total asset turnover = Net sales/Average total assets
- 4 Profitability
  - (1) Return on assets = [net income after taxes + interest expense x (1 - tax rate)]/average total assets
  - (2) Return on equity = net income after taxes/average equity
  - (3) Net profit margin = net income after taxes/net sales
  - (4) Earnings per share = (net income (loss) attributable to owners of the parent company - preferred stock dividend)/weighted average number of shares outstanding (Note 4)
- 5 Cash flows
  - (1) Cash flow ratio = Net cash provided by operating activities/Current liabilities
  - (2) Net cash flow adequacy ratio = net cash flow rising from operating activities in the most recent five years/(capital expenditure + inventory increase + cash dividend) in the most recent five years.
  - (3) Cash reinvestment ratio = (Net cash flow from operating activities – cash dividend)/gross fixed assets value + long-term investment + other assets + working capital). (Note 5)
- 6 Leverage:
  - (1) Degree of operating leverage (DOL) = (net operating revenue - variable operating cost and expenses)/operating income (Note 6)
  - (2) Degree of Financial Leverage (DFL) = operating profit/(operating income - interest expense)

Note 4: The following items should be noted for the calculation of earnings per share using the above-mentioned formula:

- 1 Use the weighted average number of common shares, not the number of shares outstanding at the end of year.
- 2 Where there is cash replenishment or treasury stock transaction, its circulation period should be considered when calculating the weighted average number of shares.
- 3 Where capital increase transferred from surplus or capital reserves exists, when calculating the earnings per share of previous years and half years, it shall be retroactively adjusted according to the proportion of capital increase, need not to consider the issuance period of such capital increase.
- 4 If the preferred stock is a non-convertible accumulative preferred stock, its annual dividend (whether or not it is paid) shall be deducted from the net profit after tax, or added to the net loss after tax. If the preferred stock is non-cumulative and when there is a net profit after tax, the



preferred stock dividend shall be deducted from the net profit after tax; if it is a loss, no adjustment shall be made.

Note 5: The following items should be noted for the analysis of cash flow:

1 Net cash provided by operating activities refers to the net cash inflow from operating activities in the cash flow statement.

2 Capital expenditures refer to the annual cash flow used in capital investment.

3 The increase in inventory is only included when the ending balance is higher than the opening balance. If the inventory is reduced at the end of the year, it shall be treated as zero.

4 Cash dividends include the cash dividends of common stocks and preferred stocks.

5 Gross value of PP&E shall refer to the total value of PP&E minus accumulated depreciation.

Note 6: The issuer should classify various operating costs and operating expenses into fixed and variable properties. If there is an estimate or subjective judgment, attention should be paid to its rationality and consistency.

Note 7: Where company shares have no par value or where the par value per share is not NT\$ 10, any calculations that involve paid-in capital and its ratio shall be replaced with the equity ratio belonging to the owner of the parent company of the asset balance sheet.



### III. Audit Committee's Review Report of the Most Recent Annual Financial Report

#### Audit Report by the Audit Committee of USI Corporation

The Audit Committee has completed the review of the 2020 Business Report, produced by the Board of Directors, and financial statements (including consolidated financial statements and parent company-only financial statements) and earnings distribution plan, audited by CPAs Chuang, Pi-Yu and Kuo, Cheng-Hung from Deloitte & Touche, in accordance with the law, and no inconsistencies were found. Please review the Report which has been prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely yours,

2021 Annual General Meeting, USI Corporation

Audit Committee of USI Corporation

Independent Director: Chen, Chung



Independent Director: Tzu-Chun Tu



Independent Director: Hai, Ying-Chun



March 22, 2021



- IV. The Company's Consolidated Financial Statements Audited by CPAs in the Most Recent Fiscal Year: Please refer to pages 295
- V. The Company's Parent Company-only Financial Statements Audited by CPAs in the Most Recent Fiscal Year: Please refer to pages 481
- VI. Any Financial Difficulties Experienced by the Company and Its Affiliated Companies during the Most Recent Year up to the Publication Date of this Annual Report, as well as the Impact of the Aforesaid Difficulties on the Financial Position of the Company Shall be Listed: None

## Chapter 7. Review and Analysis of Financial Conditions and Performance and Risk Issues - Consolidated Information

### I. Financial Position

Major reasons for material changes in assets, liabilities and shareholders' equity, as well as related effects in the most recent two fiscal years, and response measures in the future if such effects are significant.

Unit: NT\$ thousand

Item \ Year	End of 2020	End of 2019	Difference	
			Shares	(%)
Current assets	\$28,539,554	\$28,020,172	519,382	2
Long-term investments	22,954,592	17,375,834	5,578,758	32
Property, plant and equipment	23,257,418	23,228,911	28,507	0
Intangible assets	279,833	286,030	(6,197)	(2)
Other assets	2,293,119	2,514,839	(221,720)	(9)
Total assets	77,324,516	71,425,786	5,898,730	8
Current Liability	12,703,826	12,634,382	69,444	1
Non-current liabilities	15,897,047	19,614,457	(3,717,410)	(19)
Total liabilities	28,600,873	32,248,839	(3,647,966)	(11)
Source of	11,887,635	11,887,635	0	0
Retained earnings	9,497,146	7,756,919	1,740,227	22
Equity attributable to shareholders of the parent company	20,990,778	18,659,503	2,331,275	12
Non-controlling Interests	27,732,865	20,517,444	7,215,421	35
Total equity	48,723,643	39,176,947	9,546,696	24

#### (I) Major reasons for material changes

- 1 The long-term investments non-controlling interests and total equities rose, mainly because a subsidiary of the Company increased the investment on a joint venture (Fujian Gulei Petrochemical Co., Ltd.) in 2020.
- 2 The retained earnings rose mainly because the product spread enlarged as a result of the raw material cost decline in 2020.

#### (II) Effects

The Joint Venture is accounted for using the equity method.



## (III) Future response plan

Not applicable.

## II. Financial Performance

Major reasons for material changes in revenue, operating income and net profit before taxes in the most recent two fiscal years are estimated sales volume and its basis, as well as possible effects on the Company's financial operations and response measures in the future

Unit: NT\$ thousand

Item \ Year	2020	2019	Increase (decrease)	
			Shares	(%)
Revenue	\$50,201,273	\$55,656,741	\$(5,455,468)	(10)
Operating costs	(39,721,391)	(48,924,372)	(9,202,981)	(19)
Gross profit	10,479,882	6,732,369	3,747,513	56
Operating expenses	(3,583,866)	(3,800,636)	(216,770)	(6)
Operating profits	6,896,016	2,931,733	3,964,283	135
Non-operating revenue and expenses	222,706	429,637	(206,931)	(48)
Net profit before taxes	7,118,722	3,361,370	3,757,352	112
Income tax expenses	(1,440,358)	(820,144)	620,214	76
Net income from continuing operations	5,678,364	2,541,226	3,137,138	123
Gain (loss) from discontinued operations	4,273	4,175	98	2
Net profit for the year	5,682,637	2,545,401	3,137,236	123
Other comprehensive income (net amount after taxes)	516,772	(993,485)	1,510,257	152
Total comprehensive income for the year	6,199,409	1,551,916	4,647,493	299

## (I) Major reasons for material changes

- 1 The increase in operating revenue, operating profit, net profit before tax, income tax expenses, net income from continuing operations, net profit for the year and total comprehensive profit and loss in current year was because of the decrease in cost of raw materials and the increase in product spreads.
- 2 The non-operating revenue and expenditure declined, mainly because the Company increased the share in the loss of the joint ventures accounted under the equity approach and obtained land

compensation income in 2019.

- 3 The other net profit or loss after tax rose, mainly because of the increase in the unrealized valuation profit of equity instrument investment measured at fair value through other consolidated profit and loss as well as the increase in the gains from the conversion difference of financial statements of foreign operation entities.

(II) Expected sales volume and its basis

The Company forecasts the target of PE/EVA sales volume in 2021 to be approximately 381,000 tons; the Vinyl series and its downstream processed products have a sales target of approximately 540,000 tons; the ABS/PS sales target is about 457,000 tons; the sales target of glass wool products is about 13,000 tons; the sales volume target of curved printing products is about 73,000 jigs; and the ferrite magnet powder and ferrite core sales target is about 9,000 tons. In principle, the production and sales balance and the niche products are the priority sales goals.

(III) Possible effects on the Company's financial operations in the future

No material effect.

(IV) Future response plan

Not applicable.

### III. Cash Flows

Analysis of changes in cash flow and improvement plans for liquidity shortage in the most recent fiscal year, and cash liquidity analysis in the coming fiscal year

- (I) Analysis and explanation of changes in cash flow in the most recent fiscal year



Unit: NT\$ thousand

Initial cash balance	Annual net cash flow from operating activities	Other cash outflows throughout the year	Ending cash balance	Remedial measures for cash inadequacy	
				Investment projects	Financing plans
7,927,403	10,815,721	9,106,117	9,637,007	-	-

#### 1. Operating activities:

The net cash inflow reached NT\$10,815,721,000, an increase compared with the previous year, which was mainly because of the decrease in raw material costs, the expansion of product spreads and the increased operating profit.

#### 2 Investing activities:

The net cash outflow amounted to NT\$7,040,508,000, mainly because the merged company increased the investment in an amount of NT\$5.1 billion in Gulei.

#### 3 Financing activities:

The net cash outflow reached NT\$1,879,442,000, an increase compared with the previous year, mainly because the profit of the merged company rose and the Company repaid bank loans.

#### (II) Improvement plans for liquidity shortage

There is no liquidity shortage situation.

#### (III) Liquidity Analysis for the Coming Year

Cash balance at the beginning of the year: NT\$9,637,007,000.

Annual cash inflow: NT\$6,283,921,000

Annual cash outflow: NT\$7,223,021,000

Cash surplus (inadequacy): NT\$8,697,907,000.

### IV. Material Expenditure and Its Impact on the Company's Financial Operations in the Most Recent Fiscal Year

- 1 To ensure adequate supply of ethylene raw materials, the Company expects that ethylene storage tanks will be built within 10% of NT\$906 million.
- 2 In order to ensure adequate supply of ethylene raw materials, APC

expected that ethylene storage tanks and ethylene underground pipelines will be built at NT\$1.02 billion.

- 3 To ensure stable supply of main raw materials, namely ethylene and dichloroethane, as well as the production and sales scheduling of vinyl chloride, Taiwan VCM Corporation expects to build storage tanks for ethylene, vinyl chloride, dichloroethane and underground pipelines for ethylene at NT\$2.44 billion.

These expenses will first be paid using the Company's own funds, while the Company will also assess the cost of raising capital in the capital market and the cost of borrowing from financial institutions.

## V. Investment Policies, Profit/loss Analysis, Improvement Plans in the Most Recent Fiscal Year, and Investment Plans for the Coming Fiscal Year

- (I) Investments whose amounts exceed five (5) percent of paid-in capital at the end of 2020:

Reason for Discrepancy Item	Unit (NTD in Thousands)	Policy	Main reasons for profit or loss	Improvement plan	Other investment plans in the future
CTCI Corporation	1,129,833	Investment diversification	The overall performance has grown steadily, so it remains profitable	None	-
Fujian Gulei Petrochemical Co., Ltd.	20,170,030	Petrochemical Investments	Construction period	None	-

- (II) Investments whose estimated amounts exceed five (5) percent of paid-in capital in the coming fiscal year:

The Company and APC will set up a joint venture to sell products manufactured by Gulei Petrochemical in the Mainland Region (Fujian Province) by means of respectively 100% reinvested subsidiary Swanlake Traders Ltd. and APC (BVI) Holding Co., Ltd. and the investment amount will be no higher than USD32.20 million and USD13.80 million, respectively. After obtaining the approval from relevant competent authority, both parties will make the investment annually based on the progress.



## VI. Risk Analysis and Evaluation

The Company has enhanced its risk management operations, and designated specific executive and responsible units to assess specific matters or risks. Moreover, the Company has also established a monitoring mechanism, where the organizational structure is as follows:

Major risk evaluation item	Implementation and responsible units	Supervision unit
1. Impacts of interest rates, exchange rate fluctuation and inflation on the Company's profit and loss, as well as future response measures:	Finance Division	Auditing Division
2. Policies on high risk, highly leveraged investments, loans to other parties, endorsements, guarantees and derivatives trading, main reasons for profits or losses generated, and future response measures to be undertaken		
3. Future research and development plans and estimated expenses	Research and Development Division.	
4. Impacts of changes in major domestic and overseas policies and regulations on Company's finance and business and associated action plans	Each related unit	
5. Impacts of changes in technology and industry on Company's finance and business and associated action plans	Sales and Marketing Division/Information System Division	
6. Impacts of changes in corporate image on corporate risk management and associated action plans	Human Resources Division	
7. Expected benefits and risks relating to merger and acquisition and associated action plans	Finance Division	
8. Expected benefits and risks relating to plant expansion and associated action plans	Various plants	
9. Risks of concentrated sources of sales or purchases and associated action plans	Resource Planning Department/Business Department	
10. Impact and risk of sale or transfer of significant number of shares by the directors, supervisors or shareholders with over 10% of shareholding and associated action plans	Finance Division	
11. Impact and risk of change in management and associated action plans	Board of Directors	
12. For any litigious or non-litigious matters, the Company and its directors, supervisors, general managers, persons with actual responsibility in the Company, and major shareholders holding more than 10% of the Company's shares shall be disclosed. If there has been any substantial impact upon shareholders' equity or prices for the Company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the Company that has been finalized or has remained pending, the facts in dispute, amount in dispute,	Legal Division	



Major risk evaluation item	Implementation and responsible units	Supervision unit
commencement date, main parties involved, and current status of the case as of the date of publication of the Annual Report shall be disclosed		
13. Impact of climate change on the Company's operations, finance, supply chain, policy, investment decisions, etc.	Corporate Governance Team	
14. Response to the risks of environmental, social, and corporate governance issues	Corporate Governance Team	
15. Information security risk management, other important risks and corresponding measures.	Finance Division/Trust Department/Sales and Marketing Division/Information System Division	



(I) Effects of interest rates, exchange rate fluctuation and inflation on the Company's profit and loss, as well as future response measures:

- 1 Implementation or Responsible Unit: Finance Division
- 2 Impact on the Company's profit and loss:

Item	2020 (NT\$1,000, %)
Net interest income (expenses)	( 119,142)
Net currency exchange gain (loss)	(141,222)
Ratio of net interest income (expense) to net revenue	(0.24%)
Ratio of net interest income (expenses) to net income before tax	(1.67%)
Ratio of net currency exchange gain (loss) to net revenue	(0.28%)
Ratio of net foreign exchange gain (loss) to net income before taxes	(1.98%)

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

	December 31, 2020 (NT\$1,000)
Interest rate risks with fair value	
- Financial assets	6,090,090
- Financial liabilities:	12,084,042
Interest rate risks with cash flow	
- Financial assets	4,057,411
- Financial liabilities:	6,342,920

An increase or decrease of 0.5% in market interest rates is used as a reasonable risk assessment for reporting changes in interest rates to the Company's senior management team. With all other variables remaining unchanged, an increase or decrease of 0.5% in market interest rates will lead to a decrease or increase of NT\$11,428,000 in the Company's net profit before taxes in 2020.

The Company's current strategy is to use excess funds to diversify investments in monetary fund beneficiary certificates, real estate

investment trusts (REITs) and stocks with better dividend yield, which is not only able to reduce the risk of interest rate fluctuations, but can also contribute to the Company's profits.

4 Exchange rates: The Company engages in sales and purchase transactions denominated in foreign currencies, thereby exposing the Company to changes in exchange rates. In order to avoid the decrease in the value of foreign currency assets and fluctuations of future cash flows due to exchange rate changes, the Company avoids exposure to such risks through forward exchange contracts to reduce the impact of such risks. The use of forward foreign exchange contracts is governed by the policies adopted by the Board of Directors of the Company. Internal auditors shall continuously review the compliance with the policies and the risk exposure limits. The Company has not engaged in speculative activities related to derivative instruments. The sensitivity analysis for foreign currency exchange risk is mainly calculated based on foreign currency monetary projects as at the end of the reporting period (mainly the US dollar and Renminbi items). When the Company's functional currency appreciates/depreciates against U.S. dollar and Renminbi by 3%, the Company's next profit before taxes in 2020 will decrease/increase by NT\$141,054,000.

5 Inflation: No significant impact on the Company.

(1) The inflation of some countries (including Taiwan) has not experienced significant inflation and inflation is moderate.

(2) The prime cost of the Company is the cost of raw materials; the price of the product fluctuates in the same direction as the cost of raw materials.

(II) Policies to engage in high-risk and high-leverage investments, provision of loans to others, making guarantees and endorsements, as well as derivative trading, major reasons for profits and losses, as well as future response measures:

1 Implementation or Responsible Unit: Finance Division

2 High-risk, highly leveraged investments and provision of loans to other parties:



The Company's "Procedures for Acquisition and Disposal of Assets" stipulate that it shall not engage in high-risk and highly leveraged investments. The Company has also established the "Procedures for Loaning of Funds to Others."

- 3 Endorsements/guarantees: Endorsements/guarantees are handled in accordance with the Company's "Procedures for Endorsements/Guarantees," and no loss has incurred since the implementation of the Procedures.
- 4 Derivatives trading: The Company engages in trading of derivative products, and is responsible for the purpose of hedging. Trading instruments are primarily selected with the aim of avoiding risks resulted from businesses managed by the Company. The counterparties for hedging transactions are reputable financial institutions in response to the Company's operational needs to avoid credit risks.
  - (1) Hedging transactions: Forward exchange contracts are used for avoiding changes in exchange rates that have not occurred or are yet to occur. The Company will not intervene in speculative operations whatsoever.

(III) Future R&D projects and estimated R&D expenditure:

- 1 Executive and responsible unit: Research and Development Division
- 2 The plans are as follows:

Unit: NT\$ thousand

Research and development project	Current progress	R&D expenditure that requires investment	Estimated time to complete mass production	Major factors that influence the success of R&D in the future
Development of high-liquidity HDPE	80%	20,000	2021	Equipment, formula and process technology
Development of the application of high-performance shoes made of foaming material	70%	10,000	2022	Equipment, formula and process technology
Application development and performance enhancement of hot-melt adhesives	60%	10,000	2022	Equipment, formula and process technology
Development of production technologies for low crystallization point coating-grade/high-speed laminating film EVA.	90%	16,430	2021 Quarter 4	Cultivation of R&D talents, inheritance of technology, sufficient market intelligence and addition of necessary equipment
Low-VOC PVC/TPE serial rubber	0%	15,000	Before the end of 2021	Equipment, formulas and process conditions
Polymerization experiment of 30L PVC	25%	4,550	Before mid-2021	Equipment, formulas and process conditions
PVC/TPE rubber and rubber with surface treatment without solvent	25%	1,000	Before the end of 2021	Equipment, formulas and process conditions
Low-membrane rapidly gelatinized PVC resin	25%	1,000	Before the end of 2021	Equipment, formulas and process conditions
TPE foamed leather series for running machines	50%	500	Before the end of 2021	Equipment, formulas and process conditions
Soft rubber multi-printing transferring film	50%	500	Before the end of 2021	Equipment, formulas and process conditions
TPE American leather for furniture and ship goods	75%	300	Before the end of 2021	Raw materials, formulas and process conditions
TPE serial products (R grade) for footwear	0%	300	Before the end of 2021	Raw materials, formulas and process conditions
Development of TPU material with high hydrolysis resistance	0%	300	Before the end of 2021	Raw materials, formulas and process conditions
Plastic fabric with chloroethylene-crylic acid copolymer resin	0%	300	Before the end of 2021	Raw materials, formulas and process conditions
Water-based scratch-resistant soft PVC leather for automobiles	75%	250	Before the end of 2021	Raw materials, formulas and process conditions
PU casting stain-resistant PVC leather	75%	200	Before the end of 2021	Raw materials, formulas and process conditions
Development of PVC cooling rubber and cooling material supply chain	50%	200	Before the end of 2021	Raw materials, formulas and process conditions
Development of third-generation stain-resistant PVC leather	75%	200	Before the end of 2021	Raw materials, formulas and process conditions
Development of TPE-PU combined rubber	25%	200	Before the end of 2021	Raw materials, formulas and process conditions
TPE rubber for safety seat of baby	25%	200	Before the end	Raw materials, formulas and



Research and development project	Current progress	R&D expenditure that requires investment	Estimated time to complete mass production	Major factors that influence the success of R&D in the future
cart			of 2021	process conditions
Vacuum embossed stain-proof soft rubber	75%	200	Before the end of 2021	Raw materials, formulas and process conditions
AI control over moisture rate of PVC powder	25%	105	Before the end of 2021	Raw materials, formulas and process conditions
Waterproof cable for pump	25%	50	Before the end of 2021	Raw materials, formulas and process conditions
Customer verification of reduction of VOC content in acrylonitrile-butadiene-styrene (ABS)	70%	400	2021	Processing hardware equipment, raw material procurement costs, and business layout based on market demand
The basic performance of acrylonitrile-butadiene-styrene (ABS) was improved, and the cake addition was reduced by $\geq 1.0\%$	60%	767	2022	Processing hardware equipment and business layout based on market demand
The acrylonitrile-butadiene-styrene (ABS) reduced the moisture rate in the cake to 15-20%	20%	1,000	2022	Process hardware assessment and design
Improved yellow degradation of acrylonitrile-butadiene-styrene (ABS) product in storage ( $\Delta YI \leq 2$ )	40%	795	2022	Recipe design, processing hardware equipment and business layout based on market demand
Development of anti-static polystyrene (EPS) to reduce the anti-static resistance ( $\Omega < 109$ )	50%	670	2021	Raw material procurement costs, recipe design and business layout based on market demand
Development of environment-friendly and energy-saving low-VOC EPS and promotion of its application to automotive material, furniture, household appliance and other markets	70%	710	2021	Processing hardware equipment, polymer recipe design and business layout based on market demand
Development of foamed polystyrene (EPS) and its promotion in fishing box market in Southeast Asia.	70%	590	2021	Integration between formula design and formulas on customer side as well as process stability
Improvement of the quality of glue recipe for glass wool product (find out major reason for deviation rate of glue content and resolve it)	80%	100	2021	Recipe design (improve deviation rate of glue content to improve quality stability of product)
Alloy material technology development	Material development	20,000	December, 2021	Electrical vehicle market and PV/wind inverter demand
CIM new forming technology development	Product testing and verification phase	5,000	December, 2021	Growth in sales of motor vehicles
SiC Powder	Pilot validation	20,000	December, 2021	Alternative demand for automotive power semiconductor components
SiC Ceramic Powder and parts	Sample delivery and testing	50,000	December, 2021	Semiconductor equipment demand and verification

(IV) Impacts of changes in local and overseas policies and laws on the Company's financial operations, and related response measures:

- 1 Executive and Responsible Unit: Each related unit
- 2 Impact on financial operations:
  - (1) Please refer to Chapter 3 in this annual report: the third section of "Information Regarding Environmental Protection Expenditure" indicated in "Operations Overview" In response to the European Union's Restriction of Hazardous Substances Directive (RoHS).
  - (2) Continuously assess the impact of IFRSs issued by IASB but not yet approved and issued in effect by FSC. For example, [sales and input of assets between the investors and their affiliated enterprises or joint ventures] amended by the IFRS 10 and IAS28 as well as [classification of liabilities into current and non-current] amended by the IFRS 17 [Insurance contract] and IAS 1.
  - (3) Continuously assess the impact of the Regulations Governing Assessment of Profit-Seeking Enterprise Income Tax on Non-Arm's-Length Transfer Pricing and Economic Substance Act in Tax Havens.
  - (4) Apply for the reduction of tax on undistributed profit with the substantive investment using undistributed surplus in accordance with Article 23-3 of the Statute for Industrial Innovation.
  - (5) Apply for tax deductions for investment in new smart machinery for self-use and investment in new hardware, software, technology or technical services related to the introduction of the 5G mobile communication system in accordance with Article 10-1 of the Statute for Industrial Innovation.
  - (6) Continue to assess the impact of changes in water and electricity prices on the Company.
- 3 Response measures: The Company has established the Legal Division to assess legal risks and formulate countermeasures, review important contracts in advance and provide legal advance to handle legal affairs where necessary. In addition, the accounting



division, from time to time, evaluates the impact of such changes on the Company's financial operations and relevant measures in response to the changes in relevant accounting and tax laws and regulations, and discuss with the accountant to prepare the advance planning for such changes.

(V) Impacts of changes in technology and industry on the Company's financial operations, and related response measures:

- 1 Executive and responsible unit: Sales and Marketing Division and Information System Division
- 2 The Company has integrated artificial intelligence (AI) and the robotic process automation (RPA) technology and implemented the special project of "optimizing the PdM system for high-pressure reactor" in the plant area. The Company has analyzed the vibration data of the high-pressure reactor and leveraged the business intelligence (BI)-based decision support and further refined industrial safety monitoring and prevention in the plant area.
- 3 Dedicated to volatile organic compound monitoring, the Company has integrated big data from the government and built the VOCs Data & Information Platform. The Company has used the spatial interpolation technology to draw monitoring data from a single site into general data, thereby effectively monitoring overall VOCs dynamics inside and outside the plant.
- 4 In support of the government to implement the paperless policy for invoices and vouchers, the Company has introduced a new electronic invoice operation system to reduce the occurrence of artificial errors and improve the correctness of invoicing. The Company has streamlined the tax declaration flow, which has saved the administrative cost of subsequent processing flow. Moreover, the Company has carried out its energy saving and emission reduction policies, effectively performed its social responsibilities and improved the overall operating efficiency.
- 5 The Company has developed a production data and cost analysis system and deployed it in the plant area. The system can collect raw material, energy, human resource consumption data as well as corresponding resource data and then perform a big data analysis



combined with previous historical data to assist the management team in setting the production target and establish the management rudiment. The science-based data can reduce the disturbance from artificial factors and make data more objective. Moreover, the system can alert on process data deviation, understand the reliability and timeliness of abnormal data and provide references for improving the management efficiency in the plant.

- 6 To address ransomware, the Company has improved employees' awareness of information security to protect data security in addition to organizing the social project drill. At the same time, the Company has built the management system for industrial control equipment (operation technology or OT). The system conducts asset management of the industrial control system for production and ensures normal performance of the OT.
- 7 The Company has introduced electronic operation to the asset discard system and integrated the survey, asset disposal and approval flow across institutions. This not only avoids transmission errors of paper approval forms but also saves the cost of providing documents. Different data items can be searched in the system, thereby enhancing the overall operating efficiency substantially.
- 8 Refer to Section 2 - "Industry Overview" in Chapter V - "Operations Overview".

(VI) Impacts of changes in corporate image on the Company's risk management, and related response measures

- 1 Executive and responsible unit: Human Resources Division
- 2 The Company has always adhered to upright and down-to-earth management, sound financial operations and good product quality, and has garnered positive reviews from the industry. In the event of a crisis, the Company not only will submit report according to its organization system, but can also obtain help from external organizations to help overcome the crisis.

(VII) The expected benefits and possible risks to engage in Mergers and Acquisitions (M&A) and the countermeasures:

- 1 Implementation or Responsible Unit: Finance Division



- 2 There was no merger and acquisition implemented by the Company in the most recent fiscal year up to the publication date of this annual report.

(VIII) Expected benefits and possible risks to expand the plants and the countermeasures:

In order to ensure the stable supply of ethylene and dichloroethane which are the main raw materials of the Company, and the production and sales scheduling of vinyl chloride, we will maintain stable production and deepen relationships with existing customers. The Company plans to invest in the construction of storage tanks for ethylene, vinyl chloride, and dichloroethane, as well as underground pipelines for ethylene.

(IX) Risks resulting from consolidation of purchasing or sales operations and response measures:

- 1 Executive and responsible units: Procurement and Logistics Division, Sales and Marketing Division
- 2 The Company has decentralized global sources of goods and purchased goods in multiple pricing modes to avoid specific centralized sources.
- 3 Part of the purchase volume of spot goods will be set aside, and purchases will be made according to the spot market and production needs, whichever is better.
- 4 The Company focuses on studying information of the petrochemicals and plastics market and strengthening production, sales, and procurement business strategies to maximize profits, to minimize risks associated with over-concentration in purchase or sale.

(X) Impacts and risks resulted from major equity transfer or replacement of directors, supervisors, or shareholders holding more than ten (10) percent of the Company's shares, and related response measures

- 1 Implementation or Responsible Unit: Finance Division
- 2 There was no such situation at the Company in the most recent fiscal year up to the publication date of this annual report.

(XI) Impact, risk, and response measures related to any change in governance rights in the Company:

- 1 Implementation and responsible unit: Board of Directors.
- 2 There has been no changes in management control at the Company in the most recent fiscal year up to the publication date of this annual report.

(XII) For any litigious or non-litigious matters, the Company and its directors, supervisors, general managers, person with actual responsibility in the Company, and major shareholders holding more than 10 percent of the company's shares, shall be disclosed. If there has been any substantial impact upon shareholders' equity or prices for the Company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the Company that has been finalized or has remained pending, the report shall disclose the facts in dispute, amount in dispute, commencement date, main parties involved, and current status of the case as of the publication date of this annual report:

- 1 Implementation and Responsible Unit: Legal Division.
- 2 Significant litigious, non-litigious or administrative disputes that have been decided or are still pending in the most recent fiscal year up to the publication date of this annual report:

- (1) The Company: None.
- (2) Directors, supervisors, general managers, person with actual responsibility in the Company, and major shareholders holding more than 10 percent of the Company's shares: None.

(3) Subsidiaries:

With regard to the gas explosions in the evening of July 31, 2014, where the Company's subsidiary, China General Terminal & Distribution Corporation (CGTD), was contracted by LCY Chemical Corp. (LCY) to transport petrochemical through the propene pipelines, the second-instance judgment was announced on April 24, 2020, and all three of CGTD's employees were acquitted. Now, Kaohsiung Office



of Taiwan Higher Procuratorate filed an appeal and the Supreme Court is trying the case.

CGTD reached an agreement with Kaohsiung City Government on February 12, 2015 and pledged a term deposit of NT\$227,458,000 (including interests) to the Government as a guarantee for losses caused by the gas explosions. Kaohsiung City Government has also filed civil lawsuits against the Company, LCY and CPC Corporation. In addition, Taiwan Power Company applied to the court to execute provisional attachments on the properties of CGTD on August 27 and November 26, 2015, respectively. CGTD has provided a cash deposit of NT\$99,207,000 to the court to avoid the provisional attachments. Taiwan Water Corporation applied to the court to execute provisional attachments on the properties of CGTD on February 3 and March 2, 2017, respectively. As of April 21, 2021, the property value impounded against CGTD amounted to NT\$ 13,115,000.

For the deceased, CGTD, LCY and the Kaohsiung City Government signed a tripartite agreement on July 17, 2015 agreeing to negotiate the compensation first with the 32 deceased's successors and persons entitled to the claims (hereinafter, "family of the deceased"). Each family was entitled to NT\$12 million and the total compensation was NT\$384 million. The compensation was first paid by LCY who also represent the three parties in the settlement negotiation and the signing of settlement agreements with family of the deceased.

For victims suffering from serious injuries, CGTD, LCY Chemical Company and Kaohsiung City Government signed a tripartite agreement on October 25, 2017, agreeing to negotiate compensation for 65 seriously injured victims. The compensation was first paid by CGTD, LCY and the Kaohsiung City Government. CGTD also represents the three parties in negotiating settlements with victims who suffered severe injuries in the incident. It has signed settlement agreements with 64 of the victims.

As of the publication date of this annual report, the injured, the victim or their family members of the Kaohsiung gas explosion incident filed a civil claim (including a criminal incidental civil litigation) to LCY Chemical Company, CGTD, and CPC Corporation, Taiwan, for

compensation; CGTD has settled the claim for the original claimed amount of NT\$46,677,000 based on considerations for reducing litigation costs; the settlement compensation amount was NT\$4,519,000. The balance that is still in the process of litigation and the claim amounts of the deceased and seriously injured victims under the preceding paragraph were approximately NT\$3,856,447,000. The judgment for the first instance of some of the above civil cases (the amount of compensation requested is approximately \$1,341,128 thousand) has been handed down since June 22, 2018 and, in most of the cases, it was determined that the proportion of fault liability of the Kaohsiung City Government, LCY, to CGTD is 4:3:3. CGTD, LCY, and other defendants shall pay an amount of approximately NT\$401,979,000 (of which NT\$6,194,000 shall be exempted from the compensation liability for CGTD according to the court's judgment). For the civil cases that have been sentenced but not settled, CGTD has filed an appeal and has started the second trial procedure one after another. CGTD has signed a claim settlement agreement with the insurance company in accordance with the proportion of fault liability determined in the first-instance judgment to estimate the amount of settlement for victims and seriously injured and the civil litigation compensation amount (including settled cases). The maximum amount of the insurance compensation was deducted to calculate the amount payable by CGTD and the NT\$136,375 thousand has been included in the estimate on the account. However, the actual settlement and compensation amount described above can only be verified after the proportion of fault liability is determined in the civil judgments.

(XIII) Impact of climate change on the Company's operations, finance, supply chain, policy, investment decisions, etc.

The Company believes that the dramatic changes in climate caused by climate change and the increased probability of extreme climate events have a significant impact on operations. In recent years, USI has actively carried out measures to mitigate greenhouse gases generated by operations and actively made improvements in energy conservation and carbon reduction, while responding to the government's policies to develop renewable energy step by step. In 2016, the Company set the



group-wide energy management goals autonomously, with a view to doing its best within a controllable range. The Company was adapting to the impacts caused by climate change, and adopted the Task Force on Climate-related Financial Disclosures (TCFD) framework released by the Financial Stability Board (FSB) to identify risks and opportunities and assess possible financial impacts. Moreover, the Company has set a positive objective to reduce carbon emission by 1.2% every year and requested to increase production efficiency and implement energy saving plans.

## 1 The Company's TCFD framework

Governance	CSR Committee	The committee is the highest-level organization in climate change management in the Company, with an Independent Directors as its chair, and it needs to report at meetings on climate change-related implementation plans and performance every half a year.
	Group Management Conference	It is the top management meeting of USI. The Chairman of the Group serves as the chair. Implementation of major policies is reported at the conference from time to time, and the chair shall decide on the implementation direction.
	Preventive Maintenance and Environmental Risk Control Division Quarterly Meeting	The highest-level unit in the implementation of energy management in USI, and it reports to the Group's Chairman every quarter on the planning and progress of implementation for decision making.
Strategy	Risk and Opportunity Identification	According to risk and opportunity items, each company identifies major items based on the probability and impact.
	Potential financial impact evaluation	Potential financial impact evaluation is conducted for major risks and opportunities identified.
Risk management	Introduction of the TCDF framework	The TCDF framework is adopted to identify risks and opportunities, which will be communicated with major responsible units and confirmed by senior executives.
	Presentation of the identification results	The major risks and opportunities identified will be reported and response measures illustrated at the meeting of CSR Committee held annually.
Indicators and targets	Group energy management goals	The Group sets an average energy conservation rate of 1.2% or more from 2020 to 2025, and conducts reviews every three years.
	Response strategies for climate change	Equipment replacement, installation of renewable energy equipment, optimization of production schedules, air conditioning planning of buildings, energy management systems, and extreme climate emergency response plan are included.
	Greenhouse gas emissions disclosure	The Scope 1 and Scope 2 emission data are disclosed in the CSR report every year, and review of the reasons for the increase or decrease is conducted regularly.

## 2. Identification of climate risks and opportunities

The impact of climate change on the Company's operation is increasing. Facing any possible risks prudently and seizing possible

new business opportunities, the Company, in recent years, has spared no effort in implementing energy conservation and carbon reduction improvement programs, including improvement of production efficiency and replacement of old equipment with highly efficient one. The TCFD method was adopted to identify the transformation and physical risks in the operating process as well as the emerging opportunities brought by climate change, and eight major risk items and nine major opportunity items were identified. In 2020, they were further classified in terms of occurrence time. In the future, the Company will review the response actions year by year and establish a resilient climate change culture.

(1) Potential financial impacts of risks and responsive measures

Type	Climate-Related Risks	Time scope	Risk/Opportunity	Potential financial impacts	Response measures	Specific description of the Company
Transformation	Increasing pricing of greenhouse gas emissions	Short-medium term	Medium-high	Increased capital expenditures Increased operational costs	1. Build an energy management system 2 Invest in green power, energy saving and carbon reduction facilities and increase the carbon fee cost	The major core operation of the Company comes from product manufacturing and operation and power constitutes 7.9% of the manufacturing cost. If the annual objective is to save power by 1.2%, the Company will save more than NT\$5 million. If the standards of Singapore is borrowed and the carbon fee rate is NT\$100 per ton, the carbon fee expenditure will exceed NT\$15 million every year.
	Rising costs of raw materials	Short-medium term	Medium-high	Increased operational costs Increased capital expenditures	The Company will accelerate the schedule for AI introduction, improve the efficiency and reduce the loss from specification change of raw materials.	Ethylene is the major raw material for USI products. To diversify import sources of ethylene, USI has invested NT\$906 million in the ethylene storage tank project of Kaohsiung Intercontinental Dock and the project is expected to finish and start operation in 2022.
	Stigmatization of the sector	Short-medium term	Medium-high	Asset value reduction Reduced profits	1. Accelerate transformation 2 Invest in green energy equipment and use green products	The Company has earmarked a budget of NT\$110 million for the R&D Building to accelerate research and development.
	Strengthened emissions reporting obligations	Short-medium term	Medium-high	Increased operational costs	1. Import iso14064 2 Increase website and	The Company has introduced the ISO14064 with an investment of some NT\$280,000 and built a website with information



Type	Climate-Related Risks	Time scope	Risk/Opportunity	Potential financial impacts	Response measures	Specific description of the Company
					media disclosure	and human resources to disclose the information.
Physical	Extreme changes in rain patterns and climate models	Short-medium term	Medium-high	Increased capital expenditures Increase in operating expenses	The Company has built an AI water intelligence system, which can determine production response measures based on rainfall in the reservoir.	In case of water deficiency, the Company will buy water trucks. If the situation is severe, the Company will reduce production line output or suspend all productions. The water purchasing cost is expected to rise by NT\$100,000 every day. If it is necessary to stop a single production line, the loss will reach some NT\$2.50 million per day, and given a comprehensive business suspension, the loss will exceed NT\$10 million per day.
	Severe weather events such as typhoon and floods	Short-medium term	Medium-high	Increased capital expenditures Increase in operating expenses	Increase flood prevention and drainage facilities	To reduce the loss of business suspension due to flooding, the Company has successively earmarked the budget and increased flood prevention and drainage facilities, or the loss given a business suspension will reach some 650 tons.
	Rising sea levels	Long-Term	Medium-high	Increased capital expenditures Increase in operating expenses	1. Improve infrastructures 2 Increase flood control and drainage facilities	They are intended to adapt to changes in rain patterns, extreme changes in climate models and rising synchronization of extreme climate events like hurricane and flood.
	Rising average temperatures	Long-Term	Medium-high	Increased capital expenditures Increase in operating expenses	1. Improve infrastructures 2 Increase flood control and drainage facilities	They are intended to adapt to changes in rain patterns, extreme changes in climate models and rising synchronization of extreme climate events like hurricane and flood.

(2) Potential financial impacts of opportunities and responsive measures

Type	Climate-related opportunities	Time scope	Risk/Opportunity	Potential financial impacts	Response measures	Specific description of the Company
Resource efficiency	Reduction of water use and water consumption	Short-medium term	Medium-high	Increased capital expenditures Lower operating costs	1. Invest in wastewater recovery facilities 2 Continuously develop reduction plans for water consumption	To improve the consumption of recycled water, the Company has built a sewage recovery system with NT\$16 million and continuously



Type	Climate-related opportunities	Time scope	Risk/Opportunity	Potential financial impacts	Response measures	Specific description of the Company
						developed reduction plans for water consumption.
	Recycling and reuse	Short-medium term	Medium-high	Increase in revenue Lower operating costs	Search of appropriate solutions	The Company has studied wax recovery and expects to launch the equipment in 2021.
Energy sources	Participation in the carbon trading market	Medium-long term	Medium-high	Increased operational costs	Continuously track relevant laws and regulations and seek transaction opportunities	The Company has continuously tracked relevant laws and regulations and seek transaction opportunities and participated in relevant workshops and meetings from time to time.
	Use of low-carbon energy sources	Short-medium term	Medium-high	Increased asset value	Implementation of renewable energy plan within three years	Continuously assess and find appropriate solutions and aim to implement renewable energy plan within three years.
	Use of new technologies	Long-Term	Medium-high	Increased asset value Lower operating costs	1. Continue to increase the carbon utilization rate in the process 2 High efficiency of investment 3 Buy eco-label-certified equipment	The Company has continuously watched the energy consumption status of various equipment items and formally launched the intelligent plant system in 2020.
	Adoption of incentive policies	Short-medium term	Medium-high	Decreased capital expenditure	Support for the Renewable Energy Development Act	Support for the Renewable Energy Development Act and implementation of responsive action
Products and services	R&D and innovation for the development of new products and services	Medium-long term	Medium-high	Increased asset value Increase in revenue Increased capital expenditures	Development of new market and promotion of industrial transformation	The Company has develop new market and promoted industrial transformation. In 2020, the Company invested in a new R&D Center.



Type	Climate-related opportunities	Time scope	Risk/Opportunity	Potential financial impacts	Response measures	Specific description of the Company
	Changes in consumer preferences	Long-Term	Low-medium	Increase in revenue	Development of CBC new material	The Company has developed the CBC new material to respond to the epidemic.
Resilience	Participation in renewable energy programs and adoption of energy conservation measures	Medium-long term	Medium-high	Increased asset value Lower operating costs	Continuous participation in related events	Continuous participation in related events, continuous local procurement and implementation of green procurement
	Energy alternation/diversification	Medium-long term	Medium-high	Increased asset value	Green power investment	Actively find an appropriate site and implement the green power development plan.

### 3 The Group's companies continue to invest in innovative materials and products to reduce the impact of climate change

- (1) In recent years, the governments around the world has actively restricted the use of disposable plastics, and USI has actively developed lightweight materials that can be reused and sterilized, to reduce the impact of plastic products on the environment. The new cyclic block copolymer (CBC) features extreme cleanliness and ultra-high transparency. Its excellent UV penetration and tolerance both make the product life cycle longer and more convenient for sterilization, which will reduce the impact on the environment and enhance health promotion.
- (2) According to the statistics of the Food and Agriculture Organization of the United Nations, the proportion of vegetables and fruits that are discarded or worn out is as high as 45%. USI has developed fresh-keeping technology for vegetables and fruits, which can absorb the aging hormones in plants, prolong the fresh-keeping period of vegetables and fruits, and then reduce the proportion of food waste. It is a reusable PE bag material, which can also reduce waste of resources indirectly.

#### (XIV) Risks of environmental, social and corporate governance issues:

The Company upholds the sound and honest operating concept. On December 23, 2020, the Board of Directors adopted the Risk

Management Policy, Procedure and Measure in a move to ensure the prudential operation and perpetual development of the Company and reduce the possible risk faced in operation. The Company has forged a good corporate governance and risk management mechanism, reinforced the division of work and efficiency related to risk management and ensured the integrity, effectiveness and rationality of the risk management system to safeguard the interests of employees, shareholders, partners and customers and lay a foundation for the perpetual operation of the enterprise.

To effectively implement the risk management mechanism of the Company, the risk management functions monitor relevant risks in respective day-to-day operation affairs, the Audit Department periodically audits the risk management of the Company, the Audit Committee periodically supervises whether the Company has potential risk, and the Board of Directors makes the overall risk management policy and makes significant decisions. The Company reports the annual operation status of risk management to the Audit Committee and the Board of Directors at least once a year and discloses relevant information in the annual report and the website of the Company. The responses to various risks at this stage are described as follows:

Risk Categories	Risk Profile	Risk Management Policy or Strategy
Financial risks	Risk of interest rate changes	The Company diversifies and invests its idle funds in bank time deposits, beneficiary certificates of money market funds, bonds (notes) with repurchase transactions and REITs (domestic real estate investment trusts) to reduce the risk arising from interest rate fluctuations. The Company has sufficient short-term capital to meet its operating needs. For medium- and long-term capital needs, the Company obtains medium- and long-term lines of credit from financial institutions during periods of rising interest rates or issues common bonds at appropriate times to lock in capital costs at fixed interest rates to avoid the risk of future interest rate increases and for longer-term capital stability.
	Risk of exchange rate changes	The Company hedges its foreign currency positions based on the net position generated from its operations. In addition to closely observing the trend of the international foreign exchange market, the Company hedges its risk in a timely manner through spot foreign exchange sales and forward foreign exchange contracts.
	Risk of property loss	Based on the size of the Company's business assets and replacement costs, the Company carries various property insurance policies, such as commercial fire insurance, business interruption insurance and cargo transportation insurance, to hedge against the risk of loss of business assets caused by major natural disasters or non-natural calamities.
	Risk of endorsement and guarantee	In accordance with the "Procedures for Endorsements and Guarantees" established by the Company, the Company performs pre-assessment and follow-up of endorsement and guarantee operations.



Risk Categories	Risk Profile	Risk Management Policy or Strategy
	Risk of accounts receivable	Regarding domestic customers, the Company evaluates the credit status, the amount of the actual guarantee, the financial ability of the joint and several guarantors, and the company's financial ability. Regarding foreign customers, the Company integrates risk information from various countries and takes out trade credit insurance and letter of credit insurance to ensure the Company's creditors' rights.
Risk of strategy and operation	Risk of strategy and operation	The Company identifies and reviews major issues, sets short-, medium- and long-term goals for each major issue, and regularly reviews performance.
	Industry risk	New investments are subject to feasibility assessment, risk analysis and strategic response analysis. Each investment proposal must be approved by the Board of Directors. The Company, in accordance with the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies," has established the "Procedures for the Acquisition or Disposal of Assets," which stipulates that the Company does not engage in high-risk, high-leverage investments.
	Investment Risks	The operating units report strategic issues to the directors on a regular basis to reduce strategic risks through the participation, advice and supervision of the directors. The Company also tracks operational performance through regular meetings in order to achieve operational objectives.
Risk of material prices and supply chains	Change in material prices	<ol style="list-style-type: none"> <li>1. Establish a monitoring mechanism for staple materials.</li> <li>2. Decentralize the source of staple material procurement.</li> <li>3. Set up various pricing mechanisms for staple materials.</li> <li>4. Set up a certain ratio of staple material contracts to spot goods.</li> </ol>
	Material inventory and logistics management	<ol style="list-style-type: none"> <li>1. The Company regularly discusses and executes the staple material stocking plan.</li> <li>2. Regarding the import of staple materials by ship, after the vessel nomination is issued by the seller, the ship's movements and the seaside storage tank should be monitored regularly. In case of delay or advance, the responsible unit should adjust the stock level accordingly.</li> </ol>
	Production equipment spare parts planning	<ol style="list-style-type: none"> <li>1. The production unit should set up and regularly review plans for spare parts of the main production equipment.</li> <li>2. The procurement team is required to follow the plans for spare parts, staying up-to-date on suppliers' delivery schedules for spare parts of the main production equipment and ordering the parts in a timely manner.</li> </ol>
Occupational safety risk	Occupational accidents of employees and contractors in the operation process	<ol style="list-style-type: none"> <li>1. The Group's Chairperson signed and released USI Safety Philosophy, and the Company's top executives signed USI Zero Occupational Accident Pledge.</li> <li>2. The Group announced its five-zero goal of Zero Occupational Accident, Zero Accident, Zero Pollution, Zero Emission and Zero Failure and established the Group's Guidelines for Safety, Environment Protection, Pre-protection.</li> <li>3. The Company has promoted (or will promote) the establishment of ISO 45001 Occupational Safety and Health Management System and Process Safety Management System (PSM).</li> <li>4. The Company implements contractor management.</li> <li>5. The Group performs safety and environmental inspection to check and improve the compliance with regulations concerning work safety, environmental protection, and fire prevention.</li> <li>6. The Company holds annual education and training programs on safety, environmental protection and equipment pre-protection to enhance work safety and environmental protection, skills of equipment pre-protection and diagnosis and new knowledge of safety and environmental regulations in each factory.</li> <li>7. The Company has established safety and health management rules, process hazard analysis guidelines, safety, health, fire and environmental management education and training guidelines, occupational safety and health hazard identification and opportunity assessment and control management guidelines, operating standards for each machine and emergency response plan guidelines, etc.</li> <li>8. The Company thoroughly implements equipment preventive maintenance and PDA inspection.</li> <li>9. The Company holds fire and emergency response drills.</li> <li>10. The Company has established pandemic preparedness procedures and precautions.</li> </ol>
Information Security Risk	Security protection of information maintenance and operating systems, production industrial control	<ol style="list-style-type: none"> <li>1. Continuously update and introduce information security solutions to manage the use of monitoring systems, hosts and networks</li> <li>2. Disaster recovery exercises are conducted regularly to restore the Group's critical systems to normal operation rapidly in the event of a disaster and ensure the Group's ability to continue operation.</li> <li>3. The server hosts are assigned to a professional information security consulting firm</li> </ol>

Risk Categories	Risk Profile	Risk Management Policy or Strategy
	systems, sensitive data, and customer transactions	<p>to perform vulnerability scanning to identify potential risks for correction and strengthen the ability to block hacker attacks.</p> <ol style="list-style-type: none"> <li>4. Firewall equipment is established for industrial control systems in the factory production to separate IT computer equipment from production line equipment hosts.</li> <li>5. The Company's auditing department conducts regular audits every year and invites internationally renowned certification bodies to perform ISO 27001 certification checks.</li> <li>6. Regular education and training sessions are held to promote new knowledge of information security and strengthen recognition of information security, and a professional information security consulting firm is commissioned to perform social engineering exercises twice a year to raise employees' awareness of information security to protect data security.</li> <li>7. Personal data fields in the information system are covered, and access to such data is restricted, to protect personal data.</li> <li>8. Portable storage devices are controlled to prevent the loss of sensitive data and improper access.</li> <li>9. Secure trading platforms are constructed to fortify the security of website browsing, and secure encrypted certificates are introduced to prevent fraudulent faces as a result of data interception and tampering during transactions.</li> </ol>
Legal risk	Compliance risk	<ol style="list-style-type: none"> <li>1. The Company provides legal research, consultation and advice on the Company's operational activities and related matters to ensure that the Company's activities are in compliance with laws and regulations.</li> <li>2. The Company keeps abreast of relevant domestic and foreign policies and laws, and evaluates and studies relevant proposals in advance to respond to changes in laws and regulations in a timely manner.</li> <li>3. Competent authorities or external experts are consulted when necessary.</li> </ol>
	Transaction risk	<ol style="list-style-type: none"> <li>1. The responsible unit must fully understand the background facts of a business deal, its own position and the purpose of a contract, prepare and review the contract and legal documents based on legal expertise, and provide appropriate and feasible suggestions to ensure the Company's rights and interests and avoid the risk of default.</li> <li>2. In accordance with the Company's rules and regulations, the Company's seal shall be managed and used by a dedicated person, and non-compliant documents shall be returned or required for correction.</li> </ol>
	Dispute resolution	<ol style="list-style-type: none"> <li>1. The dispute resolution process, the manpower, time and cost required, the finality of the outcome of the dispute, the feasibility of subsequent enforcement, and other factors are overall considered for the evaluation and formulation of appropriate dispute resolution strategies.</li> <li>2. The facts of a case are fully understood, a sound offensive and defensive or negotiation strategy is developed, and effective and complete exhibits and witnesses are presented.</li> <li>3. External expert opinions are sought and appropriate professional agents are delegated for effective control over expenditures.</li> </ol>
	Awareness and behavior of compliance	The Company cooperates with relevant units to conduct education and training or discuss educational opportunities when providing legal assistance at meetings to raise employees' awareness of legal compliance and legal risks and encourage internalization in their conduct at work, thereby reducing the Company's risks.
Human resources risks	Risk of inadequate supply of human resources - shortage risk	<ol style="list-style-type: none"> <li>1. The Company's HR website, CSR website, and Facebook social network are utilized to enhance the Company's brand image and visibility in order to increase the source of talent and willingness to apply for jobs.</li> <li>2. Training maps are created to develop key talents through development plans, courses and job assignments.</li> <li>3. The annual promotion report system and the talent review committee are established to ensure the right development of outstanding employees.</li> </ol>
	Risk of significant increase in labor costs - backlog risk	<ol style="list-style-type: none"> <li>4. The Company investigates and plans manpower annually to deploy manpower for the coming year in accordance with the development strategy of the Company and its departments.</li> <li>5. The Company inspects the list of potential successors every year to understand the status of talented candidates and ensure stable development and succession of all levels of leaders and supervisory officers.</li> </ol>



Risk Categories	Risk Profile	Risk Management Policy or Strategy
	Risk of workforce stability - turnover risk	<p>6. A corporate union has been established to maintain good communication, interaction and cooperation between the employer and the employees.</p> <p>7. The bylaws stipulate the annual appropriation of employee compensation for all employees to share the results of the Company's operations.</p> <p>8. A competitive compensation system has been established to motivate employees and improve overall morale and performance.</p> <p>9. As regards the compensation of employees of overseas subsidiaries, the Company not only sets reasonable and competitive salary levels in accordance with the local labor market conditions, but also makes reference to local laws and regulations, industry practices and the overall operating performance of each subsidiary to encourage its employees to make long-term contributions and grow with the Company.</p>
	Compliance risk	<p>1. The Company complies with laws and regulations to establish and implement various management rules and regulations and hold regular training sessions to solidify the integrity of employees fundamentally and improve their legal compliance and professional skills continuously.</p> <p>2. The Company hires an external team of lawyers specializing in labor law as its legal advisors to provide timely legal advice, assigns specialists to re-examine whether the personnel rules and regulations are in compliance with the law and whether they are implemented, and updates the relevant personnel rules and regulations of the Company in a timely manner when the law is amended.</p> <p>3. The Company has planned its internal organizational structure and placed a control mechanism on business activities with higher risk of dishonest conduct in the business scope.</p> <p>4. The Company's finance and accounting departments adopt division of labor and have a mutual supervision mechanism, and the audit department conducts audits, based on the eight cycles and the two management operations and in accordance with the law, as well as regular audits with external third-party impartial units, for reasonable reduction in the risk of dishonesty.</p> <p>5. The Company plans a whistleblower system and ensures the effectiveness of its implementation:</p> <p>(1) The Company has established the "Procedures for Handling Reports of Illegal and Unethical or Dishonest Conduct" to encourage the reporting of any illegal or unethical conduct or violations of the code of business integrity.</p> <p>(2) Any employee or external party can report cases of illegal, unethical or dishonest conduct by freely choosing to access the Company's website or the hotline set up at the Audit Office.</p>
Research and development risk	Product technology risk	<ul style="list-style-type: none"> <li>• R&amp;D information may fall into the hands of competitors, and R&amp;D personnel may be poached by competitors, causing leakage of R&amp;D results. Experiment logs and presentation materials should be kept and managed properly. Key technical achievements should be submitted for patent application or included in the control of trade secrets to protect the rights and interests of the Company. R&amp;D personnel should sign confidentiality agreements according to project requirements.</li> </ul>
	Market Risks	<ul style="list-style-type: none"> <li>• Customers adjust their demands or market conditions change, causing product development to fall short of expected goals. The Company keeps abreast of changes in customer demands and market conditions and develop countermeasures at meetings (e.g., production and marketing and production reform). The Company also accelerates research and development and enhances the ability to respond to changes in market conditions to reduce the risk of market changes. In addition, the Company actively promotes industrial applications of high value to create higher profitability and achieve sustainable management.</li> </ul>
Risk of climate change and the environment	Environmental impact of carbon emissions from operating processes	<p>1. The Company identifies the potential crisis of climate change and seeks possible opportunities and countermeasures through the TCFD and international research reports.</p> <p>2. The Group sets energy management goals and holds regular technical exchange meetings to promote energy saving and carbon reduction and improve energy efficiency.</p> <p>3. The Group has been promoting the establishment of ISO 50001 energy management system.</p> <p>4. The Group pays constant attention to changes in policies and regulations relating to energy and carbon management and actively participates in public hearings on new (revised) regulations.</p>

Risk Categories	Risk Profile	Risk Management Policy or Strategy
	Environmental pollution caused by operating processes	<ol style="list-style-type: none"> <li>1. The Group announced its five-zero goal of Zero Occupational Accident, Zero Accident, Zero Pollution, Zero Emission and Zero Failure and established the Group's Guidelines for Safety, Environment Protection, Pre-protection.</li> <li>2. The Group has been promoting the establishment of ISO 14001 environmental management system.</li> <li>3. The Group performs safety and environmental inspection to check and improve the compliance with regulations concerning work safety, environmental protection, and fire prevention.</li> <li>4. The Group holds annual education and training programs on safety and environmental protection to enhance the skills of work safety and environmental protection personnel in each plant and teach them new knowledge of safety and environmental regulations.</li> <li>5. The Group pays constant attention to changes in domestic and international environmental protection laws and regulations and actively participates in public hearings on new (revised) environmental protection laws and regulations through public associations.</li> </ol>
Risk of disasters and accidents	<ul style="list-style-type: none"> <li>• Risk of not tracking and reviewing the causes of accidents and improvement plans</li> <li>• Risk of operation and property/personnel loss</li> <li>• Risk of employee job hazard</li> <li>• Risk of operation interruption</li> </ul>	<ol style="list-style-type: none"> <li>1. The Company has established the "Method of Accident Investigation" for accidents and safety.</li> <li>2. Construct Process Safety Management System (PSM), Occupational Safety and Health Management System (ISO 45001), and Environmental Management System (ISO 14001)</li> <li>3. Make emergency response plans</li> <li>4. Hold regular education and training on environmental protection, safety and health and fire safety</li> <li>5. Service equipment and machinery annually</li> <li>6. Take out public liability insurance, toxic chemical substance operators liability insurance, transportation insurance, and operation interruption insurance to reduce operational losses</li> </ol>
Technology risk	<p>Risk of information security breaches arising from the adoption of new technologies, resulting in losses to the Group and employees</p> <p>Lagging in response to market consumption habits and production technology</p>	<ol style="list-style-type: none"> <li>1. Raise employees' awareness of information security in the use of the Internet to prevent losses caused by cyber attacks on the Group and its employees, in view of the widespread use of mobile devices (BYOD, bring your own device)</li> <li>2. Introduce the National Institute of Standards and Technology (NIST) Cybersecurity Framework to detect, identify, respond to, protect against and recover from cybersecurity threats</li> <li>3. Risks are governed for the introduction of digital transformation. The Board of Directors plays a key role in focusing on organizational risks and executing decisions and priorities.</li> <li>4. The management supervises the risk management of critical infrastructures and creates budgets to implement improvement programs.</li> <li>5. Fortify the security of critical infrastructures</li> <li>6. Constantly pay attention to current and future risk changes to respond to them</li> </ol> <ol style="list-style-type: none"> <li>1. Promote smart manufacturing: improve product quality and process safety and reduce energy consumption through new technologies and techniques</li> <li>2. Accelerate the development of new materials and improve production efficiency</li> <li>3. Keep abreast of changes in market, product and consumer demands and respond to them</li> </ol>
Other risks	Coronavirus disease 2019 (COVID-19)	<ol style="list-style-type: none"> <li>1. The Human Resources Division of the Group has established pandemic prevention measures and procedures, and the Company should adjust these measures to the method that is the most suitable for the local region based on the actual condition of every business premise and relevant provisions of local competent authority, and implement the same.</li> <li>2. The Human Resources Division of the Group has classified colleagues having the history of contact and travel into control classes A, B, C and D in accordance with the pandemic prevention points published by the Centers for Disease Control under the Ministry of Health and Welfare (CDC), and implemented corresponding pandemic prevention measures. The competent functions of the Company and its plants submit the pandemic prevention statuses of these four types of people to the Daily Pandemic Prevention &amp; Disclosure Platform every day. The Human Resources Division updates and announces the aforesaid control levels based on the table on recommended</li> </ol>



Risk Categories	Risk Profile	Risk Management Policy or Strategy
		international travel pandemic levels published by the CDC, and posts the content on the COVID-19 area of the service website of the Group. 3.Preparation of pandemic prevention materials. 4.Establish response measures and make the recovery plan. (1) Personnel distraction (2) Education and training courses require all trainees to wear facemasks in the entire process (3)Meeting specification - The Information Technology Division helps adopt the video form for the conference form (4)Temperature measurement (5)Visitor specification (6)Building management (7)Food supply and dining management

(XV) Other important risks and mitigation measures

1 Recovery risk of accounts receivable

- (1) Executive and responsible unit: Trust Department
- (2) Conduct usual transactions through advance receipts or letter of credit (L/C), provide credit to customers based on their credit limits and risks after performing credit assessment, and purchase accounts receivable insurances involving mainland customers whose risks are beyond its control to reduce risks to a manageable level.

2 The Company has established an information security risk management framework and established information security policies and specific management methods as described below:

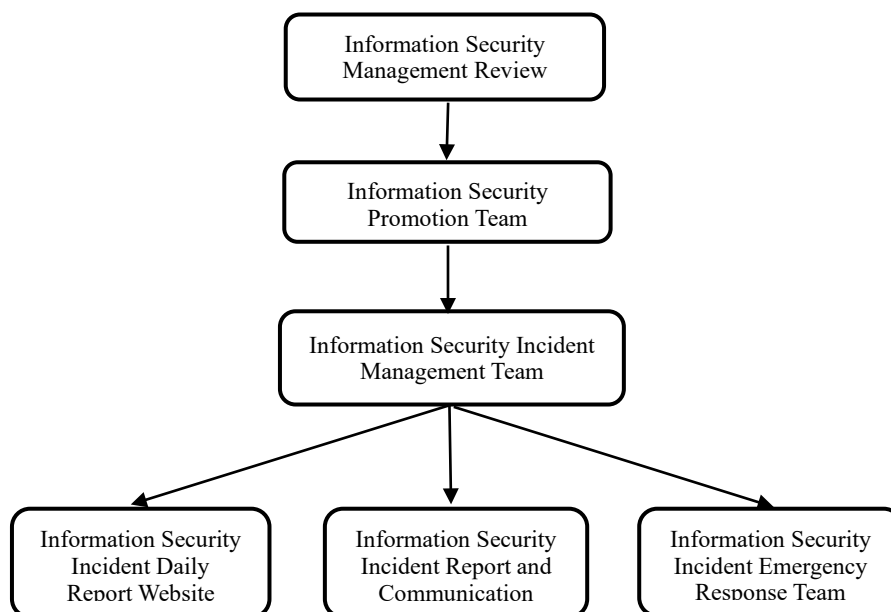
(1) Information security risk management framework

Information security management system:

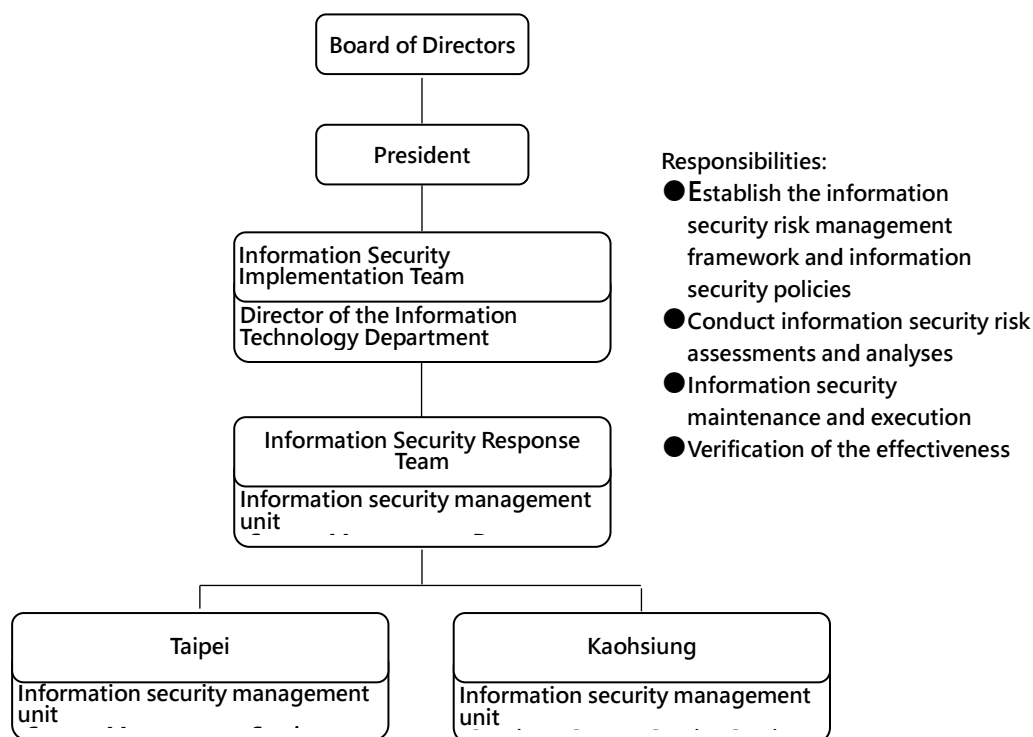
To enhance information security management, the Company introduced ISO 27001 in 2014 and adopted related regulations based on ISO 27001 to improve the overall information security of the entire Group. We convene the "Information Security Management Review Meeting" each year to determine the six major input items for the management of the information security system (review of the implementation status of proposals in previous management reviews, changes in related internal and external topics regarding the information security management system, feedback on the performance of information security



measures, feedback from parties of concern, risk assessment results and the status of risk mitigation plans, and opportunities for continuous improvement) and discuss and determine the two major output items for the management review of the information security management system (including related decisions on opportunities for continuous improvement and the necessity of any changes to the information security management system) to determine whether the objectives of the information security management system have been achieved. We established the "Information Security Implementation Team" in accordance with the regulations defined in the "Information Security Implementation Organization Regulations" in the Company's internal standard operating procedures to supervise the implementation status of information security management of the Group and clarify the roles and duties of various organizations. The Team convenes one regular meeting each year and meetings can be organized immediately in the event of material information security incidents of the Group. The Director of the Information Technology Department serves as the convener of the Team and takes charge of the meetings of the Information Security Implementation Team as well as decisions and arbitration of opinions in the meetings. The supervisors of units under the jurisdiction of the Information Technology Department are members of the Team. In the event of a material information security incident, the Director of the Information Technology Department shall report to the General Manager or heads of related departments.



Operations of the Information Security Implementation Team:



The Information Technology Division formulates information security related policies and plans, governs, supervises and implements them in accordance with ISO 27001 to ensure the Group's information security capability and enhance the

awareness of its colleagues on information security.

(2) Specific management measures for information security management:

- The Company's audit units perform regular internal audits and we appointed British Standards Institution (BSI), a renowned international certification company, for the ISO 27001 certification each year. After obtaining the ISO 27001 certificate from BSI in July 2014 (currently valid from July 4, 2020 to July 3, 2023), we have passed BSI information security system reviews for four consecutive years. In addition to conducting examination on the risk management framework for information security, the Company shall provide guidance and prevention, conduct analysis on information security risk assessment pertaining to both internal and external issues.
- To enhance information security management and prevent hacking or information leaks, IT personnel attend four hours of information security training each year. We also appointed professional external information security consulting companies to conduct information security audits and provide suitable protection of information in accordance with related regulations for information protection.
- We appoint professional external information security consulting companies to conduct social engineering drills at least twice each year to effectively raise employees' information security awareness, ensure data security, and prevent intrusions and unauthorized alteration.
- We appoint professional external information security consulting companies to conduct vulnerability assessments each year to identify potential risks for system corrections or propose remedial measures.
- To implement the protection of personal information, we began redacting personal information in various information application systems and imposing access restrictions since 2017 to provide appropriate protection. We have also applied



related measures in response to requirements in the General Data Protection Regulation (GDPR) of the European Union.

- We established secure transaction platforms and introduced Secure Sockets Layer (SSL) to allow customers and suppliers to log into the platform to query and download related transaction documents to prevent mail interception and business email compromise frauds derived from altered transaction documents. We improved the companies' security in external transactions and reduced the possibility of frauds against customers and suppliers who have low information security protection. Website of the Company has been changed from http to https to strengthen the safety of browse.

(3) Establishment of the information security policy

The information security policy covers information security management, legal compliance, and technology applications as follows:

Information Security Policy		
Information security management	<ol style="list-style-type: none"> <li>1. Ensure the continuous and robust operations of the information security management system.</li> <li>2. Ensure the confidentiality, integrity, and availability of information and operations.</li> <li>3. Risk management and prevention.</li> <li>4. Optimize the management system.</li> <li>5. Establish a network framework that meets the highest information security standards and verify the reliability of network transmissions.</li> </ol>	<ol style="list-style-type: none"> <li>1. Hold an ISMS information security management review meeting to confirm the accomplishment of the objectives of the ISMs.</li> <li>2. Enhance employees' awareness of information security and strengthen information security education and training to ensure that data is well protected from intrusion, tampering and leakage.</li> <li>3. Conduct information security risk assessment and analysis on internal and external issues.</li> <li>4. Review the information security infrastructure design.</li> </ol>
Legal compliance	<ol style="list-style-type: none"> <li>1. Regularly review the updates and amendments to the legislation.</li> <li>2. Establish information operation mechanisms that are appropriate for the location, timing, and operations.</li> </ol>	Review and revise internal operating procedures and standards on a regular basis to comply with relevant information security laws and regulations at home and abroad.
Technology applications	<ol style="list-style-type: none"> <li>1. Collection of internal Group data and external data.</li> <li>2. Make good use of data</li> </ol>	The Company establishes internal firewalls and network traffic monitoring; screen packages with

Information Security Policy		
	analysis. 3 Predict potential information security threats.	information security concerns; analyze potential threats; prevent illegal intrusions, and prevent the direct exposure of internal network information.

The Company evaluates the amount of insurance policies and the selection of insurance companies (e.g. quotations, insurance underwriting conditions, and status of insurance approval and providing compensation for claims) for the information security insurance based on analyses of crisis management, loss of business revenue, additional fees, third-party liabilities, and fines and penalties. The Company continues to assess suitable information security insurance policies.

- 4 As of the publication date of this annual report, there has been no other risk issue in the Company.



## VII. Other Important Matters:

### (I) Key performance indicators of USI

- 1 Disaster-free working hours: The production environment at Renwu plant, with a strong emphasis on occupational safety, health and environmental protection, won the Excellence Award in the “Selection of Excellent Units and Employees Promoting Occupational Safety and Health” conducted by the Ministry of Labor. Renwu Plant paid special attention to the production environment as well as workplace safety and environmental protection. As of December 31, 2020, it has accumulated a total of 579,627 injury-free working hours.
- 2 Equipment operating rate: The equipment operating rate in 2020 was 84.64%.

### (II) Key performance indicators of Asia Polymer Corporation (APC)

- 1 Injury-free working hours: As of December 31, 2020, the high-temperature and high-pressure production environment at Linyuan Plant, with a strong emphasis on occupational safety, health, and environmental protection, has accumulated a total of 468,243 injury-free working hours.
- 2 Equipment operating rate: Apart from production suspension due to equipment maintenance and power outage in coordination with Taiwan Power Company, production at the plant remains normal for the rest of the time. The equipment operating rate in 2020 was 96.71%.

### (III) Key performance indicators of CGPC

- 1 Production rate: Compared to the annual target, the production rate for raw materials was 96.6%, while the production rate for processed products was 97.0%.
- 2 Yield rate: Compared to the annual target, the yield rate for raw materials was 100.5%, while the yield rate for processed products was 100.0%.
- 3 Customer objections: The percentage of losses due to customer objections (excluding quantity discount) was 0.03% (which is the

proportion of loss due to customer objections to revenue), which was within a manageable range for the Company.

- 4 Employee proposals: There were 469 proposals (established cases) and the estimated savings is NT\$13.14 million.
- 5 Workplace accidents: Frequency of injury (number of persons injured per million hours): 1.33

Injury everity rate (total number of days of losses due to disability and injury per million hours): 11

Workplace accident incidence rate is still within a manageable range for the Company.

#### (IV) Key performance indicators for TTC

- 1 Injury-free working hours: As of December 31, 2020, Cianjhen Plant recorded a total of 1,956,353 injury-free working hours, and this figure was 724,497 hours for Linyuan Plant, 674,768 hours for Toufen Plant and 1,416,059 hours for Zhongshan Plant.
- 2 Equipment operating rate: As to the equipment operating rate by product type in 2020, it is 85% for ABS, 92% for SAN, 84.8% for EPS, 91.2% for glass wool, 16% for cubic and 91.7% for Zhongshan Plant.

#### (V) Key performance indicators of ACME Electronics Corporation

- 1 Inventory turnover rate (times): 2.51 in 2020.
- 2 Property, plant, and equipment turnover rate (times): 1.60 in 2020.

#### (VI) Pollution prevention:

- 1 The Company's subsidiary, Taiwan VCM Corporation rented part of the land occupied by the China Petrochemical Development Corporation's Cianjhen Plant from January 1, 1970 to December 31, 1989 to set up its plant and manufacture VCM. In October 2006, the area was deemed a groundwater pollution control site. After remediating the area using the "Physics+Chemistry+Biology" engineering method developed by INOMA Corporation, the groundwater pollution concentration level of the site decreased to less than the groundwater pollution control standard. Based on the



- findings of re-inspections by the Environmental Protection Bureau of the Kaohsiung City Government on January 11, 2016, it was announced on April 11, 2016 that the area had its status as a groundwater pollution control site terminated and was removed from the delineation of the groundwater pollution control region.
- 2 In 2010, part of the land occupied by the Company's Toufen Plant was listed as a groundwater pollution control site and included in the groundwater pollution control region by environment unit. Therefore, the Company introduced and implemented the "Physics+Chemistry+Biology" engineering method developed by Taiwan VCM Corporation to carry out remediation and improvement of the area. After the field samples collected were verified by environmental protection agencies, it was found that various data have complied with the government's control standards. The site was removed as a groundwater pollution control site by the Environmental Protection Administration on February 24, 2017 and the Environmental Protection Bureau of the Miaoli County Government on March 21, 2017.
  - 3 Taiwan VCM Corporation, a subsidiary of the Company, has won the certificate of explanation and analysis of treatment technology for polluted site issued by the Environmental Protection Agency of Executive Yuan. The Environmental Protection Agency has implemented the certification and verification of treatment technology and collected domestic manufacturer information and successful implementation cases. It will recently announce the Outline for Treatment of Soil and Underground Water Pollution, acknowledging the treatment technologies of the Environmental Protection Department of Taiwan VCM Corporation.
  - 4 Director Hua-I Chien from Taiwan VCM Corporation, a subsidiary of the Company, won the Outstanding Planning Manager Award for 2020 conferred by Taiwan Association for Soil and Underground Environment Protection.







2. Basic information regarding Various Affiliated Companies

December 31, 2020

Unit: Amount in NT\$ thousands, unless otherwise stated

Name of Company	Date of Incorporation	Address	Actual Paid-in Capital	Main Business or Product
Swanson Plastics Corporation	1986.07.03	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	1,543,119	Production and sales of embossed films, stretch films, heavy bags, and industrial multi-layer packaging films
Forever Young Company Limited	1993.03.03	Skelton Building, Main Street, P.O. Box 3136, Road Town, Tortola, British Virgin Islands	1,499 (USD50,000)	Trading and agency businesses
Curtana Company Limited	1979.10.19	Flatb 6/F Caltex House 258 Hennessy Road Wanchai, Hong Kong	5,877 (HKD1,599,999)	Investments
Swanson Plastics (Singapore) Pte. Ltd.	1997.07.23	16 Pandan Road Singapore 60926	749,267 (USD 26,308,543)	Production and sales of plastic products
Acme Electronics Corporation	1991.09.05	8th Floor, No. 39, Jihu Road, Neihu District, Taipei City	1,829,937	1. Manufacture and sales of soft ferrite powder, cores, and other relevant electromagnetic components and raw materials 2 Design, manufacture, processing, and sales of production equipment for the products mentioned above 3 Import and export of the products mentioned above, and other businesses excluding those subject to individual approval
Acme Electronics Corporation—Guanyin Plant	1993.10.07	No. 2, Guojian 2nd Rd., Guanyin Dist., Taoyuan City 328		
Golden Amber Enterprises Ltd.	1998.03.26	Citco Building, Wickhams Cay, PO Box 662, Road Town, Tortola, BVI	669,072 (USD20,800,000)	Corporate investments
USIFE Investment Co., Ltd.	1989.05.22	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	872,508	Investments in production, transportation, warehousing, construction, banking, securities companies, and trading companies
Taiwan United Venture Management Corporation	1998.01.07	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	8,000	Corporate management consulting
Union Polymer International Investment Corporation	1996.10.09	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	6,162,688	Investments in various production and service businesses
Swanlake Traders Ltd.	1995.09.21	Citco Building Wickhams Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	690,645 (USD24,250,184.6)	Engage in various trading and investment businesses
Acme Components (Malaysia) Sdn. Bhd.	1990.09.06	Plot 15, Jalan Industri 6 Kawasan Perindustrian Jelapang II (ZPB) Jelapang 30020 Ipoh, Perak,	289,233 (RM42,600,000)	Corporate investments

Name of Company	Date of Incorporation	Address	Actual Paid-in Capital	Main Business or Product
		Malaysia.		
Acme Ferrite Products Sdn. Bhd.	1990.09.21	Plot 15, Jalan Industri 6 Kawasan Perindustrian Jelapang II (ZPB) Jelapang 30020 Ipoh, Perak, Malaysia.	267,002	Manufacture and sales of soft ferrite powder
Chong Loong Trading Co., Ltd.	1960.06.22	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	43,612	Import and export business (excluding those subject to special approval), sales agent and distribution of products from domestic and overseas manufacturers, (excluding derivatives), commodity wholesaling and retail sales, management, and investments related to the businesses mentioned above
Taiwan United Venture Capital Corp.	1995.04.10	10th Floor, No. 39, Jihu Road, Neihu District, Taipei City	470,000	Engage in venture capital investments in invested businesses Planning, consulting, engagement and management services to invested businesses Corporate business, management and consulting services to other venture capital businesses Other relevant businesses approved by the government
USI Far East (HK) Co., Ltd.	1999.12.08	6/F., Caltex House, 258 Hennessy Road, Hong Kong.	56,768 (HKD16,000,000)	Engage in various trading businesses
Taita Chemical Company, Ltd.	1960.04.06	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	3,342,310	Production and sales of ABS, PS, glass wool insulation products and Cubic printing
Taita Chemical Company, Ltd.—Linyuan Plant	1979.08	No.5, Gongye 1st Road, Linyuan Industrial Park, Kaohsiung City		Production and sales of ABS
Taita Chemical Company, Ltd.—Cianjhen Plant	1960.04.06	No. 3, Jianji Road, Cianjhen Plant, Kaohsiung City		Production and sales of PS
Taita Chemical Company, Ltd.- Toufen Plant	1992.03	No. 571, Minzu Road, Toufen Township, Miaoli County, Taiwan		Production and sales of glass wool products
Taita (BVI) Holding Co., Ltd.	1997.04.10	CITCO Building, Wickhams CAY.P.O Box 662, Road Town, Tortola, British Virgin Island	2,555,738 (USD89,738,000)	Investment holding company
Taita Chemical (Zhongshan) Co., Ltd.	1999.03.24	YenJiang East 2nd Road, Zhongshan Torch Hi-Tech Industrial Development Zone, Zhongshan City, Guangdong Province, China	1,317,200 (USD46,250,000)	Production and sales of expanded polystyrene (EPS) derivatives
Asia Polymer Corporation	1977.01.25	12th Floor, No. 37, Jihu Road, Neihu District,	5,821,019	Manufacture and sales of medium- and low-



## Financial Summary

Name of Company	Date of Incorporation	Address	Actual Paid-in Capital	Main Business or Product
		Taipei City		density polyethylene and ethylene vinyl acetate copolymer resins
Asia Polymer Corporation—Linyuan Plant	1979.03	No. 3, Gongye 1st Road, Linyuan Industrial Park, Kaohsiung City		
APC (BVI) Holding Co., Ltd.	1997.04.10	Citco Building, Wickham Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	323,037 (USD11,342,594)	Reinvestment business
China General Plastics Corporation	1964.04.29	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	5,533,814	Production and sales of PVC raw materials and processed products
China General Plastics Corporation—Toufen Plant	1964.02	No. 571, Minzu Road, Toufen Township, Miaoli County		
Taiwan VCM Corporation -	1967.01.21	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	2,754,098	Production and sales of vinyl chloride monomer
Taiwan VCM Corporation -—Linyuan Plant	1992.11.30	No. 1, Gongye 1st Road, Linyuan Industrial Park, Kaohsiung City		
China General Terminal & Distribution Co., Ltd.	1989.02.25	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	597,546	Petrochemical materials storage and transportation operations
Swanson Plastics (Malaysia) Sdn. Bhd.	1989.04.10	Plot 505, Tingkat Perusahaan 4A, Kawasan Perusahaan, Zon Perdagangan Bebas, 13600 Prai, Penang Malaysia	135,790 (RM20,000,000)	Manufacture and sales of plastic products
CGPC America Corporation	1988.06.21	11310 Harrel Street Mira Loma CA 91752	571,024 (USD20,050,000)	Sales of PVC secondary processing, third processing products
CGPC (BVI) Holding Co., Ltd.	1987.04.10	Citco Building, Wickhams Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	464,459 (USD16,308,258)	Reinvestment holding Company
Continental General Plastics (Zhongshan) Co., Ltd.	1997.12.02	Yianjiang East 2nd Road, Zhongshan Torch Hi-Tech Industrial Development Zone, Zhongshan City, Guangdong Province, China	599,600 (USD20,000,000)	Manufacturing and sales of PVC secondary processing, three processing products
Acme Electronics (Cayman) Corp.	2000.06.28	Ugland House, P.O. Box 309, George Town, Grand Cayman, Cayman Islands, British West Indies	142,316 (USD4,997,052)	Corporate investments
Acme Electronics (Kunshan) Co., Ltd.	2000.07.27	No. 533, Huangpujiang North Road, Kunshan City, Jiangsu Province, China	875,048 (USD30,725,000)	Production and sales of soft ferrite cores
USI Management Consulting Corporation	2001.03.16	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	6,714	Corporate management consulting
Swanson International Limited	2001.03.29	Ugland House, P.O. Box 309, George Town, Grand Cayman, Cayman Islands, British West Indies	414,134 (USD14,541,205)	Trading and agency businesses

Name of Company	Date of Incorporation	Address	Actual Paid-in Capital	Main Business or Product
Swanson Plastics (Kunshan) Co., Ltd.	2001.10.08	No. 289, Qingyang North Road, Kunshan City, Jiangsu Province, China	378,499 (USD13,290,000)	Production, sale and development of multifunctional membranes and photolysis membranes
USI International Corporation	2002.09.20	TrustNet Chambers, P.O.Box3444, Road Town, Tortola, British Virgin Island.	85,440 (USD3,000,000)	Investments
Taita Chemical (Tianjin) Co., Ltd.	2003.11.27	No. 8, Hengshan Road, Chemical Industry Park, Development Zone, Tianjin City, China	778,928 (USD27,350,000)	Production and sales of expanded polystyrene (EPS) derivatives
Acme Electronics (Guangzhou) Co., Ltd.	2004.11.24	No. 1, Fuqian Road, Zengjiang Street, Zengcheng District, Guangzhou City, Guangdong Province, China	546,816 (USD19,200,000)	Manufacture and sales of soft ferrite cores
A.S. Holdings (UK) Limited	2004.02.02	7/10 Chandos Street Cavendish Square London W1G 9DQ	122,807 (UK3,156,993)	Investments
USI Trading (Shanghai) Co., Ltd.	2006.03.13	Room 6A, No. 1358, Yan'an West Road, Shanghai City	71,200 (USD2,500,000)	Engage in wholesaling, commission agency, import and export and related supporting businesses for products including petrochemical products and related equipment, rubber products and electronic materials
Swanson (Kunshan) Co., Ltd.	2004.02.17	No. 289, Qingyang North Road, Kunshan City, Jiangsu Province, China	259,168 (USD9,100,000)	Production and sales of PE release film and other release products
CGPC Consumer Products Corporation	2007.02.13	Yianjiang East 2nd Road, Zhongshan Torch Hi-Tech Industrial Development Zone, Zhongshan City, Guangdong Province, China	42,720 (USD1,500,000)	Engage in the manufacture and production of tertiary processed PVC products
Asia Polymer Corporation	2007.12.20	10th Floor, No. 39, Jihu Road, Neihu District, Taipei City	200,000	Investments
CGPC Polymer Corporation	2009.05.19	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	800,000	Manufacturing and sales of PVC resin
Swanson Technologies Corporation	2009.10.12	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	200,000	Production, sale, and development of EVA packaging films and other high value-added plastic products
USI Optronics Corporation	2010.10.07	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	649,017	Manufacture and sales of sapphire ingots and other relevant crystals
Swanson Plastics (India) Private Limited	2011.03.08	PLOT No.2, GDDIDC. Honda, Bhuipal Sattari-403 506, Goa-India	180,687 (INR429,695,000)	Manufacture and sales of plastic products
Swanson Plastics (Tianjin) Co., Ltd.	2012.05.02	Shuangtang High-grade Metal Product Industrial Park. Jinghai County, Tianjin City, China	304,736 (USD10,700,000)	Manufacture and sales of plastic products



## Financial Summary

Name of Company	Date of Incorporation	Address	Actual Paid-in Capital	Main Business or Product
Cypress Epoch Limited	2013.11.20	P.O.Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	142,400 (USD5,000,000)	Engage in the investment business
PT. Swanson Plastics Indonesia	2013.12.27	Ngoro Industrial Park Blok D2-3 Ds. Lolawang Kec. Ngoro Kab. Mojokerto	743,358 (USD26,101,043)	Manufacture and sales of plastic products
USIG (Shanghai) Co., Ltd.	2014.03.13	Block A, 6th Floor, Yinglong Building, No. 1358, Yan'an West Road, Shanghai, Postcode: 200052	142,400 (USD5,000,000)	Engage in import and distribution of various types of chemical raw materials and products
Ever Conquest Global Limited	2014.05.21	P.O.Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	11,880,290 (USD417,145,000)	Engage in the investment business
INOMA Corporation	2014.04.17	12th Floor, No. 37, Jihu Road, Taipei City, Taiwan, R.O.C.	97,950	Engage in optical products and fire protection materials businesses
Ever Victory Global Limited	2013.05.21	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	17,625,845 (USD618,885,000)	Engage in the investment business
Dynamic Ever Investments Limited	2013.09.03	FLAT/RM 1902, 19/F ,LEE GARDEN ONE 33 HYSAN AVENUE CAUSEWAY BAY HK	19,729,947 (USD692,765,500)	Engage in the investment business

3. Information of shareholders with corporate governance power while working in the Company: None.

4 Businesses engaged by affiliated companies their relationships:

Industry code	Name of Company	Business relationship with other affiliates
Petrochemical industry	Asia Polymer Corporation	Purchase of goods, sales of goods, ethylene transfer, and dispense
	Taiwan VCM Corporation	Ethylene transfer and dispense
	Taita Chemical Company, Ltd.	Purchases
Manufacture and sales of plastic products	China General Plastics Corporation	Sales of goods
	Swanson Plastics Corporation	Purchase and sales of goods
Trading	Forever Young Co., Ltd.	Sales of goods
	USI Far East (HK) Co., Ltd.	Sales of goods
	USI Trading (Shanghai) Co., Ltd.	Sales of goods
	Chong Loong Trading Co., Ltd.	Purchases

5 Information regarding the directors, supervisors and general managers of affiliated companies

December 31, 2020

Unit: Shares

Company Name or Responsible Unit	Title		Number of shares held by the person/Shareholding percentage	Number of Shares/Shareholding Ratio of The Legal Representative
USI Corporation	Chairman of the Board	I-Kuei Wu (assigned by Shing Lee Enterprise (Hong Kong) Limited)	113,122/0.01	173,776,546/14.62
	Directors	Ching-Shou Yu (assigned by Asia polymer Co., Ltd.)	0/0	101,355,673/8.53
	Directors	Che-I Kao (assigned by Asia polymer Co., Ltd.)	0/0	
	Directors	Kuang-Che Huang (Assigned by Taita Chemical Company, Ltd. )	147,185/0.01	15,109,901/1.27
	Directors	Ke-Shun Wang (Assigned by Taita Chemical Company, Ltd. )	105,704/0.01	
	Directors	Hung-Ting Wu (assigned by Shing Lee Enterprise (Hong Kong) Limited)	50,418/0	173,776,546/14.62
	Independent Directors	Chen, Chung	0/0	-
	Independent Directors	Tzu-Chun Tu	0/0	-
	Independent Directors	Hai, Ying-Chun	0/0	-
	General Manager	Ke-Shun Wang	105,704/0.01	-
Swanson Plastics Corporation	Chairman of the Board	I-Kuei Wu (assigned by USI Corporation)	146,884/0.10	62,616,299/40.58
	Vice Chairman	Tung-Yang Wu (assigned by USI Corporation)	0/0	



Company Name or Responsible Unit	Title		Number of shares held by the person/Shareholding percentage	Number of Shares/Shareholding Ratio of The Legal Representative
	Directors	Pei-Chi Wu(assigned by USI Corporation)	0/0	
	Directors	Han-Tai Liu (assigned by USI Corporation)	0/0	
	Directors	Chao-An Wang (assigned by USI Corporation)	276,265/0.18	
	Directors	Hsing-Tse Liu (assigned by USI Corporation)	0/0	
	Directors	Wei-Te Chueh (assigned by USI Corporation)	0/0	
	Supervisors	Ya-I Huang	44,262/0.03	-
	Supervisors	Yung-Chih Chen	0/0	-
Forever Young Company Ltd.	General Manager	Chao-An Wang	276,265/0.18	-
	Directors	I-Kuei Wu	0/0	-
	Directors	Tung-Yang Wu	0/0	-
	Directors	Chao-An Wang	0/0	-
	Directors	Hai-Hao Tan	0/0	-
Curtana Company Ltd.	Directors	Wen-Li Yang	0/0	-
	Directors	I-Kuei Wu	0/0	-
	Directors	Chao-An Wang	0/0	-
Swanson Plastics (Singapore) Pte. Ltd. Swanson Plastics (Singapore) Co., Ltd.	Directors	Hai-Hao Tan	0/0	-
	Directors	I-Kuei Wu	0/0	-
	Directors	Tung-Yang Wu	0/0	-
	Directors	Chao-An Wang	0/0	-
	Directors	Hai-Hao Tan	0/0	-
	Directors	Sai-Chin Lin	0/0	-
Acme Electronics Corporation	General Manager	Hai-Hao Tan	0/0	-
	Chairman of the Board	I-Kuei Wu (assigned by USI Corporation)	1,256,284/0.69	49,250,733/26.91
	Directors	Shan-Ke Hsu (assigned by USI Corporation)	78,695/0.04	
	Directors	Hui-Ming Cheng (assigned by Asia polymer Co., Ltd.)	0/0	6,056,623/3.31
	Directors	Xian-Cong Wu (assigned by Asia polymer Co., Ltd.)	233,462/0.13	
	Directors	Chun-Hui Huang (Assigned by Taita Chemical Company, Ltd. )	0/0	4,445,019/2.43
	Directors	Wen-Hao Wu (Assigned by Taita Chemical Company, Ltd. )	0/0	
	Independent Directors	Li-Chiu Chang	0/0	-
	Independent Directors	Piao-Chun Chen	0/0	-
	Independent Directors	Tung-Hsing Wu	0/0	-
General Manager	Wen-Hao Wu	0/0	-	
Golden Amber Enterprises Ltd.	Directors	Wen-Hao Wu	0/0	-
	Directors	I-Kuei Wu	0/0	-



Company Name or Responsible Unit	Title		Number of shares held by the person/Shareholding percentage	Number of Shares/Shareholding Ratio of The Legal Representative
	Directors	Ke-Shun Wang	0/0	-
	General Manager	Wen-Hao Wu	0/0	-
USIFE Investment Co., Ltd.	Chairman of the Board	I-Kuei Wu (assigned by USI Corporation)	0/0	87,250,800/100
	Directors	Ke-Shun Wang (assigned by USI Corporation)	0/0	
	Directors	Ya-I Huang (assigned by USI Corporation)	0/0	
	Supervisors	Yung-Chih Chen (assigned by USI Corporation)	0/0	
	General Manager	Ya-I Huang	0/0	-
Taiwan United Venture Management Corporation	Chairman of the Board	I-Kuei Wu (assigned by USIFE Investment Co., Ltd.)	0/0	800,000/100
	Directors	Ya-I Huang (assigned by USIFE Investment Co., Ltd.)	0/0	
	Directors	Wen-Li Yang (assigned by USIFE Investment Co., Ltd.)	0/0	
	Supervisors	Yung-Chih Chen (assigned by USIFE Investment Co., Ltd.)	0/0	
	General Manager	Ya-I Huang	0/0	-
Union Polymer International Investment Corporation	Chairman of the Board	I-Kuei Wu (assigned by USI Corporation)	0/0	616,268,754/100
	Directors	Ching-Shou Yu (assigned by USI Corporation)	0/0	
	Directors	Ke-Shun Wang (assigned by USI Corporation)	0/0	
	Directors	Ya-I Huang (assigned by USI Corporation)	0/0	
	Supervisors	Yung-Chih Chen (assigned by USI Corporation)	0/0	
	General Manager	I-Kuei Wu	0/0	-
Swanlake Traders Ltd.	Directors	I-Kuei Wu	0/0	-
	Directors	Ke-Shun Wang	0/0	-
	Directors	Wen-Li Yang	0/0	-
Acme Components (Malaysia) Sdn. Bhd.	Chairman of the Board	Ho Sew Kong	0/0	42,600,000/100
	Directors	I-Kuei Wu	0/0	
	Directors	Wen-Hao Wu	0/0	
	General Manager	Wen-Hao Wu	0/0	-
Acme Ferrite Products Sdn. Bhd.	Chairman of the Board	Ho Sew Kong	0/0	9,120,000/100
	Directors	I-Kuei Wu	0/0	
	Directors	Wen-Hao Wu	0/0	
	General Manager	Wen-Hao Wu	0/0	-
Chong Loong Trading Co., Ltd.	Chairman of the Board	I-Kuei Wu (assigned by USI Corporation)	0/0	4,358,183/99.93



Company Name or Responsible Unit	Title	-	Number of shares held by the person/Shareholding percentage	Number of Shares/Shareholding Ratio of The Legal Representative
	Directors	Ke-Shun Wang (assigned by USI Corporation)	0/0	
	Directors	Pei-Chi Wu(assigned by USI Corporation)	0/0	
	Supervisors	Yung-Chih Chen	0/0	-
	General Manager	Ke-Shun Wang	0/0	-
Taiwan United Venture Capital Corp.	Chairman of the Board	I-Kuei Wu (assigned by USI Corporation)	0/0	32,900,000/70.00
	Directors	Ke-Shun Wang (assigned by USI Corporation)	0/0	
	Directors	Pei-Chi Wu(assigned by USI Corporation)	0/0	
	Directors	Wen-Li Yang (assigned by USI Corporation)	0/0	
	Directors	Ya-I Huang (assigned by USI Corporation)	0/0	
	Supervisors	Yung-Chih Chen(assigned by Asia polymer Co., Ltd.)	0/0	3,913,533/8.33
	General Manager	Ya-I Huang	0/0	-
USI Far East (HK) Co., Ltd.	Directors	I-Kuei Wu	1/0	-
	Directors	Ke-Shun Wang	0/0	-
Taita Chemical Company, Ltd.	Chairman of the Board	I-Kuei Wu (assigned by Union Polymer International Investment Corporation)	0/0	126,634,858/36.79
	Directors	Pei-Chi Wu (assigned by Union Polymer International Investment Corporation)	0/0	
	Directors	Pao-Lo Ying (assigned by Union Polymer International Investment Corporation)	27,785/0.01	
	Directors	Han-Tai Liu (assigned by Union Polymer International Investment Corporation)	0/0	
	Directors	Chen-Tu Liu (assigned by Union Polymer International Investment Corporation)	0/0	
	Directors	I-Shao Ko (assigned by Taiwan Union International Investment Co., Ltd.)	0/0	15,166,663/4.41
	Independent Directors	Yi-Kung Ma	0/0	-
	Independent Directors	Tien-Wen Chen	0/0	-
	Independent Directors	Yuan, Chi-Yin	0/0	-
	General Manager	Pei-Chi Wu	0/0	-
Taita (BVI) Holding Co., Ltd.	Directors	I-Kuei Wu	0/0	-
	Directors	I-Shao Ko	0/0	-
Taita (BVI) Holding	Directors	Pei-Chi Wu	0/0	-

Company Name or Responsible Unit	Title	-	Number of shares held by the person/Shareholding percentage	Number of Shares/Shareholding Ratio of The Legal Representative
Co., Ltd.	Directors	Wen-Li Yang	0/0	-
Taita Chemical (Zhongshan) Co.,Ltd.	Chairman of the Board	Pei-Chi Wu (assigned by Taita (BVI) Holding Co., Ltd.)	0/0	Capital contribution: USD46,250,000/100
	Directors	Te-Wei Chang (assigned by Taita (BVI) Holding Co., Ltd.)	0/0	
	Directors	Wen-Li Yang (Taita (BVI) Holding Co., Ltd.指派)	0/0	
	Directors	Lin Kan (assigned by Taita (BVI) Holding Co., Ltd.)	0/0	
	Directors	Tai-Ming Yen (assigned by Taita (BVI) Holding Co., Ltd.)	0/0	
	Supervisor	Ya-Yi Huang (assigned by Taita (BVI) Holding Co., Ltd.)	0/0	
	General Manager	Tai-Ming Yen	0/0	-
Asia Polymer Corporation	Chairman of the Board	I-Kuei Wu (assigned by Union Polymer International Investment Corporation)	0/0	210,044,924/36.08
	Directors	Kuo-Hung Li (assigned by Union Polymer International Investment Corporation)	0/0	
	Directors	Pei-Chi Wu (assigned by Union Polymer International Investment Corporation)	0/0	
	Directors	Han-Tai Liu (assigned by Union Polymer International Investment Corporation)	0/0	
	Directors	Hung-Chu Wu (assigned by Union Polymer International Investment Corporation)	0/0	
	Directors	I-Shao Ko (assigned by Taiwan Union International Investment Co., Ltd.)	0/0	21,979,426/3.78
	Independent Directors	Ta-Hsiung Chen	0/0	-
	Independent Directors	Shang-Hung Shen	0/0	-
	Independent Directors	Tun-Chien Cheng	0/0	-
	General Manager	Pei-Chi Wu	0/0	-
APC (BVI) Holding Co., Ltd.	Directors	I-Kuei Wu	0/0	-
	Directors	Pei-Chi Wu	0/0	-
APC (BVI) Holding Co., Ltd.	Directors	I-Shao Ko	0/0	-
	Directors	Ke-Shun Wang	0/0	-
China General Plastics Corporation	Chairman of the Board	I-Kuei Wu (assigned by Union Polymer International Investment Corporation)	0/0	138,170,701/24.97
	Vice Chairman	Han-Fu Lin (assigned by Union Polymer International Investment Corporation)	0/0	



Company Name or Responsible Unit	Title	-	Number of shares held by the person/Shareholding percentage	Number of Shares/Shareholding Ratio of The Legal Representative
	Directors	Ke-Shun Wang (assigned by Union Polymer International Investment Corporation)	0/0	
	Directors	Han-Tai Liu (assigned by Union Polymer International Investment Corporation)	0/0	
	Directors	Chen-Tu Liu (assigned by Union Polymer International Investment Corporation)	0/0	
	Directors	Hung-To Wu (assigned by Union Polymer International Investment Corporation)	0/0	
	Independent Directors	Tsu-Te Li	0/0	-
	Independent Directors	Ying-Pin Cheng	0/0	-
	Independent Directors	Liang-Hsien Li	0/0	-
	General Manager	Han-Fu Lin	0/0	-
Taiwan VCM Corporation	Chairman of the Board	Han-Fu Lin (assigned by China General Plastics Corporation)	0/0	240,206,420/87.22
	Directors	I-Kuei Wu (assigned by China General Plastics Corporation)	0/0	
	Directors	Bing-Yi Wang (assigned by China General Plastics Corporation)	0/0	
	Directors	Kuo-Hung Li (assigned by China General Plastics Corporation)	0/0	
	Directors	Han-Tai Liu (assigned by China General Plastics Corporation)	0/0	
	Directors	Chin-Yuan Chen (assigned by Ocean Plastics Co. Ltd.)	0/0	34,317,033/12.46
	Directors	Chi-Hung Hu (assigned by China General Plastics Corporation)	0/0	240,206,420/87.22
	Supervisors	Kuang-Che Huang	0/0	-
	Supervisors	Ya-I Huang	0/0	-
	General Manager	Han-Fu Lin	0/0	-
China General Terminal & Distribution Corporation	Chairman of the Board	Hung-Chiang Chang (assigned by China General Plastics Corporation)	0/0	19,918,185/33.33
	Directors	Han-Fu Lin (assigned by China General Plastics Corporation)	0/0	19,918,184/33.33
	Directors	Kuo-Hung Li (assigned by Asia polymer Co., Ltd.)	0/0	
	Directors	Pei-Chi Wu (assigned by Asia polymer Co., Ltd.)	0/0	
	Directors	Chi-Hung Hu (assigned by China General Plastics Corporation)	0/0	19,918,185/33.33
	Directors	Chen-Tu Liu (assigned by Asia polymer Co., Ltd.)	0/0	19,918,184/33.33

Company Name or Responsible Unit	Title	-	Number of shares held by the person/Shareholding percentage	Number of Shares/Shareholding Ratio of The Legal Representative
	Directors	I-Shao Ko (assigned by Asia polymer Co., Ltd.)	0/0	19,918,183/33.33
	Supervisors	Han-Tai Liu (Assigned by Taita Chemical Company, Ltd. )	0/0	
	Supervisors	Sheng-Chuan Wu (Assigned by Taita Chemical Company, Ltd. )	0/0	
Swanson Plastics (Malaysia) Sdn. Bhd.	Directors	I-Kuei Wu	0/0	-
	Directors	Ho Sew Kong	0/0	-
	Directors	Chao-An Wang	0/0	-
	Directors	Tung-Yang Wu	0/0	-
	Directors	Hai-Hao Tan	0/0	-
	General Manager	Hai-Hao Tan	0/0	-
CGPC America Corporation	Directors	I-Kuei Wu	0/0	-
	Directors	Han-Fu Lin	0/0	-
	Directors	Chi-Hong Hu	0/0	-
	Directors	Meng-Wen Sun	0/0	-
	General Manager	Chi-Hong Hu	0/0	-
CGPC (BVI) Holding Co., Ltd.	Directors	I-Kuei Wu	0/0	-
	Directors	Han-Fu Lin	0/0	-
	Directors	Chi-Hong Hu	0/0	-
	Directors	Wen-Li Yang	0/0	-
Continental General Plastics (Zhongshan) Co., Ltd. (Closed)	Chairman of the Board	Lin, Han-Fu (Appointed by CGPC (BVI) Holding Co., Ltd.)	0/0	Capital contribution: US\$ 20,000,000/100
	Directors	Han-Tai Liu (Appointed by CGPC (BVI) Holding Co., Ltd.)	0/0	
	Directors	Wen-Li Yang (Appointed by CGPC (BVI) Holding Co., Ltd)	0/0	
	Directors	Chi-Hong Hu (assigned by CGPC (BVI) Holding Co., Ltd.)	0/0	
	Directors	Yung-Chih Chen(assigned by CGPC (BVI) Holding Co., Ltd)	0/0	
	Supervisor	Ya-I Huang (assigned by CGPC (BVI) Holding Co., Ltd.)	0/0	
	General Manager	Han-Fu Lin	0/0	-
Acme Electronics (Cayman) Corp.	Chairman of the Board	I-Kuei Wu	0/0	-
	Directors	Wen-Hao Wu	0/0	-
Acme Electronics (Kunshan) Co., Ltd.	Chairman of the Board	Wen-Hao Wu(assigned by Acme Electronics (Cayman) Corporation)	0/0	Capital contribution: US\$ 30,725,000/100
	Directors	I-Kuei Wu (assigned by Acme Electronics (Cayman) Corporation)	0/0	
	Directors	Yu-Tsang Chuang (assigned by Acme Electronics (Cayman) Corporation)	0/0	
	Directors	Wu, Hsien-Tsung (assigned by Acme Electronics (Cayman) Corporation)		



Company Name or Responsible Unit	Title	-	Number of shares held by the person/Shareholding percentage	Number of Shares/Shareholding Ratio of The Legal Representative
	Directors	Ke-Shun Wang (assigned by Acme Electronics (Cayman) Corporation)	0/0	
	Supervisor	Ya-I Huang (assigned by Acme Electronics (Cayman) Corporation)	0/0	
	General Manager	Wen-Hao Wu	0/0	
USI Management Consulting Corporation	Chairman of the Board	I-Kuei Wu (assigned by USI Corporation)	0/0	671,400/100
	Directors	Ke-Shun Wang (assigned by USI Corporation)	0/0	
	Directors	Pei-Chi Wu(assigned by USI Corporation)	0/0	
	Supervisors	Ya-I Huang (assigned by USI Corporation)	0/0	
	General Manager	I-Kuei Wu	0/0	-
Swanson International Limited	Directors	I-Kuei Wu	0/0	-
	Directors	Chao-An Wang	0/0	
	Directors	Hai-Hao Tan	0/0	
Swanson Plastics (Kunshan) Co., Ltd.	Chairman of the Board	Chao-An Wang (Appointed by Swanson International Limited)	0/0	Capital contribution: US\$ 13,290,000/100
	Directors	I-Kuei Wu (Appointed by Swanson International Limited)	0/0	
	Directors	Hai-Hao Tan (Appointed by Swanson International Limited)	0/0	
	Supervisor	Tung-Yang Wu (Assigned by Swanson International Limited)	0/0	
	General Manager	Hai-Hao Tan	0/0	-
USI International Corporation	Directors	I-Kuei Wu	0/0	-
	Directors	Pei-Chi Wu	0/0	-
USI International Corporation	Directors	Wen-Li Yang	0/0	-
	Directors	Ya-I Huang	0/0	-
Taita Chemical (Tianjin) Co., Ltd.	Chairman of the Board	Pei-Chi Wu (assigned by Taita (BVI) Holding Co., Ltd.)	0/0	Capital contribution: USD27,350,000/100
	Directors	Tai-Ming Yen (assigned by Taita (BVI) Holding Co., Ltd.)	0/0	
	Directors	Lin Kan (assigned by Taita (BVI) Holding Co., Ltd.)	0/0	
	Supervisor	Ya-Yi Huang (assigned by Taita (BVI) Holding Co., Ltd.)	0/0	
	General Manager	Tai-Ming Yen	0/0	-
Acme Electronics (Guangzhou) Co., Ltd.	Chairman of the Board	Wen-Hao Wu (assigned by Golden Amber Enterprises Ltd.)	0/0	Capital contribution: US\$ 19,200,000/100
	Directors	I-Kuei Wu(assigned by Golden Amber Enterprises Ltd.)	0/0	
	Directors	Hsien-Tsung Wu (assigned by Golden Amber Enterprises Ltd.)	0/0	

Company Name or Responsible Unit	Title		Number of shares held by the person/Shareholding percentage	Number of Shares/Shareholding Ratio of The Legal Representative
	Supervisor	Ya-I Huang (assigned by Golden Amber Enterprises Ltd.)	0/0	
	General Manager	Wen-Hao Wu	0/0	
A.S. Holdings (UK) Limited	Directors	I-Kuei Wu	0/0	-
	Directors	Tung-Yang Wu	0/0	-
	Directors	Chao-An Wang	0/0	-
USI Trading (Shanghai) Co., Ltd.	Chairman of the Board	Pei-Chi Wu (assigned by APC (BVI) Holding Co., Ltd.)	0/0	Capital contribution: US\$ 2,500,000/100
	Vice Chairman	Chiao-Feng Wu (assigned by APC (BVI) Holding Co., Ltd.)	0/0	
	Directors	Ke-Shun Wang (assigned by APC (BVI) Holding Co., Ltd.)	0/0	
	Directors	Ming-Tsung Wu(assigned by APC (BVI) Holding Co., Ltd.)	0/0	
	Supervisor	Wen-Li Yang (Appointed by APC (BVI) Holding Co., Ltd)	0/0	
	General Manager	Pei-Chi Wu	0/0	-
Swanson (Kunshan) Co., Ltd.	Chairman of the Board	Chao-An Wang (assigned by A.S. Holdings (UK) Limited(	0/0	Capital contribution: USD9,100,000/100
	Directors	I-Kuei Wu (Appointed by A.S. Holdings (UK) Limited)	0/0	
	Directors	Hai-Hao Tan(assigned by A.S. Holdings (UK) Limited(	0/0	
	Supervisor	Tung-Yang Wu(Appointed by A.S. Holdings (UK) Limited)	0/0	
	General Manager	Hai-Hao Tan	0/0	-
CGPC Consumer Products Corporation (Closed)	Chairman of the Board	Lin, Han-Fu (Appointed by CGPC (BVI) Holding Co., Ltd.)	0/0	Capital contribution: USD1,500,000/100
	Directors	Wen-Li Yang (Appointed by CGPC (BVI) Holding Co., Ltd)	0/0	
	Directors	Chi-Hong Hu (assigned by CGPC (BVI) Holding Co., Ltd.)	0/0	
	Directors	Wan-Ta Chen (assigned by CGPC (BVI) Holding Co., Ltd.)	0/0	
	Directors	Ya-I Huang (assigned by CGPC (BVI) Holding Co., Ltd.)	0/0	
	Supervisor	Yung-Chih Chen(assigned by CGPC (BVI) Holding Co., Ltd)	0/0	
	General Manager	Han-Fu Lin	0/0	-
Asia Polymer Corporation	Chairman of the Board	I-Kuei Wu (assigned Asia polymer Co., Ltd.)	0/0	20,000,000/100
	Directors	Pei-Chi Wu (assigned by Asia polymer Co., Ltd.)	0/0	
	Directors	Ya-I Huang (assigned by Asia polymer Co., Ltd.)	0/0	
	Supervisors	Yung-Chih Chen(assigned by Asia polymer Co., Ltd.)	0/0	



Company Name or Responsible Unit	Title		Number of shares held by the person/Shareholding percentage	Number of Shares/Shareholding Ratio of The Legal Representative
	General Manager	Ya-I Huang	0/0	-
CGPC Polymer Corporation	Chairman of the Board	I-Kuei Wu (assigned by China General Plastics Corporation)	0/0	80,000,000/100
	Directors	Han-Fu Lin (assigned by China General Plastics Corporation)	0/0	
	Directors	Chi-Hung Hu (assigned by China General Plastics Corporation)	0/0	
	Supervisors	Ya-I Huang (assigned by China General Plastics Corporation)	0/0	
	General Manager	Han-Fu Lin	0/0	-
Swanson Technologies Corporation	Chairman of the Board	I-Kuei Wu (assigned by Swanson Plastics Corp.)	0/0	14,000,000/70.00
	Vice Chairman	Tung-Yang Wu (assigned by Swanson Plastics Corp.)	0/0	
	Directors	Ke-Shun Wang (assigned by USIFE Investment Co., Ltd.)	0/0	3,000,000/15.00
	Directors	Pei-Chi Wu (assigned by Asia polymer Co., Ltd.)	0/0	3,000,000/15.00
	Directors	Chao-An Wang (assigned by Swanson Plastics Corp.)	0/0	14,000,000/70.00
	Supervisors	Ya-I Huang	0/0	-
	General Manager	Chao-An Wang	0/0	-
USI Optronics Corporation	Chairman of the Board	I-Kuei Wu (assigned by USI Corporation)	61,745/0.10	33,000,000/50.85
	Vice Chairman	Tung-Yang Wu (assigned by USI Corporation)	0/0	
	Directors	Chun-Hui Huang (assigned by USI Corporation)	480,415/0.74	
	Directors	Xian-Cong Wu(assigned by USI Corporation)	8,042/0.01	
	Directors	Wen-Hao Wu (assigned by USI Corporation)	0/0	
	Supervisors	Ya-I Huang (assigned by USIFE Investment Co., Ltd.)	6,408/0.01	165,279/0.25
	Supervisors	Pei-Chi Wu (assigned by USIFE Investment Co., Ltd.)	0/0	
	General Manager	Chun-Hui Huang	480,415/0.74	-
Swanson Plastics (India) Private Limited	Directors	I-Kuei Wu	0/0	-
	Directors	Chao-An Wang	0/0	-
	Directors	Hai-Hao Tan	0/0	-
	Directors	Lee Beng Joo	0/0	-
	General Manager	Hai-Hao Tan	0/0	-
Swanson Plastics (Tianjin) Co., Ltd.	Chairman of the Board	Chao-An Wang (Appointed by Swanson Plastics (Singapore) Pte. Ltd.)	0/0	Capital contribution USD10,700,000/100
	Directors	I-Kuei Wu (assigned by Swanson Plastics (Singapore) Pte.Ltd)	0/0	



Company Name or Responsible Unit	Title	-	Number of shares held by the person/Shareholding percentage	Number of Shares/Shareholding Ratio of The Legal Representative
	Directors	Hai-Hao Tan (Appointed by Swanson Plastics (Singapore) Pte.Ltd)	0/0	
	Supervisor	Tung-Yang Wu (assigned by Swanson Plastics (Singapore) Pte.Ltd)	0/0	
	General Manager	Hai-Hao Tan	0/0	
Cypress Epoch Limited	Directors	I-Kuei Wu	0/0	-
	Directors	Pei-Chi Wu	0/0	-
Cypress Epoch Limited	Directors	Ke-Shun Wang	0/0	-
PT. Swanson Plastics Indonesia Swanson Plastics (Indonesian) Co., Ltd.	Directors	I-Kuei Wu	0/0	-
	Directors	Chao-An Wang	0/0	-
	Directors	Hai-Hao Tan	0/0	-
	Supervisors	Sai-Chin Lin	0/0	-
USIG (Shanghai) Co., Ltd.	Chairman of the Board	Ke-Shun Wang (assigned by Cypress Epoch Limited)	0/0	-
	Directors	I-Kuei Wu (assigned by Cypress Epoch Limited)	0/0	-
	Directors	Pei-Chi Wu (assigned by Cypress Epoch Limited)	0/0	-
	Supervisor	Yung-Chih Chen (assigned by Cypress Epoch Limited)	0/0	-
	Supervisor	Ya-I Huang (assigned by Cypress Epoch Limited)	0/0	-
	General Manager	Ke-Shun Wang	0/0	-
Ever Conquest Global Limited	Directors	I-Kuei Wu	0/0	-
	Directors	Ke-Shun Wang	0/0	-
	Directors	Pei-Chi Wu	0/0	-
INOMA Corporation	Chairman of the Board	Chun-Hsiung Jhou (assigned by USI Corporation)	0/0	9,126,786/93.18
	Directors	Che-I Kao (assigned by USI Corporation)	0/0	
	Directors	Ke-Shun Wang (assigned by USI Corporation)	0/0	
	Directors	Pei-Chi Wu(assigned by USI Corporation)	0/0	
	Directors	Han-Tai Liu (assigned by USI Corporation)	0/0	
	Supervisors	Yung-Chih Chen	0/0	-
	General Manager	Hsing-Tse Liu	0/0	-
Ever Victory Global Ltd. Ever Victory Global	Directors	I-Kuei Wu	0/0	-
	Directors	Ching-Shou Yu	0/0	-
	Directors	Miao, Matthew	0/0	-



Company Name or Responsible Unit	Title	-	Number of shares held by the person/Shareholding percentage	Number of Shares/Shareholding Ratio of The Legal Representative
Limited	Directors	Chun-Yen Yu	0/0	-
	Directors	Lun-Chia Li	0/0	-
	Directors	Jung-Hui Hsieh	0/0	-
	Directors	Ke-Shun Wang	0/0	-
	Directors	Pei-Chi Wu	0/0	-
	Directors	Han-Tai Liu	0/0	-
	Directors	Wen-Tsung Yu	0/0	-
	Directors	Wen-Li Yang	0/0	-
Dynamic Ever Investments Ltd. Dynamic Ever Investments Limited	Directors	I-Kuei Wu	0/0	-
	Directors	Ching-Shou Yu	0/0	-
	Directors	Miao, Matthew	0/0	-
	Directors	Chun-Yen Yu	0/0	-
	Directors	Lun-Chia Li	0/0	-
	Directors	Jung-Hui Hsieh	0/0	-
	Directors	Ke-Shun Wang	0/0	-
	Directors	Pei-Chi Wu	0/0	-
	Directors	Han-Tai Liu	0/0	-
	Directors	Wen-Tsung Yu	0/0	-
	Directors	Wen-Li Yang	0/0	-

## 6. Overview of the operations of affiliates

December 31, 2020

Unit: NT\$ thousand

Company name	Paid-in capital	Total assets	Total liabilities	Per Share (NAVPS)	Revenue	Operating margin	Current profit and loss (after taxes)	Earnings per Share (NTD) (After Taxes)
USI Corporation	11,887,635	32,893,635	11,901,857	20,991,778	10,172,220	908,440	2,409,778	2.25
Swanson Plastics Corporation	1,543	4,527	1,925	2,602	1,013	16	247	1.60
Forever Young Company Limited	1	249	174	75	31	8	10	199.16
Curtana Company Ltd.	0	0	0	0	0	0	0	-
Swanson Plastics (Singapore) Pte Ltd.	749	1,866	38	1,828	287	81	78	2.07
Acme Electronics Corporation	1,829,937	2,709,718	1,412,354	1,297,364	1,026,964	(6,760)	33,393	0.18
Golden Amber Enterprises Ltd.	650	899,596	0	899,596	75,527	0	75,527	0.84
USIFE Investment Co., Ltd.	872,508	894,455	31,022	863,433	82,039	96,260	96,609	1.11
Taiwan United Venture Management Corporation	8,000	22,547	7,142	15,405	8,339	669	599	0.75
Union Polymer International Investment Corporation	6,162,688	10,031,300	1,428,169	8,603,131	0	(3,725)	1,453,262	2.36
Swanlake Traders Ltd.	690,645	1,307,242	83	1,307,159	0	(371)	17,017	7.02
Acme Components (Malaysia) Sdn. Bhd.	289,233	623,526	110	623,416	0	(101)	26,447	0.62
Acme Ferrite Products Sdn. Bhd.	257,575	668,404	55,737	612,667	386,529	19,862	27,001	2.96
Chong Loong Trading Co., Ltd.	43,612	82,566	26,398	56,168	211,055	10,651	10,840	2.49
Forum Pacific Trading Ltd.	0	0	0	0	0	(100)	(20)	NA
Taiwan United Venture Capital Corp.	470,000	258,099	230	257,869	58,417	(4,411)	(4,172)	(0.09)
USI Far East (HK) Co., Ltd.	58,768	149,650	82,158	67,492	129,815	(4,806)	(3,230)	(2.02)
Taita Chemical Company, Ltd.	3,442,310	9,008,794	2,652,988	6,355,806	10,993,555	1,610,188	1,919,818	5.58
Taita (BVI) Holding Co., Ltd.	2,555,738	2,958,641	6,998	2,951,643	0	(6,033)	614,057	6.84
Taita Chemical (Zhongshan) Co.,Ltd.	1,317,200	3,183,089	235,539	2,947,550	5,241,561	864,401	610,521	-
Asia Polymer Corporation	5,821,019	16,817,097	4,707,552	12,109,545	5,514,958	909,643	1,103,587	1.90
APC (BVI) Holding Co., Ltd.	323,037	517,012	0	517,012	0	(314)	15,182	1.34
China General Plastics Corporation	5,533,814	12,602,267	2,898,752	9,703,515	8,268,069	330,602	1,634,184	2.95
Taiwan VCM Corporation	2,754,098	6,221,862	1,525,918	4,695,944	8,465,031	1,507,209	1,232,387	4.47
China General Terminal & Distribution Corporation	597,546	1,364,086	416,953	947,133	276,551	42,272	69,385	1.16
Swanson Plastics (Malaysia) Sdn. Bhd.	136	712	109	603	913	129	101	5.05
CGPC America Corporation	571,024	392,017	140,875	251,142	608,421	25,952	25,001	250,007.76



## Financial Summary

Company name	Paid-in capital	Total assets	Total liabilities	Per Share (NAVPS)	Revenue	Operating margin	Current profit and loss (after taxes)	Earnings per Share (NTD) (After Taxes)
CGPC (BVI) Holding Co., Ltd	464,459	351,935	0	351,935	0	(91)	4,943	0.30
Acme Electronics (Kunshan) Co., Ltd.	569,600	270,270	3,911	266,359	0	(3,924)	4,270	0.00
USI Management Consulting Corporation	142,316	1,412,031	205,348	1,206,683	0	(18,987)	9,485	0.19
Swanson International Ltd.	875,048	1,044,190	259,215	784,975	721,158	11,020	7,332	0.00
Swanson Plastics (Kunshan) Co., Ltd.	6,714	85,647	84,108	1,539	0	(345,099)	2,067	3.08
Acme Electronics (BVI) Corp.	414	1,705	88	1,617	0	0	130	8.86
USI International Corporation	461	1,330	180	1,150	1,133	135	103	0.00
Taita Chemical (Tianjin) Co., Ltd.	0	0	0	0	0	(153)	(153)	-
Acme Electronics (Guangzhou) Co., Ltd.	85,440	92,768	2,176	90,592	0	(1,950)	5,387	17.96
A.S. Holding (UK) Ltd	778,928	163,135	267,698	(104,563)	0	(47,093)	19,049	-
USI Trading (Shanghai) Co., Ltd.	546,816	1,075,012	181,954	893,058	940,615	67,821	76,126	0.00
Swanson (Kunshan) Co., Ltd.	123	168	0	168	0	10	10	3.04
Thintec Materials Corporation	71,200	189,657	69,311	120,346	153,123	13,881	11,497	NA
CGPC Consumer Products Corporation	274	714	159	555	323	41	27	0.00
Asia Polymer Corporation	60,000	0	0	0	0	0	15	0.00
CGPC Polymer Corporation	42,720	13,668	149	13,519	0	0	3	0.00
Swanson Technologies Corporation	200,000	148,777	16,286	132,491	50,665	33,455	33,542	1.68
USI Optronics Corporation	800,000	2,859,168	1,681,333	1,177,835	5,002,387	339,384	283,408	3.54
Swanson Plastics (India) Private Ltd.	200	13	121	(108)	0	(13)	(14)	(0.71)
Swanson Plastics (Tianjin) Co., Ltd.	649,017	141,777	5,089	136,688	9,202	(70,780)	(62,320)	(0.96)
Cypress Epoch Limited	419	319	23	296	154	(6)	(6)	(0.05)
PT Swanson Plastics Indonesia	299	291	193	98	0	(30)	(38)	0.00
USIG (Shanghai) Co., Ltd.	142,400	128,814	0	128,814	0	0	1,804	3.61
Ever Conquest Global Limited	522	788	81	707	384	64	48	1.83
INOMA Corporation	133,670	137,815	9,001	128,814	7,068	(441)	1,804	0.59
Ever Victory Global Limited	11,880,290	12,398,597	0	12,398,597	0	0	(113,612)	(2.72)
Dynamic Ever Investments Limited	97,950	20,890	328	20,562	0	(8,841)	(8,747)	(0.89)

Note: If the affiliate company is a foreign company, all the relevant figures shall be expressed in New Taiwan Dollar (NT\$) based on the exchange rates on the date of this annual report.

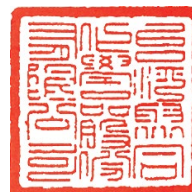
## (II) Consolidated Financial Statements of Affiliated Companies

### Statement of Declaration

For 2020 (from January 1, 2020 to December 31, 2020), companies that are required to be included in the consolidated financial statements of affiliates in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are identical to those that must be included in the consolidated financial statements of parent and subsidiaries under International Financial Reporting Standard No. 10. Since matters that must be disclosed by consolidated financial statements of affiliates have been disclosed by consolidated financial statements of parent and subsidiaries, no consolidated financial statements of affiliates are separately prepared.

Which is thereof declared

Company name: USI Corporation



Person in charge: I-Kuei Wu



March 8, 2021



II. Private Placement of Securities of the Most Recent Year up to the Publication Date of the Annual Report: None

III. Holding or Disposal of the Company's Shares by Subsidiaries in the Most Recent Fiscal Year up to the Publication Date of this Annual Report:

April 30, 2021, Unit: NTD1,000, share, %

Name of Subsidiary (Note 1)	Actual Paid-in Capital	Source of capital	Shareholding percentage of the Company	Date of acquisition or disposal	Number and amount of shares acquired	Number and amount of shares disposed	Gain and loss on investment	Number and amount of shares as of the publication date of this annual report	Pledge status	Amount of endorsements and guarantees provided to subsidiaries by the Company	Loans provided to subsidiaries by this Company
Asia Polymer Corporation	5,821,018 thousand	Own funds	Comprehensive shareholding percentage 37.28%	Not applicable	-	-	-	101,355,673 shares US\$4,191,057,000	None	None	None
Taita Chemical Company, Ltd.	3,442,310 thousand	Own funds	Comprehensive shareholding percentage 37.71%	Not applicable	-	-	-	15,109,901 shares NT\$624,794,000	None	None	None

Note 1: List each subsidiary separately.

IV. Other necessary supplementary notes to be included: None

V. Any Event which has a Material Impact on Shareholders' Rights and Interests or the Company's Securities as Prescribed in Subparagraph 2, Paragraph 2, Article 36 of the Securities and Exchange Act, that Have Occurred in the Most Recent Fiscal Year up to the Publication Date of this Annual Report Shall be Indicated Individually: None.

**DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS  
of AFFILIATES**

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

Very truly yours,

USI CORPORATION

By:

YI-GUI WU

Chairman

March 8, 2021



## **Independent Auditors' Report**

TO USI Corporation

### **Opinion**

We have audited the consolidated balance sheets of USI Corporation and its subsidiaries (the Group) as of the years ended December 31, 2020 and 2019, and the Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows and Notes to the Consolidated 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 consolidated financial statements are made in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. They fairly present the consolidated financial conditions for the years ended December 31 of 2020 and 2019 of the Group and the consolidated financial performance and consolidated cash flows for the months from January 1 to December 31, 2020 and 2019.

### **Basis for Opinion**

We conducted our audit of the consolidated financial statements Year 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission of the Republic of China on February 25, 2020, and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the

Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements Year 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Group's consolidated financial statements Year 2020 are stated as follows:

#### **Valuation of Inventory**

As of December 31, 2020, the carrying amount of the Group's inventory was NT\$4,296,228 thousand (i.e., the gross amount of inventory of NT\$4,910,989 thousand with a deduction of the allowance for inventory valuation of NT\$614,761 thousand), representing 6% of the Group's total assets. As the Group's inventory was stated at the lower of cost or net realizable value due to price fluctuation effect of raw material, ethylene, while keen fluctuation of international oil price and such evaluation was involved critical judgment and accounting estimates by the management, we identified the valuation of inventory has been identified as a key audit matter.

Refer to Notes 4(6), 5(2) and 11 to the Group's financial statements for the related accounting policies and disclosures on inventory valuation.

The main audit procedures that we performed for valuation of

inventory are as follows:

1. We obtained an understanding of the reasonableness of the Group's policies and methods of the allowance for inventory valuation.
2. We sampled and cross-checked the raw material quote over latest period or sales invoice with the lower inventory cost and net realized value prepared by Management, also revalidated net realization of inventory to assess the base and reasonableness of the Management's inventory valuation.
3. We observed year-end inventory and sampled to figure out the status, also, we evaluated the reasonableness of recognizing sluggish inventory as loss for price decline reserve.

#### **Other Matters**

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

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with statements that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other

matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements Year 2020 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).

*Notice to Readers*

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China. For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

March 22, 2021

USI CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2020		December 31, 2019	
		A m o u n t	%	A m o u n t	%
	<b>CURRENT ASSETS</b>				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 9,637,007	13	\$ 7,927,403	11
1110	Financial assets at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	5,511,683	7	6,358,025	9
1120	Financial assets at fair value through other comprehensive income (FVTOCI) - current (Notes 4 and 8)	164,922	-	174,789	-
1136	Financial assets measured at amortized cost - current (Notes 4, 9 and 36)	348,450	-	506,129	1
1150	Notes receivable, net (Notes 4 and 10)	671,576	1	634,435	1
1170	Accounts receivable, net (Notes 4, 5 and 10)	6,810,340	9	6,411,077	9
1200	Other receivables (Notes 4, 10 and 35)	293,459	-	277,131	-
1220	Current tax assets (Notes 4 and 29)	29,231	-	11,919	-
130X	Inventories (Notes 4, 5 and 11)	4,296,228	6	4,919,506	7
1410	Prepayments	766,824	1	782,608	1
1470	Other current assets	9,834	-	17,150	-
11XX	Total current assets	<u>28,539,554</u>	<u>37</u>	<u>28,020,172</u>	<u>39</u>
	<b>NON-CURRENT ASSETS</b>				
1517	Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 4 and 8)	2,393,734	3	2,196,724	3
1535	Financial assets measured at amortized cost - non-current (Notes 4, 9, 36 and 37)	390,828	1	311,942	-
1550	Investments accounted for using the equity method (Notes 4 and 14)	20,170,030	26	14,867,168	21
1600	Property, plant and equipment (Notes 4, 5, 15 and 36)	23,257,418	30	23,228,911	33
1755	Right-of-use assets (Notes 4, 16 and 36)	794,480	1	885,508	1
1760	Investment properties (Notes 4, 17 and 36)	575,586	1	524,408	1
1805	Goodwill (Notes 4 and 18)	269,026	-	269,026	-
1821	Other intangible assets (Notes 4 and 18)	10,807	-	17,004	-
1840	Deferred tax assets (Notes 4 and 29)	573,850	1	643,715	1
1990	Other non-current assets (Note 36)	349,203	1	461,208	1
15XX	Total non-current assets	<u>48,784,962</u>	<u>63</u>	<u>43,405,614</u>	<u>61</u>
1XXX	TOTAL	<u>\$ 77,324,516</u>	<u>100</u>	<u>\$ 71,425,786</u>	<u>100</u>
	<b>Liabilities and Equity</b>				
	<b>CURRENT LIABILITIES</b>				
2100	Short-term borrowings (Notes 19 and 36)	\$ 2,726,270	3	\$ 4,258,980	6
2110	Short-term bills payable (Notes 4 and 7)	656,704	1	1,352,810	2
2120	Financial liabilities at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	20,724	-	4,136	-
2170	Notes payable and accounts payable (Notes 21)	3,406,837	4	2,757,368	4
2219	Other payables (Note 22)	2,216,533	3	1,938,026	3
2230	Current tax liabilities (Notes 4 and 29)	1,211,350	2	517,913	1
2280	Lease liabilities - current (Notes 4 and 16)	75,284	-	70,814	-
2320	Current portion of long-term borrowings (Notes 19, 20 and 36)	1,999,233	3	1,443,156	2
2365	Refund liabilities - current (Note 22)	16,390	-	28,221	-
2399	Other current liabilities (Note 27)	374,501	-	262,958	-
21XX	Total current liabilities	<u>12,703,826</u>	<u>16</u>	<u>12,634,382</u>	<u>18</u>
	<b>NON-CURRENT LIABILITIES</b>				
2530	Bonds payable (Note 20)	4,995,069	6	6,991,327	10
2540	Long-term borrowings (Notes 19 and 36)	7,590,000	10	9,049,770	12
2550	Provisions - non-current (Notes 23 and 37)	136,375	-	136,375	-
2570	Deferred tax liabilities (Notes 4 and 29)	1,434,806	2	1,411,901	2
2580	Lease liabilities - non-current (Note 16)	384,402	1	481,964	1
2640	Net defined benefit liabilities - non-current (Notes 4 and 24)	1,292,053	2	1,473,867	2
2670	Other non-current liabilities (Note 25)	64,342	-	69,253	-
25XX	Total non-current liabilities	<u>15,897,047</u>	<u>21</u>	<u>19,614,457</u>	<u>27</u>
2XXX	Total liabilities	<u>28,600,873</u>	<u>37</u>	<u>32,248,839</u>	<u>45</u>
	<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 8, 13, 26 and 29)</b>				
3100	Share capital	11,887,635	15	11,887,635	17
3200	Capital surplus	321,798	1	271,613	-
	Retained earnings				
3310	Legal reserve	3,109,625	4	2,979,753	4
3320	Special reserve	781,059	1	430,526	1
3350	Unappropriated earnings	5,606,462	7	4,346,640	6
3300	Total retained earnings	9,497,146	12	7,756,919	11
3490	Other equity	(240,195)	-	(781,058)	(1)
3500	Treasury shares	(475,606)	(1)	(475,606)	(1)
31XX	Total equity attributable to owners of the Company	20,990,778	27	18,659,503	26
36XX	NON-CONTROLLING INTERESTS	27,732,865	36	20,517,444	29
3XXX	Total equity	<u>48,723,643</u>	<u>63</u>	<u>39,176,947</u>	<u>55</u>
	TOTAL	<u>\$ 77,324,516</u>	<u>100</u>	<u>\$ 71,425,786</u>	<u>100</u>

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

USI CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
For the Years Ended December 31, 2020 and 2019

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

C o d e		For the Years Ended December 31, 2020		For the Years Ended December 31, 2019	
		A m o u n t	%	A m o u n t	%
4100	OPERATING REVENUE (Notes 4 and 27)	\$ 50,201,273	100	\$ 55,656,741	100
5110	COST OF GOODS SOLD (Notes 4, 11, 15, 16, 18, 24 and 28)	<u>39,721,391</u>	<u>79</u>	<u>48,924,372</u>	<u>88</u>
5900	GROSS PROFIT	<u>10,479,882</u>	<u>21</u>	<u>6,732,369</u>	<u>12</u>
	OPERATING EXPENSES (Notes 4, 10, 15, 16, 18, 24, 28 and 35)				
6100	Selling and marketing expenses	2,020,552	4	2,042,577	4
6200	General and administrative expenses	1,200,353	2	1,341,976	2
6300	Research and development expenses	<u>362,961</u>	<u>1</u>	<u>416,083</u>	<u>1</u>
6000	Total operating expenses	<u>3,583,866</u>	<u>7</u>	<u>3,800,636</u>	<u>7</u>
6900	PROFIT FROM OPERATIONS	<u>6,896,016</u>	<u>14</u>	<u>2,931,733</u>	<u>5</u>
	NON-OPERATING INCOME AND EXPENSES				
7100	Interest income (Notes 4 and 28)	102,548	-	153,706	-
7010	Other income (Notes 4, 8, 15, 28 and 35)	374,667	1	575,485	1
7020	Other gains and losses (Notes 4, 13, 28 and 39)	132,342	-	( 1,929 )	-
7050	Finance costs (Notes 4, 16, 19, 20 and 28)	( 221,690 )	( 1)	( 285,222 )	-
7060	Share of (loss) profit of joint ventures accounted for using the equity method (Notes 4 and 14)	( <u>165,161</u> )	<u>-</u>	( <u>12,403</u> )	<u>-</u>
7000	Total non-operating income and expenses	<u>222,706</u>	<u>-</u>	<u>429,637</u>	<u>1</u>
7900	PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	7,118,722	14	3,361,370	6
7950	INCOME TAX EXPENSE (Notes 4 and 29)	<u>1,440,358</u>	<u>3</u>	<u>820,144</u>	<u>1</u>
8000	NET PROFIT FROM CONTINUING OPERATIONS	5,678,364	11	2,541,226	5
8100	NET PROFIT (LOSS) FROM DISCONTINUED OPERATIONS (Notes 4 and 12)	<u>4,273</u>	<u>-</u>	<u>4,175</u>	<u>-</u>
8200	NET PROFIT FOR THE PERIOD	<u>5,682,637</u>	<u>11</u>	<u>2,545,401</u>	<u>5</u>
	OTHER COMPREHENSIVE INCOME (LOSS)				
	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurements of defined benefits plan (Notes 4, 24 and 26)	19,250	-	8,291	-
8316	Profit (loss) of equity instruments at FVTOCI (Notes 4 and 26)	350,419	1	( 179,751 )	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4, 26 and 29)	( <u>6,122</u> )	<u>-</u>	( <u>219</u> )	<u>-</u>
8310	Total	<u>363,547</u>	<u>1</u>	( <u>171,679</u> )	<u>-</u>
	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating foreign operations (Notes 4 and 26)	166,163	-	( 974,471 )	( 2)
8399	Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4, 26 and 29)	( <u>12,938</u> )	<u>-</u>	<u>152,665</u>	<u>-</u>
8360	Total	<u>153,225</u>	<u>-</u>	( <u>821,806</u> )	( <u>2</u> )
8300	Other comprehensive income for the period, net of income tax	<u>516,772</u>	<u>1</u>	( <u>993,485</u> )	( <u>2</u> )
8500	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ <u>6,199,409</u>	<u>12</u>	\$ ( <u>1,551,916</u> )	( <u>3</u> )
	NET PROFIT ATTRIBUTABLE TO				
8610	Owners of the Company	\$ 2,409,778	5	\$ 1,281,364	3
8620	Non-controlling interests	<u>3,272,859</u>	<u>6</u>	<u>1,264,037</u>	<u>2</u>
8600	Total	\$ <u>5,682,637</u>	<u>11</u>	\$ <u>2,545,401</u>	<u>5</u>
	TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO				
8710	Owners of the Company	\$ 2,875,537	6	\$ 822,153	2
8720	Non-controlling interests	<u>3,323,872</u>	<u>6</u>	<u>719,763</u>	<u>1</u>
8700	Total	\$ <u>6,199,409</u>	<u>12</u>	\$ <u>1,551,916</u>	<u>3</u>
	EARNINGS PER SHARE (Note 30)				
	From continuing and discontinued operations				
9750	Basic	\$ <u>2.25</u>		\$ <u>1.19</u>	
9850	Diluted	\$ <u>2.24</u>		\$ <u>1.19</u>	
	From continuing operations				
9710	Basic	\$ <u>2.25</u>		\$ <u>1.19</u>	
9810	Diluted	\$ <u>2.24</u>		\$ <u>1.19</u>	

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



USI CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
For the Years Ended December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars)

E q u i t y A t t r i b u t a b l e t o O w n e r s o f t h e C o m p a n y		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		N o n - c o n t r o l l i n g i n t e r e s t s			
		Share Capital (Notes 4 and 26)	Treasury Share Transactions ( N o t e 2 6 )	Shares of Changes in Capital Surplus of Associates (Notes 4, 13 and 26)	O t h e r s ( N o t e 2 6 )	Legal Reserve ( N o t e 2 6 )	Special Reserve ( N o t e 2 6 )	Unappropriated E a r n i n g s (Notes 4, 8, 13 and 26)	Exchange Differences on Translating Foreign O p e r a t i o n s (Notes 4, 26 and 29)	Unrealized Gain (Loss) on Financial Assets at FVTOCI (Notes 4, 8, 26, and 29)	Treasury Shares ( N o t e 2 6 )	T o t a l	(Notes 8, 13, 14 and 26)	T o t a l E q u i t y
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	\$ 18,267,556	\$ 36,454,709
A3	Effects of retrospective application	-	-	-	-	-	-	( 9,509 )	-	-	-	( 9,509 )	( 4,490 )	( 13,999 )
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	18,263,066	36,440,710
B1	Appropriation of 2018 earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
B17	Legal reserve	-	-	-	-	53,994	-	( 53,994 )	-	-	-	-	-	-
B5	Special reserve	-	-	-	-	-	55,399	( 55,399 )	-	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	( 356,629 )	-	-	-	( 356,629 )	-	( 356,629 )
O1	Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	( 705,440 )	( 705,440 )
D1	Net profit for the years ended Septemebr 30, 2019	-	-	-	-	-	-	1,281,364	-	-	-	1,281,364	1,264,037	2,545,401
D3	Other comprehensive income for the years ended December 31, 2019, net of income tax	-	-	-	-	-	-	( 3,563 )	( 393,947 )	( 61,701 )	-	( 459,211 )	( 534,274 )	( 993,485 )
D5	Total comprehensive income for the years ended December 31, 2019	-	-	-	-	-	-	1,277,801	( 393,947 )	( 61,701 )	-	822,153	729,763	1,551,916
C7	Changes in capital surplus and retained earnings from investments in subsidiaries	-	-	4,699	-	-	-	( 923 )	-	-	-	3,776	632	4,408
C17	Changes in capital surplus	-	-	-	1,677	-	-	-	-	-	-	1,677	-	1,677
M3	Disposal of Subsidiary	-	-	-	-	-	-	-	( 617 )	-	-	( 617 )	( 1,932 )	( 2,549 )
M1	Changes in capital surplus from distributing cash dividends to subsidiaries	-	11,499	-	-	-	-	-	-	-	-	11,499	-	11,499
Q1	Disposal of equity instruments measured at FVTOCI	-	-	-	-	-	-	31,350	-	( 31,350 )	-	-	-	-
O1	Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	2,231,355	2,231,355
Z1	BALANCE AT DECEMBER 31, 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	20,517,444	39,176,947
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 )	-	( 594,382 )
O1	Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	( 519,048 )	( 519,048 )
D1	Net profit for the years ended December 31, 2020	-	-	-	-	-	-	2,409,778	-	-	-	2,409,778	3,272,859	5,682,637
D3	Other comprehensive income for the years ended December 31, 2020, net of income tax	-	-	-	-	-	-	2,974	19,016	443,769	-	465,759	51,013	516,772
D5	Total comprehensive income for the years ended December 31, 2020	-	-	-	-	-	-	2,412,752	19,016	443,769	-	2,875,537	3,323,872	6,199,409
C7	Changes in retained earnings from investments in subsidiaries	-	-	29,920	-	-	-	( 65 )	-	-	-	29,855	( 28,871 )	984
C17	Changes in capital surplus	-	-	-	1,100	-	-	-	-	-	-	1,100	-	1,100
M1	Changes in capital surplus from distributing cash dividends to subsidiaries	-	19,165	-	-	-	-	-	-	-	-	19,165	-	19,165
Q1	Disposal of equity instruments measured at FVTOCI	-	-	-	-	-	-	( 78,078 )	-	78,078	-	-	-	-
O1	Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	4,439,468	4,439,468
Z1	BALANCE AT DECEMBER 31, 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	\$ 27,732,865	\$ 48,723,643

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

USI CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS 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		
A00010	Income before income tax from continuing operations	\$ 7,118,722	\$ 3,361,370
A00020	Income before income tax from discontinued operations	<u>4,273</u>	<u>4,175</u>
A10000	Income before income tax	7,122,995	3,365,545
A20010	Adjustments for:		
A20100	Depreciation expenses	2,279,397	2,156,511
A20200	Amortization expenses	73,804	80,005
A20300	Expected credit loss reversed on accounts receivable	( 2,415 )	( 4,115 )
A20400	Net gain on fair value change of financial assets and liabilities as at FVTPL	( 25,657 )	( 216,827 )
A20900	Finance costs	224,338	302,569
A21200	Interest income	( 102,548 )	( 153,706 )
A21300	Dividend Income	( 186,949 )	( 162,687 )
A22300	Share of loss of joint ventures accounted for using the equity method	165,161	12,403
A22500	Loss (gain) on disposal of property, plant and equipment	37,249	( 41,381 )
A23700	Impairment loss recognized on non-financial assets	31,856	113,587
A23800	Inventory write-downs recognized (reversed)	24,765	( 22,017 )
A29900	Gain on government grants	-	( 155,710 )
A29900	Recognition of refund liabilities	-	7,535
A30000	Changes in operating assets and liabilities		
A31115	Decrease (increase) in financial assets mandatorily classified as at FVTPL	888,587	( 1,063,892 )
A31130	(Increase) decrease in notes receivable	( 37,141 )	381,448
A31150	(Increase) decrease in accounts receivable	( 396,848 )	1,125,888
A31180	(Increase) Decrease in other receivables	( 6,149 )	8,317
A31200	Decrease in inventories	601,880	1,805,615
A31230	Decrease (Increase) in prepayments	11,943	( 50,075 )
A31240	Decrease (Increase) in other current assets	7,316	( 5,241 )
A32130	Decrease in notes payable	-	( 483 )

(Continued)

<u>C o d e</u>		<u>Year 2020</u>	<u>Year 2019</u>
A32150	Increase (Decrease) in accounts payable	649,469	( 634,836)
A32180	Increase in other payables	368,359	13,094
A32200	Decrease in provisions	( 11,831)	( 9,769)
A32240	Decrease in net defined benefit liabilities	( 179,158)	( 192,652)
A32230	Increase in other current liabilities	<u>111,543</u>	<u>( 20,431)</u>
A33000	Cash generated from operations	11,649,966	6,638,695
A33100	Interest received	92,369	147,870
A33300	Interest paid	( 236,861)	( 286,488)
A33500	Income tax paid	<u>( 689,753)</u>	<u>( 427,584)</u>
AAAA	Net cash generated from operating activities	<u>10,815,721</u>	<u>6,072,493</u>
<b>CASH FLOWS FROM INVESTING</b>			
<b>ACTIVITIES</b>			
B00010	Payments for financial assets at FVTOCI	-	( 6,550)
B00020	Proceeds from sale of financial assets at FVTOCI	76,643	83,470
B00030	Reduction of capital by returning cash of financial assets at FVTOCI	83,402	52,423
B00040	Disposal (acquisition) of financial assets measured at amortized cost	78,793	( 67,178)
B01800	Acquisition of investments accounted for using the equity method	( 5,122,441)	( 5,161,581)
B02700	Payments for property, plant and equipment	( 2,330,747)	( 2,002,986)
B02800	Proceeds from disposal of property, plant and equipment	25,612	78,460
B03700	Decrease (Increase) in refundable deposits	14,836	( 21,601)
B04500	Payments for other intangible assets	( 113)	( 6,503)
B05400	Acquisition of investment property	( 85,673)	-
B06700	Decrease (Increase) in other non-current assets	32,231	( 180,953)
B07600	Dividends received	186,949	162,687
B09900	Compensations for land ownership certificate	<u>-</u>	<u>192,994</u>
BBBB	Net cash used in investing activities	<u>( 7,040,508)</u>	<u>( 6,877,318)</u>
<b>CASH FLOWS FROM FINANCING</b>			
<b>ACTIVITIES</b>			
C00100	Decrease in short-term borrowings	( 1,532,710)	( 2,467,874)
C00600	Decrease in short-term bills payable	( 696,000)	( 162,000)
C01200	Proceeds from issuance of bond	-	1,995,630
C01300	Repayments of bonds	( 1,000,000)	-
C01600	Proceeds from mid- to long-term borrowings	13,380,000	24,462,500
C01700	Repayments of mid- to long-term borrowings	( 15,283,200)	( 24,112,154)

(Continued)

<u>C o d e</u>		<u>Year 2020</u>	<u>Year 2019</u>
C03000	(Decrease) Increase in guarantee deposits received	( 4,133 )	813
C04020	Repayments of the principal portion of lease liabilities	( 68,659 )	( 66,023 )
C04300	Decrease in other non-current liabilities	( 778 )	( 3,042 )
C04500	Decrease in dividends payable	( 594,382 )	( 356,629 )
C05800	Change in non-controlling interests	4,439,468	2,231,355
C05800	Dividends paid to non-controlling interests	( <u>519,048</u> )	( <u>705,440</u> )
CCCC	Net cash (used) generated from financing activities	( <u>1,879,442</u> )	<u>817,136</u>
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	( <u>186,167</u> )	( <u>208,212</u> )
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,709,604	( 195,901 )
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>7,927,403</u>	<u>8,123,304</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 9,637,007</u>	<u>\$ 7,927,403</u>

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

USI CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED 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 consolidated financial statements of the Company and its subsidiaries, collectively referred to as the “Group”, are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated 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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Group’s accounting policies.

b. New IFRSs endorsed and applicable in 2021

New, Revised or 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"	January 1, 2021
Amendments to IFRS 16 "COVID-19 related rent diminution"	June 1, 2020

As of the date the consolidated financial statements were authorized for issue, the Group assessed that the amendments to above standards and interpretations had no significant impact on the Group's financial position and financial performance.

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

New, Revised or Amended Standards and Interpretations	Effective Date (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 "Disclosure of Accounting Policy"	January 1, 2023 (Note 6)
Amendments to IAS 8 "Definition of Accounting Estimation"	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 IFRSs 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 extension during the annual reporting period starting from January 1, 2023 applies to this amendment.

Note 7: The change in accounting estimateion and accounting policy starting from January 1, 2023 applies to this amendment.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s consolidated 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 interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

##### b. Basis of preparation

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

The fair value measurements 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;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

##### c. Criteria classifying current/non-current assets and liabilities

Current assets contain:

- 1) Assets held mainly for trading purposes;
- 2) Assets expected to realize in 12 months after the balance sheet day; and



3) Cash and cash equivalents (but excluded those constricted for exchange or debt repayment after more than 12 months of the balance sheet day).

Current liabilities contain:

- 1) Liabilities held mainly for trading purposes;
- 2) Liabilities expected to realize in 12 months after the balance sheet day; and
- 3) Liabilities not able to defer the repayment deadline to more than 12 months after the balance sheet day unconditionally.

Other items excluded from above are classified as non-current assets or non-current liabilities.

d. Basis of consolidation

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

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The

carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Please refer to Note 13, Table 7, and Table 8 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. Foreign currencies

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

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

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting consolidated financial statements, the functional currencies of foreign operations (including subsidiaries and associates in other countries that use currencies which are different from the currency of the Group) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Group and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Group's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences

accumulated in equity in respect of that operation which are attributable to the owners of the Group are reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials, finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Investments in associates

An associate is an entity over which the Group has significant influence and that is not a subsidiary.

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

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Group's ownership interest is reduced due

to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

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

The entire carrying amount of an investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the

retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

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

h. Property, plant and equipment

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

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.

Depreciation on property, plant and equipment is recognized using the straight-line method and unit of production method. Each significant part is depreciated separately. If a lease term is shorter than the assets' useful lives, such assets are depreciated over the lease term. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

i. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (included the right-of-use assets as defined for investment properties).

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

Investment properties acquired by rent was measured at original cost (included original measurements of lease liabilities and rent payment prior to the start of lease day). Subsequent measurement was based on the amount after the cost deducting accrued depreciation and impairment loss and remeasurements of adjustments on lease liabilities.

Depreciation of all investment properties is recognized using the straight-line method.

For a transfer of classification from property, plant and equipment to investment properties, the deemed cost of an item of property from subsequent accounting is its carrying amount at the end of owner-occupation.

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

j. Goodwill

Goodwill acquired through M&A uses the goodwill value recognized on the M&A day as the cost, subsequently measured by cost deducting accrued impairment loss.

For purposes of impairment test, the goodwill shares to the Group benefits cash generation unit or its group due to integrative M&A effect (hereinafter referred to as the "cash generation unit").

The cash generation unit shared with the goodwill conducts impairment test through comparison between its face value containing goodwill and recoverable value every year (and the time with sign showing potential impairment). If the goodwill with such shares was acquired by corporate M&A, then, the unit should conduct impairment test at end of the year. If the recoverable amount of the cash generation unit with shared goodwill is less than its face value, firstly, the loss deducts the face value with shared goodwill, second, decrease the face value of each asset with respect of the proportion in the unit. Any impairment loss is recognized as the loss directly and goodwill impairment loss may not be reversed subsequently.

The disposal of profit/loss is defined by including disposal related goodwill value during operation of the cash generation unit with goodwill shares.

k. Intangible assets

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

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

l. Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those



assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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

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

m. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to an acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets

or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at 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 are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 31.

ii. Financial assets at amortized cost

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

i) The financial asset is held within a business model

whose objective is to hold financial assets in order to collect contractual cash flows; and

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

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

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

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

A financial asset is credit impaired when significant financial difficulty of the issuer or the borrower, breach of contract, it is becoming probable that the borrower will enter bankruptcy or undergo a financial

reorganization or the disappearance of an active market for that financial asset because of financial difficulties have occurred.

Cash equivalents include time deposits and reverse repurchase agreements collateralized by bonds, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit

losses on financial assets at amortized cost (including trade receivables).

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

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

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than specific days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts

through a loss allowance account.

c) Derecognition of financial assets

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

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

2) Equity Tool

The debt and equity tool was issued by the Group pursuant to the agreement and financial liability and equity tool are defined and classified as financial liability or equity.

It recognizes the amount after acquired prices deducting costs of direct issuance.

The equity tool that the Company acquired once again is recognized and deducted under equity items. The purchase, sales, issuance or cancellation of the same above is not recognized as the profit/loss.

3) Financial liabilities

a) Subsequent measurement

Except the derivative instruments, all financial liabilities

are measured at amortized cost using the effective interest method.

The financial liability held for transactions was measured pursuant to fair price, wherein its profit or loss generated from remeasurements is recognized as other benefits and loss. For the way of fair price determination, please refer to Appendix 28.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

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

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

n. Preparation for liabilities

The amount recognized as preparation for liabilities is considered with business risk and uncertainty, which is the best estimate for expenditure required for repayment obligations on the balance sheet day. The preparation for liabilities is measured at the discount of cash flow estimated from repayment

obligations.

o. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied. The refund liabilities are recognized at the time of sale based on the seller's reliable estimate of future returns and based on past experience and other relevant factors.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from the sale of Polyethylene plastic particles and other related products. The sale of goods above is recognized as revenue when the goods are delivered to a customer because it is the time when the customer has full discretion over the manner of distribution and the price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade prepayments are recognized as liabilities concurrently.

Revenue from processing with imported materials is not recognized as income due to the control over ownership of processing products not yet been transferred.

2) Service revenue

Service revenue comes from warehousing and transportation service of a variety of petrochemical materials consigned to operate; it is recognized in the provision of service.

p. Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale. A component of an entity which is for operational and financial reporting purposes has cash flows which can be clearly



distinguished from the rest of the entity.

q. Leasing

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

1) The Group as Lessor

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

The Group uses the ownership assets (instead of target asset) to determine sublease category; however, provided that the lease applies to short-term lease free of tax shall be categorized as operating lease.

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

The variable rent not depending on the rate under a lease agreement is recognized as revenue for the year.

2) The Group as Lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs

needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets. For the recognition and measurement of right-of-use asset as defined for investment properties, please refer to i. Investment Properties Accounting Policy.

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures 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 remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

r. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

s. Government allowance

Government allowance is not usually recognized, unless it is reasonable to be certain that the Group will follow supplemental conditions for the same and it is receivable.

Revenue-related government allowance is recognized as the profit/loss based on system with attempted compensation of related costs recognized as expenditure by the Group. Government allowance on condition of non-current assets in Group's procurement, construction or otherwise is recognized as deferred revenue, or profit/loss for useful life of related assets systemically.

If government allowance is used to compensate expenditure or loss, or for immediate financial support to the Group without upcoming related cost, it is recognized as profit/loss during collectable period.

t. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the

benefits expected to be paid in exchange for the related services.

## 2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expenses in the period in which they occur. Remeasurement, 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. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans.

### u. Share-based Payment Agreement

The equity-settled share-based payment transaction for employee given by the Group is measured at the fair value of equity tool on the given day.

Employee subscription right is recognized as expenses on straight basis over the given period pursuant to the fair value of equity tool on the given day and the best quantity forecast as expected, while making adjustments on the equity out of control. If it is acquired on the given day, all of them are recognized as expense on the given day.

The Group amends the expected employee stock option forecast on every balance sheet day. Any effect from amendments to original forecast is recognized as profit/loss to reflect accrued expenses and make adjustment on the equity out of control.

v. Taxation

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

1) Current tax

The Group determines proceeds (loss) of current period pursuant to the Law and Regulation prescribed in every income tax declaration region and calculates tax payable (recoverable).

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

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

2) Deferred tax

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

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and

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

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

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

### 3) Current and deferred taxes 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 or directly in equity, in which case, the

current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Group has considered the economic implications of COVID-19 on critical accounting estimates and will continue evaluating the impact on its financial position and financial performance as a result of the pandemic. In addition, the same critical accounting judgments and key sources of estimates and uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the Group's consolidated financial statements Year 2020.

### Key Sources of Estimation Uncertainty

#### a. Impairment loss estimates of trade receivables

The impairment loss estimates of trade receivable is assumed on the basis of the Group for breach of contract rate and expected loss rate. With historic experience, current market and prospects are considered, the Group makes assumption and chooses input of impairment evaluation. If the actual cash flow in future is less as expected, the Group may cause material impairment loss. Refer to Note 10 for the Group's adoption of important hypothesis, inputs and carrying amount.

b. Inventory Impairment

As a result that inventory requires pricing at lower one between cost and net realized value; hence, the Group has to judge and estimate the net realization of inventory at the end of financial statements. The Group evaluated inventory price due to normal consumption, overdue or no market value as of the end of financial statements and write down inventory cost to net realization. This evaluation is mainly based on product historic sales experiences and in demand during upcoming specified period, as such significant change might derive. Refer Note 11 for the carrying amount of the Group's inventory.

c. Impairment evaluation of properties, plant and equipment

During asset impairment evaluation, the Group shall rely on subjective judgment to determine the useful life of independent cash flow asset under specified asset group with the way of use of asset and industry characteristics; any change of evaluation brought by varied economic condition or company strategy may generate significant impairment in future.

6. CASH AND CASH EQUIVALENTS

	December 31, 2020	December 31, 2019
Cash on hand and petty cash	\$ 155,049	\$ 74,250
Checking accounts and demand deposits	3,065,872	2,174,906
Cash equivalents		
Time deposits	6,392,905	5,463,246
Reserve repurchase agreements collateralized by bonds	23,181	215,001
	<u>\$ 9,637,007</u>	<u>\$ 7,927,403</u>



At the end of the reporting period, 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%~2.30%	0.10%~3.75%
Reserve repurchase agreements collateralized by bonds	0.15%~1.20%	0.58%~1.90%

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	\$ 5,328	\$ 14,066
Non-derivative financial assets		
Domestic listed shares and over-the-counter shares	506,763	364,057
Mutual funds	4,765,536	4,907,560
Beneficiary securities	233,670	1,071,797
Overseas listed shares	386	545
	<u>5,506,355</u>	<u>6,343,959</u>
	<u>\$ 5,511,683</u>	<u>\$ 6,358,025</u>
<u>Financial liabilities held for trading</u>		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	\$ 20,724	\$ 4,136

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2020</u>			
Sell	RMB/NTD	2021.01.05-2021.04.07	RMB 254,260 /NTD 1,089,330
Sell	USD/MYR	2021.03.31-2021.08.30	USD 550 /MYR 2,313
Sell	USD/NTD	2021.01.04-2021.03.18	USD 35,790 /NTD 1,014,569
Sell	EUR/MYR	2021.05.28-2021.07.30	EUR 284 /MYR 1,399
Buy	JPY/USD	2021.01.13-2021.01.27	JPY 40,000 /USD 385
Buy	NTD/USD	2021.01.04-2021.03.02	NTD 211,769 /USD 7,471
<u>December 31, 2019</u>			
Sell	RMB/NTD	2020.01.01-2020.03.30	RMB 237,700 /NTD 1,020,283
Sell	USD/MYR	2020.03.31-2020.06.30	USD 865 /MYR 3,626
Sell	USD/NTD	2020.01.03-2020.03.24	USD 41,000 /NTD 1,241,134
Sell	EUR/MYR	2020.03.31-2020.06.30	EUR 224 /MYR 1,041
Buy	JPY/USD	2020.01.06-2020.01.22	JPY 40,000 /USD 368
Buy	NTD/USD	2020.01.13-2020.03.04	NTD 285,868 /USD 9,480

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

#### 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31, 2020	December 31, 2019
<u>Current</u>		
Investments in equity instruments at FVTOCI		
Domestic investments		
Domestic listed shares and over-the-counter shares	<u>\$ 164,922</u>	<u>\$ 174,789</u>
<u>Non-current</u>		
Investments in equity instruments at FVTOCI		
Domestic investments		
Listed shares and over-the-counter shares	\$ 1,529,883	\$ 1,439,624
Emerging market shares	9,626	16,178
Unlisted shares	<u>720,833</u>	<u>632,134</u>
	<u>2,260,342</u>	<u>2,087,936</u>
		(Continued)

	December 31, 2020	December 31, 2019
Overseas investments		
Listed shares and over-the-counter shares	30,566	8,649
Unlisted shares	<u>102,826</u>	<u>100,139</u>
	<u>133,392</u>	<u>108,788</u>
	<u>\$ 2,393,734</u>	<u>\$ 2,196,724</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 Group's strategy of holding these investments for long-term purposes.

The Group sold 5,745 thousand shares of United Renewable Energy Co., Ltd. and 1,734 thousand shares of Global BioPharma, INC. during the year ended December 31, 2020. The related other equity interests - the \$115,837 thousand unrealized loss on FVTOCI financial assets was transferred to \$78,078 thousand of retained earnings and \$37,759 thousand of non-controlling interests.

The Group sold 100 thousand shares of CTCI Corporation, 684 thousand shares of Silicon Technology Investment (Cayman) Corp. and 684 thousand shares of Global BioPharma, Inc. during the year ended December 31, 2019. The related other equity interests - the \$50,215 thousand unrealized loss on FVTOCI financial assets was transferred to \$31,350 thousand of retained earnings and \$18,865 thousand of non-controlling interests.

The investees announced a reduction of capital by returning cash during the years ended December 31, 2020 and 2019, and the Group received \$83,402 thousand and \$52,423 thousand, respectively, according to its ownership percentage.

The Group recognized dividend income of \$113,543 thousand and \$113,647 thousand, respectively, for the years ended December 31, 2020 and 2019.

Please refer to Note 36 for the information related to financial assets at FVTOCI pledged as security.

9. FINANCIAL ASSETS MEASURED AT AMORTIZED COST

	December 31, 2020	December 31, 2019
<u>Current</u>		
Pledged time deposits	\$ 348,450	\$ 347,981
Financial products	-	158,148
	<u>\$ 348,450</u>	<u>\$ 506,129</u>
<u>Non-current</u>		
Constricted bank deposits	\$ 390,828	\$ 311,942
Range of interest rates		
Pledged time deposits	0.04%~1.85%	0.09%~3.75%
Financial products	-	3.00%~3.20%

Constricted bank deposit means the subsidiary's earning repatriation and for Taiwan Water Corporation's petition of provisional attachment with the court due to gas explosion case. The Group's filed applying to the Management, Utilization and Taxation for Patriated Offshore Funds Act was approved to repatriate the funds by the Ministry of Finance in 2020 and deposited the net value after tax to foreign exchange deposit account. The deposit is limited for free utilization by laws and regulations that three-year withdrawal is not permitted until five years of the deposit, except for financial investment or physical investments with partially free utilization by law.

The trading partners of the Group are financial institutions with good credit ratings, and the short-term financial products invested in are with bank guaranteed principal and interests. The

credit risk has been assessed by investigating the final capital destination and its impacts on principal and interests. After assessing that the time deposits have low credit risk, no allowance for loss is recognized.

Please refer to Note 36 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 (a)</u>		
At amortized cost		
Gross carrying amount	\$ 671,576	\$ 634,435
Less: Allowance for impairment loss	-	-
	<u>\$ 671,576</u>	<u>\$ 634,435</u>
<u>Accounts receivable (a)</u>		
At amortized cost		
Gross carrying amount	\$ 6,900,396	\$ 6,504,725
Less: Allowance for impairment loss	( 90,056)	( 93,648)
	<u>\$ 6,810,340</u>	<u>\$ 6,411,077</u>
<u>Other receivables (b)</u>		
Tax refund receivable	\$ 208,290	\$ 209,112
Lent material fees receivable	27,067	-
Others	58,102	68,019
	<u>\$ 293,459</u>	<u>\$ 277,131</u>

a. Notes and accounts receivable

The average credit period of sales of goods was 10 to 150 days. No interest was charged on the receivables.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

Before accepting a new customer, the Group 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 annually. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk is significantly reduced.

The Group applies the simplified approach to the recognition of allowances for 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. As the Group's historical credit losses experience does not show significantly different loss patterns for different customer segments, the loss allowance, which is based on the past due status of receivables, is not further distinguished according to different segments of the Group's customer base.

The Group 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 Group 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 Group's allowance matrix:

December 31, 2020

Based on the number of overdue days

	<u>Up to 60 Days</u>	<u>61~90 Days</u>	<u>Over 90 Days</u>	<u>Total</u>
Gross carrying amount	\$ 2,826,907	\$ 440	\$ 7,138	\$ 2,834,485
Loss allowance (Lifetime ECLs)	( <u>4,651</u> )	<u>-</u>	( <u>4,305</u> )	( <u>8,956</u> )
Amortized cost	<u>\$ 2,822,256</u>	<u>\$ 440</u>	<u>\$ 2,833</u>	<u>\$ 2,825,529</u>

Based on credit quality

	<u>Credit Rating A</u>	<u>Credit Rating B</u>	<u>Credit Rating C</u>	<u>Others</u>	<u>Total</u>
Gross carrying amount	\$ 384,617	\$ 1,346,480	\$ 334,029	\$ 2,672,361	\$ 4,737,487
Loss allowance (Lifetime ECLs)	( <u>4,435</u> )	( <u>6,909</u> )	( <u>6,157</u> )	( <u>63,599</u> )	( <u>81,100</u> )
Amortized cost	<u>\$ 380,182</u>	<u>\$ 1,339,571</u>	<u>\$ 327,872</u>	<u>\$ 2,608,762</u>	<u>\$ 4,656,387</u>

December 31, 2019

Based on the number of overdue days

	<u>Up to 60 Days</u>	<u>61~90 Days</u>	<u>Over 90 Days</u>	<u>Total</u>
Gross carrying amount	\$ 3,033,751	\$ 1,120	\$ 3,661	\$ 3,038,532
Loss allowance (Lifetime ECLs)	( <u>4,651</u> )	<u>-</u>	( <u>2,186</u> )	( <u>6,837</u> )
Amortized cost	<u>\$ 3,029,100</u>	<u>\$ 1,120</u>	<u>\$ 1,475</u>	<u>\$ 3,031,695</u>

Based on credit quality

	<u>Credit Rating A</u>	<u>Credit Rating B</u>	<u>Credit Rating C</u>	<u>Others</u>	<u>Total</u>
Gross carrying amount	\$ 423,655	\$ 841,666	\$ 728,221	\$ 2,107,086	\$ 4,100,628
Loss allowance (Lifetime ECLs)	( <u>4,753</u> )	( <u>5,327</u> )	( <u>6,117</u> )	( <u>70,614</u> )	( <u>86,811</u> )
Amortized cost	<u>\$ 418,902</u>	<u>\$ 836,339</u>	<u>\$ 722,104</u>	<u>\$ 2,036,472</u>	<u>\$ 4,013,817</u>

The aging schedule of notes and accounts receivable with loss reserve measured based on credit quality was as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Not past due	\$ 4,220,397	\$ 3,874,348
Up to 60 days	357,902	147,019
Over 60 days	<u>159,188</u>	<u>79,261</u>
	<u>\$ 4,737,487</u>	<u>\$ 4,100,628</u>

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

Movements in the allowance for impairment loss recognized on notes and accounts receivable were as follows:

	<u>Year 2020</u>	<u>Year 2019</u>
Balance at January	\$ 93,648	\$ 111,779
Less: Impairment losses reversed	( 2,415)	( 4,115)
Less: Amounts written off during the period as uncollectible	( 1,170)	( 13,449)
Foreign exchange Translation gains and losses	( <u>7</u> )	( <u>567</u> )
Balance on December 31	<u>\$ 90,056</u>	<u>\$ 93,648</u>

b. Other receivables

Other receivables mainly consisted of tax refund receivable, lent material fees receivable, refunds from capital reduction of financial products, government grants receivable, etc. 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 Group as of December 31, 2020 and 2019.

11. INVENTORIES

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Finished goods	\$ 2,068,989	\$ 2,728,069
Work in progress	387,559	350,133
Raw materials	1,345,791	1,315,085
Supplies	331,030	317,289
Inventory in transit	<u>162,859</u>	<u>208,930</u>
	<u>\$ 4,296,228</u>	<u>\$ 4,919,506</u>



The costs of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 were \$39,721,391 thousand and \$48,924,372 thousand, respectively.

The inventory net realization write-down contained in sales cost Year 2020 was \$24,765 thousand; the reversal of inventory net realization write-downs Year 2019 was \$22,017 thousand. Previous write-downs were reversed as a result of increased selling prices in certain markets.

## 12. DISCONTINUED OPERATIONS

On October 24, 2011, the board of directors of China General Plastics Corporation (“CGPC”) approved to dispose of CGPC (Zhong Shan) Co., Ltd. and CGPC Consumer Products Corporation. The details of the profit (loss) from discontinued operations and the related cash flow information were as follows:

The operating performance of the discontinued operations included in the consolidated statements of comprehensive income was as follows:

	<u>Year 2020</u>	<u>Year 2019</u>
Administrative expenses	(\$ 20,853)	(\$ 28,650)
Loss from operations	( 20,853)	( 28,650)
Non-operating income	<u>25,126</u>	<u>32,825</u>
Net profit (loss) from discontinued operations	<u>\$ 4,273</u>	<u>\$ 4,175</u>

For the years ended December 31, 2020 and 2019, the cash flows which can be attributed to the discontinued operations were as follows:

	<u>For the Years Ended December 31, 2020</u>	<u>For the Years Ended December 31, 2019</u>
Net cash generated from operating activities	\$ 16,339	\$ 9,674
Net cash generated from investments	-	411
Effect of exchange rate changes	<u>1,763</u>	( <u>3,234</u> )
Net cash inflow	<u>\$ 18,102</u>	<u>\$ 6,851</u>

### 13. SUBSIDIARIES

#### a. Subsidiaries included in the consolidated financial statements:

Investor	Investee	Name of Activities	Proportion of Ownership (%)		Remark
			December 31, 2020	December 31, 2019	
The Company	USIFE Investment Co., Ltd. ("USII")	Investment business	<u>100.0%</u>	<u>100.0%</u>	
	Swanlake Traders Ltd. (Swanlake)	Trading and investment	<u>100.0%</u>	<u>100.0%</u>	11 and 14
	USI (Hong Kong) Company Limited	Trading and investment	<u>100.0%</u>	<u>100.0%</u>	
	USI Management Consulting Corp ("UM")	Providing management services	<u>100.0%</u>	<u>100.0%</u>	
	Chong Loong Trading Co., Ltd. ("CLT")	Import and export trade	<u>99.9%</u>	<u>99.9%</u>	
	Union Polymer Int'l Investment Corp. ("UPIIC")	Investment business	<u>100.0%</u>	<u>100.0%</u>	
	Cypress Epoch Limited	Investment business	<u>100.0%</u>	<u>100.0%</u>	
	Inoma Corporation ("INOMA")	Optical products and fireproof materials business	<u>94.4%</u>	<u>93.2%</u>	1.
Cypress Epoch Limited	Usig (Shanghai) Co., Ltd.	Import and distribution of various chemical raw materials and products	<u>100.0%</u>	<u>100.0%</u>	13
The Company	Thintec Materials Corporation ("TMC")	Reinforced plastic products manufacturing	-	30.4%	
Taita Chemical Company, Ltd.			-	10.0%	
China General Plastics Corporation			-	10.0%	
Asia Polymer Corporation			-	30.4%	
Taiwan United Venture Capital Corp.			-	15.0%	
			-	95.8%	3.
The Company	Taiwan United Venture Capital Corp. ("TUVC")	Venture capital	70.0%	70.0%	
Asia Polymer Corporation ("APC")			8.3%	8.3%	
			78.3%	78.3%	
The Company	Swanson Plastics Corp. ("SPC")	Production and marketing of stretch film, embossed film and industrial use multi-layer wrap	40.6%	40.6%	
Asia Polymer Corporation			8.0%	8.0%	
USIFE Investment Co., Ltd.			4.9%	0.4%	2.
			53.5%	49.0%	
The Company	Acme Electronics Corp. ("ACME")	Production and marketing of manganese-zinc soft ferrite powder	26.9%	26.9%	
China General Plastics Corporation			1.7%	1.7%	
USIFE Investment Co., Ltd.			9.3%	9.3%	
Asia Polymer Corporation			3.3%	3.3%	
Taita Chemical Company, Ltd.			2.4%	2.4%	
APC Investment Corporation			1.0%	1.0%	
			44.6%	44.6%	12.
The Company	USI Optronics Corporation ("USIO")	Manufacturing and marketing of sapphire crystal	50.9%	50.9%	
Acme Electronics Corp.			34.0%	34.0%	
Asia Polymer Corporation			9.2%	9.2%	
USIFE Investment Co., Ltd.			0.2%	0.2%	
			94.3%	94.3%	
Acme Electronics Corp.	ACME Electronics (Cayman) Corp.	Reinvestment business	51.3%	51.3%	
APC (BVI) Holding Co., Ltd.			16.6%	16.6%	

(Continued)

Investor	Investee	Name of Activities	Proportion of Ownership (%)		Remark
			December 31, 2020	December 31, 2019	
Swanlake Traders Ltd.			11.2%	11.2%	
TAITA (BVI) Holding Co., Ltd.			5.4%	5.4%	
			<u>84.5%</u>	<u>84.5%</u>	
Acme Electronics Corp.	Golden Amber Enterprises Limited	Reinvestment business	<u>100.0%</u>	<u>100.0%</u>	
	ACME Electronics (BVI) Corp.	Reinvestment business	—	<u>100.0%</u>	4.
ACME Electronics (Cayman) Corp.	Acme Electronics (Kunshan) Co., Ltd.	Manufacturing and marketing of manganese-zinc soft ferrite core	<u>100.0%</u>	<u>100.0%</u>	
	ACME Components (Malaysia) Sdn.Bhd.	Reinvestment business	<u>100.0%</u>	<u>100.0%</u>	
Golden Amber Enterprises Limited	Acme Electronics (Guangzhou) Co., Ltd.	Manufacturing and marketing of manganese-zinc soft ferrite core	<u>100.0%</u>	<u>100.0%</u>	
Union Polymer Int'l Investment Corp.	Asia Polymer Corporation ("APC")	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	36.1%	36.1%	
China General Terminal & Distribution Co.			0.9%	0.9%	
USIFE Investment Co., Ltd.			0.3%	0.3%	
Taiwan VCM Corporation			—	—	
			<u>37.3%</u>	<u>37.3%</u>	12.
Asia Polymer Corporation	APC (BVI) Holding Co., Ltd. ("APC (BVI)")	Reinvestment business	<u>100.0%</u>	<u>100.0%</u>	
Asia Polymer Corporation	USI International Corp.	Reinvestment business	70.0%	70.0%	
APC (BVI) Holding Co., Ltd.			<u>30.0%</u>	<u>30.0%</u>	
			<u>100.0%</u>	<u>100.0%</u>	
Asia Polymer Corporation	APC Investment Corporation	Investment business	<u>100.0%</u>	<u>100.0%</u>	
APC (BVI) Holding Co., Ltd.	USI Trading (Shanghai) Co., Ltd.	Management of chemical products, equipment and plastic products and whole sale of electronic materials, commission agency services and related supporting import and export services	<u>100.0%</u>	<u>100.0%</u>	
Union Polymer Int'l Investment Corp.	Taita Chemical Company, Ltd. ("TTC")	Production and marketing of polystyrene, acrylonitrile, butadiene, ABS resin, SAN resin, glass wool insulation products and plastic materials	36.8%	36.8%	
China General Terminal & Distribution Co.			0.6%	0.6%	
USIFE Investment Co., Ltd.			0.4%	0.4%	
			<u>37.8%</u>	<u>37.8%</u>	12.
Taita Chemical Company, Ltd.	TAITA (BVI) Holding Co., Ltd. (TAITA (BVI))	Reinvestment business	<u>100.0%</u>	<u>100.0%</u>	
TAITA (BVI) Holding Co., Ltd.	Taita Chemical (Zhongshan) Co., Ltd. ("TAITA (ZS)")	Production and marketing of polystyrene derivatives	<u>100.0%</u>	<u>100.0%</u>	
	Taita Chemical (Tianjin) Co., Ltd. ("TAITA (TJ)")	Production and marketing of polystyrene derivatives	<u>100.0%</u>	<u>100.0%</u>	7.
Union Polymer Int'l Investment Corp.	China General Plastics Corporation ("CGPC")	Production and marketing of plastic cloths, plastic skins, plastic tubes, plastic pellets, plastic powder and other related products	25.0%	25.0%	
Asia Polymer Corporation			8.0%	8.0%	
Taita Chemical Company, Ltd.			2.0%	2.0%	
China General Terminal & Distribution Co.			0.5%	0.5%	

(Continued)

Investor	Investee	Name of Activities	Proportion of Ownership (%)		Remark
			December 31, 2020	December 31, 2019	
USIFE Investment Co., Ltd.			<u>0.1%</u>	<u>0.1%</u>	
China General Plastics Corporation	Taiwan VCM Corporation ("TVCM")	Manufacture and marketing of vinyl chloride monomer and related petrochemical products	<u>35.6%</u> <u>87.2%</u>	<u>35.6%</u> <u>87.2%</u>	12.
	CGPC (BVI) Holding Co., Ltd.	Reinvestment business	<u>100.0%</u>	<u>100.0%</u>	
	CGPC America Corporation	Marketing of PVC two- or three-time processed products	<u>100.0%</u>	<u>100.0%</u>	
	CGPC Polymer Corporation ("CGPCP")	Manufacture and marketing of PVC powder	<u>100.0%</u>	<u>100.0%</u>	
CGPC (BVI) Holding Co., Ltd.	CGPC (Chung Shan) Co., Ltd. ("CGPC (CS)")	Manufacture and marketing of PVC plastic cloths and three-time processed products	<u>100.0%</u>	<u>100.0%</u>	6.
	Chung Shan CGPC Polymer Co., Ltd. ("Chung Shan (GPCP)")	Manufacture and marketing of PVC plastic cloths and three-time processed products	<u>100.0%</u>	<u>100.0%</u>	6.
China General Plastics Corporation	China General Terminal & Distribution Co.	Warehousing petrochemical raw materials	33.3%	33.3%	
Taita Chemical Company, Ltd.			33.3%	33.3%	
Asia Polymer Corporation			<u>33.4%</u>	<u>33.4%</u>	
USIFE Investment Co., Ltd.	Taiwan United Venture Management Corp. ("TUVM")	Business management consulting	<u>100.0%</u> <u>100.0%</u>	<u>100.0%</u> <u>100.0%</u>	
ACME Components (Malaysia) Sdn.Bhd.	ACME Ferrite Products Sdn.Bhd ( ACME Ferrite )	Manufacture and marketing of soft ferrite core	<u>100.0%</u>	<u>100.0%</u>	
Chong Loong Trading Co., Ltd.	Forum Pacific Trading Ltd.	Engaging in import and export trade	=====	<u>100.0%</u>	9.
Swanson Plastics Corp.	Curtana Company Ltd.	Reinvestment business	<u>100.0%</u>	<u>100.0%</u>	
	Forever Young Company Ltd.	Import and export agency services	<u>100.0%</u>	<u>100.0%</u>	
	Swanson Plastics Company Ltd. (Singapore)	Production and marketing of plastic products	<u>100.0%</u>	<u>100.0%</u>	
	Swanson International Ltd.	Engaging in import and export trade	<u>100.0%</u>	<u>100.0%</u>	
Swanson Plastics Corp.	PT. Swanson Plastics Indonesia Ltd.	Production and marketing of plastic products	1.0%	1.0%	
Swanson Plastics Company Ltd. (Singapore)			<u>99.0%</u>	<u>99.0%</u>	
			<u>100.0%</u>	<u>100.0%</u>	
Swanson Plastics Corp.	Swanson Technologies Corporation	Production, marketing and development of EVA packaging film and other value added plastic products	70.0%	70.0%	
APC Investment Corporation			15.0%	15.0%	
USIFE Investment Co., Ltd.			<u>15.0%</u>	<u>15.0%</u>	
			<u>100.0%</u>	<u>100.0%</u>	
Swanson Plastics Company Ltd. (Singapore)	Swanson Plastics (Malaysia) Sdn.Bhd.	Production and marketing of plastic products	<u>100.0%</u>	<u>100.0%</u>	
	Swanson Plastics (India) Private Limited	Production and marketing of plastic products	<u>100.0%</u>	<u>100.0%</u>	
	Swanson Plastics (Tianjin) Co., Ltd.	Production, marketing and development of multi-functional film and light-solution film	<u>100.0%</u>	<u>100.0%</u>	
Swanson International Ltd.	A.S. Holdings (UK) Limited	Reinvestment	<u>100.0%</u>	<u>100.0%</u>	
	Swanson Plastics (Kunshan) Corp.	Production, marketing and development of multi-functional film and light-	<u>100.0%</u>	<u>100.0%</u>	

(Continued)

Investor	Investee	Name of Activities	Proportion of Ownership (%)		Remark
			December 31, 2020	December 31, 2019	
A.S. Holdings (UK) Limited	API-Swanson (Kunshan) Co., Ltd.	solution film Management of PE release film and other release products' production and sales	<u>100.0%</u>	<u>100.0%</u>	
The Company	Ever Conquest Global Limited ("ECGL")	Investment business	59.1%	63.1%	
Asia Polymer Corporation			<u>40.9%</u>	<u>36.9%</u>	
Ever Conquest Global Limited	Ever Victory Global Limited ("EVGL")	Investment business	<u>100.0%</u>	<u>100.0%</u>	10.
Ever Victory Global Limited	Dynamic Ever Investments Limited ("DEIL")	Investment business	<u>67.4%</u>	<u>80.0%</u>	10., 11 and 15.
			<u>85.0%</u>	<u>89.9%</u>	10. and 11.

- 1) In June 2020, the Company acquired 1.2% of shares from the external shareholders of INOMA, acquired price being \$349 thousand. After the equity purchase, the proportion of INOMA's equity held by the Group increased from 93.2% to 94.4%. As these transactions did not change the Group's control over these subsidiaries, they are deemed as equity transactions. Differences generated from the aforementioned equity transactions were adjusted to a decrease in retained earnings of \$65 thousand.
- 2) In 2020, USI Corporation acquired 4.5% of shares from the external shareholders of Swanson Plastics Corporation (SPC) based on middle-to-long investment strategy and thus acquired price being \$84,399 thousand.
- 3) TMC has had no actual production or sales activities in recent years. Therefore, on April 12, 2019, the board of directors of TMC had approved the proposal for dissolution and liquidation of the company starting from the dissolution date of May 25, 2019. The Group has obtained \$12,214 thousand of the remaining property distribution from liquidation in May 2020, and TMC has completed the dissolution and liquidation procedures on July 22, 2020.
- 4) In June 2020, ACME obtained the remaining assets of \$267 thousand returned by its subsidiary ACME Electronics

(BVI)Corp., which completed its process of liquidation in June 2020.

- 5) In July 2019, CGPC obtained the remaining assets of \$78,556 thousand returned by its subsidiary Krystal Star International Corporation, which completed its process of liquidation in December 2019.
- 6) CGPC disposed of CGPC (CS) and CGPCP as approved in the meeting of the board of directors in October 2011. CGPC (CS) and CGPCP had not completed the process of liquidation as of December 31, 2020.
- 7) As TTC assessed that there is shrinking demand in the local market for expanded polystyrene (EPS), which is the main product produced by its subsidiary Taita Chemical (Tianjin) Co., Ltd. ("TTC (Tianjin)"), TTC's management decided to suspend production from TTC (Tianjin) starting April 2019. Please refer to Note 15 for the details.
- 8) The boards of TAITA (BVI) and Taita Chemical (ZhongShan) Co., Ltd. resolved on November 3, 2020 and to establish a new company, each investing RMB 157,000 thousand and holding 50% of the shares. The main business of the new company is expected to be the production and sales of expandable polystyrene (EPS). To strive for the best investing efficiency, the Boards of TAITA (BVI) approved the resolution of changing preceding investment proposal to establish a new company by sole investment of TAITA (BVI) on December 3, 2020, but yet to complete it till March 22, 2021.
- 9) In September 2019, the management of Forum Pacific Trading Ltd. approved its dissolution and liquidation, and returned the remaining assets of \$6,828 thousand in May

2020. Forum Pacific Trading Ltd. had completed the process of liquidation on December 29, 2020.

- 10) As of December 31, 2020, the Company and APC invested capital amounted to US\$246,670 thousand (around NT\$7,645,981 thousand) and US\$170,475 thousand (around NT\$5,255,587 thousand) in ECGL, respectively, and reinvested in EVGL via ECGL as well as in DEIL. The total ownership percentage of the Group in EVGL is 67.4%. For more detailed explanation, please refer to Note 11 and Note 38.
- 11) ECGL subscribed for additional new shares of EVGL at a percentage different from its existing ownership percentage in May and August 2019, and reinvested in DEIL through EVGL at a percentage different from its existing ownership percentage in June and August 2019. After the capital increases, the Group's ownership percentage in EVGL increased from 77.5% to 80.0%, while EVGL's ownership percentage in DEIL decreased from 100% to 89.9%. As these transactions did not change the Group'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 \$4,275 thousand and decreases in retained earnings of \$1,191 thousand.

ECGL subscribed for additional new shares of EVGL at a percentage different from its existing ownership percentage in March and December 2020, and reinvested in DEIL through EVGL at a percentage different from its existing ownership percentage in April and December 2020. After the capital increases, the Group's ownership percentage in EVGL decreased from 80.0% to 67.4%, and

EVGL's ownership percentage in DEIL decreased from 89.9% to 85.0%. As these transactions did not change the Group'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 \$34,896 thousand.

- 12) 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 yet to complete it till March 22, 2021.
  - 13) To simplify investing framework, the Group changed its indirect investment in FORMOSA OIL(ASIA PACIFIC) CORPORATION in China with approval of INVESTMENT COMMISSION (MOEA) dated January 25, 2021, as such, with the approval, it was revised to be direct investment.
  - 14) Swanlake acquired 5.42% of shares from external shareholders of ACME Electronics (Cayman) Corp. on January 21, 2021, acquired price to be US\$2,172 thousand, where the Group's holding proportion increased from 11.23% to 16.65% after subscription.
  - 15) This is a subsidiary with material non-controlling interests.
- b. Details of subsidiaries that have material non-controlling interests



Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
	December 31, 2020	December 31, 2019
CGPC	64.4%	64.4%
TTC	62.2%	62.2%
ACME	55.4%	55.4%
APC	62.7%	62.7%
EVGL	32.6%	20.0%

Please refer to Table 7 and 8 for the information on places of incorporation and principal places of business.

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests		Accumulated Non-controlling Interests	
	Year 2020	Year 2019	December 31, 2020	December 31, 2019
CGPC	\$ 1,074,470	\$ 422,558	\$ 6,187,422	\$ 5,275,245
TTC	\$ 1,215,763	\$ 252,027	\$ 3,885,632	\$ 2,683,447
ACME	\$ 18,569	( \$ 57,564 )	\$ 716,599	\$ 694,961
APC	\$ 746,600	\$ 555,438	\$ 7,574,659	\$ 6,488,546
EVGL	( \$ 39,915 )	( \$ 6,321 )	\$ 5,988,872	\$ 2,885,402

The summarized financial information in respect of each of the Group's subsidiaries below represents amounts before intragroup eliminations:

CGPC and CGPC's subsidiaries

	December 31, 2020	December 31, 2019
Current assets	\$ 5,874,585	\$ 4,876,866
Non-current assets	8,019,040	7,454,367
Current liabilities	( 2,220,603 )	( 1,695,099 )
Non-current liabilities	( 1,369,264 )	( 1,923,568 )
Equity	<u>\$10,303,758</u>	<u>\$ 8,712,566</u>
Equity attributable to:		
Owners of CGPC	\$ 3,516,093	\$ 2,975,567
Non-controlling interests of CGPC	6,187,422	5,275,245
Non-controlling interests of CGPC's subsidiaries	<u>600,243</u>	<u>461,754</u>
	<u>\$10,303,758</u>	<u>\$ 8,712,566</u>

	2020	2019
Revenue	<u>\$13,733,148</u>	<u>\$15,117,855</u>
Net profit from continuing operations	\$1,787,437	\$ 693,815
Net profit (loss) from discontinued operations	<u>4,273</u>	<u>4,175</u>
Profit for the period	1,791,710	697,990
Other comprehensive income (loss) for the period	<u>82,647</u>	( <u>2,290</u> )
Total comprehensive income for the period	<u>\$1,874,357</u>	<u>\$ 695,700</u>
Profit attributable to:		
Owners of CGPC	\$ 559,714	\$ 220,119
Non-controlling interests of CGPC	1,074,470	422,558
Non-controlling interests of CGPC's subsidiaries	<u>157,526</u>	<u>55,313</u>
	<u>\$1,791,710</u>	<u>\$ 697,990</u>
Total comprehensive income attributable to:		
Owners of CGPC	\$ 627,523	\$ 214,861
Non-controlling interests of CGPC	1,088,417	425,051
Non-controlling interests of CGPC's subsidiaries	<u>158,417</u>	<u>55,788</u>
	<u>\$1,874,357</u>	<u>\$ 695,700</u>
Net cash inflow (outflow) from:		
Operating activities	\$2,088,323	\$2,016,552
Investing activities	( 1,194,306)	( 973,370)
Financing activities	( 765,171)	( 1,321,130)
Effects of exchange rate changes	<u>( 5,092)</u>	<u>( 3,385)</u>
Net cash inflow (outflow)	<u>\$ 123,754</u>	<u>(\$ 281,333)</u>
Dividends paid to non-controlling interests	<u>\$ 173,260</u>	<u>\$ 499,788</u>

TTC and TTC's subsidiaries

	December 31, 2020	December 31, 2019
Current assets	\$ 5,942,120	\$ 4,801,480
Non-current assets	3,303,750	3,203,261
Current liabilities	( 2,170,177)	( 2,278,694)
Non-current liabilities	( 719,887)	( 1,426,284)
Equity	<u>\$ 6,355,806</u>	<u>\$ 4,299,763</u>
Equity attributable to:		
Owners of TTC	\$ 2,470,174	\$ 1,616,316
Non-controlling interests of TTC	<u>3,885,632</u>	<u>2,683,447</u>
	<u>\$ 6,355,806</u>	<u>\$ 4,299,763</u>
	2020	2019
Revenue	<u>\$15,498,381</u>	<u>\$17,672,204</u>
Profit for the period	\$ 1,919,818	\$ 397,977
Other comprehensive income (loss) for the period	<u>236,480</u>	( 21,618)
Total comprehensive income (loss) for the period	<u>\$ 2,156,298</u>	<u>\$ 376,359</u>
Profit attributable to:		
Owners of TTC	\$ 704,055	\$ 145,950
Non-controlling interests of TTC	<u>1,215,763</u>	<u>252,027</u>
	<u>\$ 1,919,818</u>	<u>\$ 397,977</u>
Total comprehensive income (loss) attributable to:	\$ 856,789	\$ 141,780
Owners of TTC	<u>1,299,509</u>	<u>234,579</u>
Non-controlling interests of TTC	<u>\$ 2,156,298</u>	<u>\$ 376,359</u>
Net cash inflow from:		
Operating activities	\$ 3,046,274	\$ 1,602,732
Investing activities	( 120,224)	25,464
Financing activities	( 1,818,584)	( 882,791)
Effects of exchange rate changes	39,022	( 36,058)
Net cash inflow	<u>\$ 1,146,488</u>	<u>\$ 709,347</u>
Dividends paid to non-controlling interests	<u>\$ 63,493</u>	<u>\$ 41,498</u>

ACME and ACME's subsidiaries

	December 31, 2020	December 31, 2019
Current assets	\$ 1,886,912	\$ 1,780,507
Non-current assets	1,679,406	1,753,574
Current liabilities	( 1,161,937 )	( 1,085,862 )
Non-current liabilities	( 519,306 )	( 612,610 )
Equity	<u>\$ 1,885,075</u>	<u>\$ 1,835,609</u>
Equity attributable to:		
Owners of ACME	\$ 580,765	\$ 557,511
Non-controlling interests of ACME	716,599	694,961
Non-controlling interests of ACME's subsidiaries	<u>587,711</u>	<u>583,137</u>
	<u>\$ 1,885,075</u>	<u>\$ 1,835,609</u>
	2020	2019
Revenue	<u>\$ 2,169,471</u>	<u>\$ 2,132,889</u>
Profit (Loss) for the period	\$ 37,374	( \$ 128,465 )
Other comprehensive income (loss) for the period	<u>12,092</u>	( <u>60,336</u> )
Total comprehensive income (loss) for the period	<u>\$ 49,466</u>	( <u>\$ 188,801</u> )
Profit (Loss) attributable to:		
Owners of ACME	\$ 14,824	( \$ 46,046 )
Non-controlling interests of ACME	18,569	( 57,564 )
Non-controlling interests of ACME's subsidiaries	<u>3,981</u>	( <u>24,855</u> )
	<u>\$ 37,374</u>	( <u>\$ 128,465</u> )
Total comprehensive income (loss) attributable to:		
Owners of ACME	\$ 19,844	( \$ 65,461 )
Non-controlling interests of ACME	25,048	( 81,937 )
Non-controlling interests of ACME's subsidiaries	<u>4,574</u>	( <u>41,403</u> )
	<u>\$ 49,466</u>	( <u>\$ 188,801</u> )
Net cash inflow (outflow) from:		
Operating activities	\$ 213,754	\$ 391,506
Investing activities	11,334	( 385,967 )
Financing activities	( 42,059 )	43,673
Effects of exchange rate changes	<u>8,547</u>	( <u>26,585</u> )
Net cash inflow	<u>\$ 191,576</u>	<u>\$ 22,627</u>

APC and APC's subsidiaries

	December 31, 2020	December 31, 2019
Current assets	\$ 2,964,269	\$ 4,940,438
Non-current assets	13,919,234	11,982,653
Current liabilities	( 1,479,196)	( 2,469,828)
Non-current liabilities	( 3,294,762)	( 4,223,443)
Equity	<u>\$ 12,109,545</u>	<u>\$ 10,229,820</u>
Equity attributable to:		
Owners of APC	\$ 4,534,886	\$ 3,741,274
Non-controlling interests of APC	<u>7,574,659</u>	<u>6,488,546</u>
	<u>\$ 12,109,545</u>	<u>\$ 10,229,820</u>
	<u>2020</u>	<u>2019</u>
Revenue	<u>\$ 5,703,546</u>	<u>\$ 6,791,157</u>
Profit (Loss) for the period	1,103,587	821,021
Other comprehensive income (loss) for the period	<u>1,099,896</u>	( 30,290 )
Total comprehensive income (loss) for the period	<u>\$ 2,203,483</u>	<u>\$ 790,731</u>
Profit (Loss) attributable to:		
Owners of APC	\$ 356,987	\$ 265,583
Non-controlling interests of APC	<u>746,600</u>	<u>555,438</u>
	<u>\$ 1,103,587</u>	<u>\$ 821,021</u>
	<u>2020</u>	<u>2019</u>
Total comprehensive income (loss) attributable to:		
Owners of APC	\$ 887,393	\$ 327,374
Non-controlling interests of APC	<u>1,316,090</u>	<u>463,357</u>
	<u>\$ 2,203,483</u>	<u>\$ 790,731</u>
Net cash inflow (outflow) from:		
Operating activities	\$ 2,878,346	\$ 498,621
Investing activities	( 916,265 )	( 1,162,465 )
Financing activities	( 2,289,221 )	479,045
Effects of exchange rate changes	( 5,832 )	( 10,788 )
Net cash outflow	( <u>\$ 332,972</u> )	( <u>\$ 195,587</u> )
Dividends paid to non-controlling interests	<u>\$ 225,031</u>	<u>\$ 112,516</u>

EVGL and EVGL's subsidiaries

	December 31, 2020	December 31, 2019
Current assets	\$ 1,309,763	\$ 1,194,368
Non-current assets	20,170,030	14,867,168
Current liabilities	( 15,128 )	( 14,346 )
Equity	<u>\$ 21,464,665</u>	<u>\$ 16,047,190</u>
Equity attributable to:		
Owners of EVGL	\$ 12,383,404	\$ 11,547,692
Non-controlling interests of EVGL	5,988,872	2,885,402
Non-controlling interests of EVGL's subsidiaries	<u>3,092,389</u>	<u>1,614,096</u>
	<u>\$ 21,464,665</u>	<u>\$ 16,047,190</u>
	<u>2020</u>	<u>2019</u>
Loss for the period	( \$ 176,803 )	( \$ 39,885 )
Other comprehensive income (loss) for the period	<u>234,751</u>	( <u>677,506</u> )
Total comprehensive income (loss) for the period	<u>\$ 57,948</u>	<u>\$ 717,391</u>
	<u>2020</u>	<u>2019</u>
Loss attributable to:		
Owners of EVGL	( \$ 113,720 )	( \$ 27,751 )
Non-controlling interests of EVGL	( 39,915 )	( 6,321 )
Non-controlling interests of EVGL's subsidiaries	<u>( 23,168 )</u>	<u>( 5,813 )</u>
	<u>( \$ 176,803 )</u>	<u>( \$ 39,885 )</u>
Total comprehensive income (loss) attributable to:		
Owners of EVGL	\$ 16,651	( \$ 499,685 )
Non-controlling interests of EVGL	20,062	( 120,525 )
Non-controlling interests of EVGL's subsidiaries	<u>21,235</u>	<u>( 97,181 )</u>
	<u>\$ 57,948</u>	<u>( \$ 717,391 )</u>
Cash flow		
Operating activities	( \$ 13,696 )	( \$ 29,373 )
Investing activities	( 5,122,441 )	( 5,161,581 )
Financing activities	5,359,526	5,715,801
Effects of exchange rate changes	<u>( 110,736 )</u>	<u>( 56,551 )</u>
Net cash inflow	<u>\$ 112,653</u>	<u>\$ 468,296</u>

Please refer to Notes 19 and 36 for the information related to part of subsidiaries' shares pledged as collateral for long-term bank borrowings.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31, 2020	December 31, 2019
Investments in joint ventures		
Associates that are individually material		
Fujian Gulei Petrochemical Co., Ltd. ("Gulei")	<u>\$ 20,170,030</u>	<u>\$ 14,867,168</u>

Investments in joint venture are accounted for using the equity method.

The percentage of the Group's ownership and voting rights was 50% of the outstanding shares of Gulei as of December 31, 2020 and 2019. For more explanation, please refer to Note 38.

For the scope of business operations, the location and national information of Gulei's registry of joint venture, please refer to Table 8.

The summary of financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

	December 31, 2020	December 31, 2019
Cash & cash equivalents	<u>\$ 4,356,714</u>	<u>\$ 2,078,359</u>
Current assets	\$ 5,785,331	\$ 2,102,915
Non-current assets	82,025,858	40,551,677
Current liabilities	( 10,734,400)	( 8,164,871)
Non-current liabilities	<u>( 36,736,729)</u>	<u>( 4,755,385)</u>
Equity	40,340,060	29,734,336
Proportion of the Group's ownership	<u>50%</u>	<u>50%</u>
Equity attributable to the Group	<u>\$ 20,170,030</u>	<u>\$ 14,867,168</u>
Carrying amount	<u>\$ 20,170,030</u>	<u>\$ 14,867,168</u>

	December 31, 2020	December 31, 2019
	<u>2020</u>	<u>2019</u>
Shares attributable to the Group		
Net (loss) profit of the period	( <u>\$ 165,161</u> )	( <u>\$ 12,403</u> )

Gulei had no significant operating income for the years ended December 31, 2020 and 2019.

## 15. PROPERTY, PLANT AND EQUIPMENT

	December 31, 2020	December 31, 2019
	<u>2020</u>	<u>2019</u>
Freehold land	\$ 4,682,237	\$ 4,682,238
Land improvements	6,954	8,232
Building improvements	4,062,692	4,282,923
Machinery and equipment	11,626,815	12,418,786
Transportation equipment	46,935	46,865
Other equipment	321,524	300,065
Construction in progress and equipment under installation	<u>2,510,261</u>	<u>1,489,802</u>
	<u>\$ 23,257,418</u>	<u>\$ 23,228,911</u>

	<u>Freehold land</u>	<u>Land improvements</u>	<u>Building improvements</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Construction in progress and equipment under installation</u>	<u>Total</u>
<u>Cost</u>								
Balance on January 1, 2020	\$ 4,682,237	\$ 124,005	\$ 8,261,853	\$ 37,738,740	\$ 204,178	\$ 1,736,993	\$ 1,501,006	\$ 54,249,012
Plus	-	-	4,796	149,161	2,820	28,058	2,072,826	2,257,661
Disposal	-	-	(28,965)	(1,141,845)	(14,641)	(57,031)	(3,500)	(1,245,982)
Transfer from invested properties (Note 17)	-	-	1,752	-	-	-	-	1,752
Internal transfer	-	213	68,262	949,092	13,815	61,799	(1,045,673)	47,508
Net conversion difference	-	-	7,956	(45,439)	(4,117)	(10,492)	(4,916)	(56,928)
Balance ended December 31, 2020	<u>\$ 4,682,237</u>	<u>\$ 124,218</u>	<u>\$ 8,315,654</u>	<u>\$ 37,649,789</u>	<u>\$ 202,055</u>	<u>\$ 1,759,327</u>	<u>\$ 2,519,743</u>	<u>\$ 55,253,023</u>
<u>Accumulated impairment and loss</u>								
Balance ended December 31, 2020	\$ -	\$ 115,773	\$ 3,978,930	\$ 25,319,953	\$ 157,313	\$ 1,436,928	\$ 11,203	\$ 31,020,101
Depreciation expense	-	1,491	288,930	1,797,570	15,359	78,127	-	2,181,477
Disposal	-	-	(27,833)	(1,084,990)	(13,648)	(53,293)	(3,357)	(1,183,121)
Transfer from invested properties (Note 17)	-	-	717	-	-	-	-	717
Internal transfer	-	-	2,252	(4,212)	-	(17,905)	-	(19,865)
Impairment loss recognized	-	-	-	25,714	-	568	1,619	27,901
Net conversion difference	-	-	9,966	(31,062)	(3,904)	(6,622)	17	(31,605)
Balance ended December 31, 2020	<u>\$ -</u>	<u>\$ 117,264</u>	<u>\$ 4,252,962</u>	<u>\$ 26,022,974</u>	<u>\$ 155,120</u>	<u>\$ 1,437,803</u>	<u>\$ 9,482</u>	<u>\$ 31,995,605</u>
Net balance ended December 31, 2020	<u>\$ 4,682,237</u>	<u>\$ 6,954</u>	<u>\$ 4,062,692</u>	<u>\$ 11,626,815</u>	<u>\$ 46,935</u>	<u>\$ 321,524</u>	<u>\$ 2,510,261</u>	<u>\$ 23,257,418</u>
<u>Cost</u>								
Balance on January 1, 2019	\$ 4,726,441	\$ 124,005	\$ 8,089,311	\$ 35,460,445	\$ 210,353	\$ 1,746,069	\$ 3,641,270	\$ 53,997,894
Plus	-	-	34,852	257,361	4,727	40,653	1,681,446	2,019,039
Disposal	(20,122)	-	(172,366)	(792,209)	(18,250)	(57,349)	-	(1,060,296)

(Continued)



	<u>Freehold land</u>	<u>Land improvements</u>	<u>Building improvements</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Construction in progress and equipment under installation</u>	<u>Total</u>
Recognized as asset of operating lease (Note 17)	(24,082)	-	(257,285)	-	-	-	-	(281,367)
Internal transfer	-	-	660,546	3,115,483	9,973	29,720	(3,803,279)	12,443
Net conversion difference	-	-	(93,205)	(302,340)	(2,625)	(22,100)	(18,431)	(438,701)
Balance ended December 31, 2019	<u>\$ 4,682,237</u>	<u>\$ 124,005</u>	<u>\$ 8,261,853</u>	<u>\$ 37,738,740</u>	<u>\$ 204,178</u>	<u>\$ 1,736,993</u>	<u>\$ 1,501,006</u>	<u>\$ 54,249,012</u>
<u>Accumulated impairment and loss</u>								
Balance ended December 31, 2019	\$ -	\$ 114,131	\$ 3,897,212	\$ 25,319,953	\$ 157,313	\$ 1,436,928	\$ 11,203	\$ 31,020,101
Depreciation expense	-	1,491	281,754	1,687,423	15,368	75,800	-	2,061,987
Disposal	-	-	(152,491)	(765,430)	(17,160)	(51,273)	-	(986,354)
Recognized as asset of operating lease (Note 17)	-	-	(28,729)	-	-	-	-	(28,729)
Impairment loss recognized	-	-	19,644	90,887	10	1,761	33	112,335
Net conversion difference	-	-	(38,460)	(256,063)	(1,806)	(15,220)	(244)	(311,793)
Balance ended December 31, 2019	<u>\$ -</u>	<u>\$ 115,773</u>	<u>\$ 3,978,930</u>	<u>\$ 25,319,954</u>	<u>\$ 157,313</u>	<u>\$ 1,436,928</u>	<u>\$ 11,203</u>	<u>\$ 31,020,101</u>
Net balance ended December 31, 2019	<u>\$ 4,682,237</u>	<u>\$ 8,232</u>	<u>\$ 4,282,923</u>	<u>\$ 12,418,786</u>	<u>\$ 46,865</u>	<u>\$ 300,065</u>	<u>\$ 1,489,803</u>	<u>\$ 23,228,911</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 in 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 December 31, 2019, the Company had received \$158,841 thousand. According to the schedule and acceptance situation, the subsidy income had accumulated to \$158,841 thousand.

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.

In cooperation with the Taiwan International Ports Corporation (Ports Co.), Ministry of Transportation and Communications, to relocate the petrochemical oil storage tank facilities of the old port area operators, CGTD leased the port facilities and storage areas of the Kaohsiung Port Intercontinental Container Center Second Phase Petrochemical Oil Storage and Transportation Center from Ports Co., the lease period being from August 1, 2017 to July 31, 2042, rent paid quarterly. In addition,

the boards of directors of the Company, CGTD, APC and TVCM, a subsidiary of CGPC, resolved in 2019 to build the second phase of the Intercontinental Petrochemical Oil Products Center, and signed a turnkey project agreement with CTCI on October 7, 2019, with a total investment price of \$3,380,107 thousand. As of December 31, 2020, the Group had paid \$1,260,597 thousand for the project, which was accounted for under construction in progress.

For the years ended December 31, 2020, ACME (GZ) assessed that some of its machinery and equipment had been idle and did not meet the production requirements, recognizing an impairment loss of \$5,823 thousand.

Year 2019, ACME (KS) and USI OPTRONICS CORPORATION assessed that the book value of some of its machinery and equipment could not be recovered, recognizing an impairment loss of \$37,939 thousand and \$14,131 thousand. The aforementioned profit and loss have been included in the operating expenses in the consolidated comprehensive income statement.

Due to shrinking demand of EPS in the local market, the main product of Taita Chemical (Tianjin) Co., Ltd. ("TAITA (TJ)"), the management decided to suspend the production of TAITA (TJ) starting from April 2019. TAITA (TJ) determined the recoverable amounts of the property, plant and equipment (including right-of-use assets), on the basis of fair values less costs of disposal. TAITA (TJ) recognized an impairment loss of \$22,078 thousand and \$60,265 thousand in 2020 and 2019 respectively, which was reported under operating costs in the consolidated statements of comprehensive income.

The assessed fair values of the proceeds are as follows:

	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Plant and right-of-use assets	<u>\$ 275,409</u>	<u>\$ 281,512</u>
Equipment	<u>\$ 2,689</u>	<u>\$ 94,814</u>

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	
Factories and other machines	15-55 years
Main buildings	3-60 years
Storage rooms	8-45 years
Others	2-40 years
Machinery and equipment	2-25 years
Transportation equipment	2-15 years
Other equipment	2-25 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 36.

For the related capitalized interest, please refer to Note 28 (d) finance cost.

## 16. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Carrying amounts		
Leasehold land	\$ 163,311	\$ 184,708
Land use rights	427,365	444,306
Buildings	148,111	195,662
Machinery and equipment	53,510	60,697
Transportation equipment	<u>2,183</u>	<u>135</u>
	<u>\$ 794,480</u>	<u>\$ 885,508</u>

	<u>2020</u>	<u>2019</u>
Addition for right-of-use assets	\$ <u>3,265</u>	\$ <u>73,603</u>
Depreciation charge for right-of-use assets	\$ 15,618	\$ 17,319
Leasehold land	24,601	15,451
Land use rights	18,500	30,443
Buildings	10,264	3,847
Machinery and equipment	<u>718</u>	<u>885</u>
Transportation equipment	<u>\$ 69,701</u>	<u>\$ 67,945</u>

Except for the recognition of depreciation expense, the Group's right-of-use assets did not experience significant impairments for the years ended December 31, 2020 and 2019.

The Group has been subleasing its leasehold building Tai-An under operating leases. The related right-of-use assets are presented as investment properties (as set out in Note 17). 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.

Right-of-use assets pledged as collateral for bank borrowings are set out in Notes 19 and 36.

b. Lease liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Carrying amounts		
Current	<u>\$ 75,284</u>	<u>\$ 70,814</u>
Non-current	<u>\$ 384,402</u>	<u>\$ 481,964</u>

Range of discount rate for lease liabilities was as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Lease land	0.83% ~ 9.25%	0.83% ~ 9.25%
Buildings	1.04% ~ 2.00%	1.04% ~ 2.00%
Machinery	1.04% ~ 1.16%	1.04% ~ 1.16%
Transportation equipment	1.06% ~ 1.25%	1.06% ~ 1.25%

c. Material lease-in activities and terms

The Group leases certain factory, office and dormitory with lease terms of 1 to 7 years. The Group has options to lease office at the end of the lease terms.

d. Other lease information

Lease arrangements under operating leases for leasing out of investment properties are set out in Note 17. For details of lease information, please refer to the following table (the Group as lessee).

	<u>2020</u>	<u>2019</u>
Expenses relating to short-term leases	<u>\$ 50,200</u>	<u>\$ 48,398</u>
Expenses relating to low-value asset leases	<u>\$ 1,301</u>	<u>\$ 2,064</u>
Expenses relating to variable lease payments not including in the measurement of lease liabilities	<u>\$ 37,265</u>	<u>\$ 44,550</u>
Total cash outflow for leases	<u>(\$ 164,728)</u>	<u>(\$ 170,175)</u>

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

17. INVESTMENT PROPERTIES

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Completed investment properties		
Land	\$ 200,726	\$ 115,053
Buildings	296,378	313,847
Right-of-use assets	<u>78,482</u>	<u>95,508</u>
	<u>\$ 575,586</u>	<u>\$ 524,408</u>

	<u>Land</u>	<u>Buildings</u>	<u>Right-of-use assets</u>	<u>Total</u>
<u>Cost</u>				
Balance at January 1, 2020	\$ 119,022	\$ 428,521	\$ 110,452	\$ 657,995
Addition	85,673	-	-	85,673
Transfer to property, plant and equipment	-	( 1,752)	-	( 1,752)
Transfer to right of use assets	-	-	( 2,775)	( 2,775)

(Continued)

	Land	Buildings	Right-of-use assets	Total
Effect of foreign currency exchange differences	-	( 4,604 )	-	( 4,604 )
Balance at December 31, 2020	<u>\$ 204,695</u>	<u>\$ 422,165</u>	<u>\$ 107,677</u>	<u>\$ 734,537</u>
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2020	\$ 3,969	\$ 114,674	\$ 14,944	\$ 133,587
Depreciation expenses	-	13,621	14,598	28,219
Transfer to property, plant and equipment	-	( 717 )	-	( 717 )
Transfer to right of use assets	-	-	( 347 )	( 347 )
Effect of foreign currency exchange differences	-	( 1,791 )	-	( 1,791 )
Balance at December 31, 2020	<u>\$ 3,969</u>	<u>\$ 125,787</u>	<u>\$ 29,195</u>	<u>\$ 158,951</u>
Carrying amounts at December 31, 2020	<u>\$ 200,726</u>	<u>\$ 296,378</u>	<u>\$ 78,482</u>	<u>\$ 575,586</u>
<u>Cost</u>				
Balance at January 1, 2019	\$ 94,940	\$ 173,492	\$ -	\$ 268,432
Adjustments on initial application of IFRS 16	-	-	110,452	110,452
Balance at January 1, 2019 (restated)	94,940	173,492	110,452	378,884
Transfer from property, plant and equipment	24,082	257,285	-	281,367
Effect of foreign currency exchange differences	-	( 2,256 )	-	( 2,256 )
Balance at December 31, 2019	<u>\$ 119,022</u>	<u>\$ 428,521</u>	<u>\$ 110,452</u>	<u>\$ 657,995</u>
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2019	\$ 3,969	\$ 82,039	\$ -	\$ 86,008
Depreciation expenses	-	11,635	14,944	26,579
Transfer from property, plant and equipment	-	28,729	-	28,729
Effect of foreign currency exchange differences	-	( 7,729 )	-	( 7,729 )
Balance at December 31, 2019	<u>\$ 3,969</u>	<u>\$ 114,674</u>	<u>\$ 14,944</u>	<u>\$ 133,587</u>
Carrying amounts at December 31, 2019	<u>\$ 115,053</u>	<u>\$ 313,847</u>	<u>\$ 95,508</u>	<u>\$ 524,408</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.

Except for the recognition of depreciation expense, there were no significant increases, disposals and impairment of the Group's investment properties for the years ended December 31, 2020 and 2019.

Total rent receivable of investment properties under operating lease as of December 31, 2020 and 2019 are:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Year 1	\$ 46,510	\$ 36,102
Year 2	43,513	16,858
Year 3	38,626	15,532
Year 4	29,222	15,532
Year 5	17,494	8,332
More than 5 years	<u>37,716</u>	<u>29,804</u>
	<u>\$ 213,081</u>	<u>\$ 122,160</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

Part of the Group's investment properties is located in the Toufen and Linyuan Industrial District. As these districts are designated for industrial use, information on comparable market transactions are uncommon and alternative reliable measurements of the fair value estimates are not available. Hence, the Group determined that the fair value of these investment properties cannot be reliably determined. 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 December 31, 2019 were as follows:

	December 31, 2020	December 31, 2019
Fair value	<u>\$ 1,363,122</u>	<u>\$ 1,180,999</u>

The investment properties pledged as collateral for bank borrowings are set out in Note 36.

#### 18. GOODWILL AND OTHER INTANGIBLE ASSETS

	December 31, 2020	December 31, 2019
Goodwill a.	<u>\$ 269,026</u>	<u>\$ 269,026</u>
Other intangible assets b.		
Technology royalties and patent right	\$ 1,863	\$ 7,109
Computer software	<u>8,944</u>	<u>9,895</u>
	<u>\$ 10,807</u>	<u>\$ 17,004</u>

##### a. Goodwill

	2020	2019
Balance as of December 31	<u>\$ 269,026</u>	<u>\$ 269,026</u>

##### b. Other intangible assets

	<u>Technology royalties and patent right</u>	<u>Computer software</u>	<u>Others</u>	<u>Total</u>
<u>Cost</u>				
Balance on January 1, 2020	<u>\$ 227,484</u>	<u>\$ 100,298</u>	<u>\$ 29,000</u>	<u>\$ 356,782</u>
Sole acquirement	-	113	-	113
Net conversion difference	-	9	-	9
Balance on December 31, 2020	<u>\$ 227,484</u>	<u>\$ 100,420</u>	<u>\$ 29,000</u>	<u>\$ 356,904</u>
<u>Accumulated amortization and impairment</u>				
Balance on January 1, 2020	<u>\$ 220,375</u>	<u>\$ 90,403</u>	<u>\$ 29,000</u>	<u>\$ 339,778</u>
Amortization expenses	5,246	3,620	-	8,866
Net conversion difference	-	( 2,547)	-	( 2,547)
Balance on December 31, 2020	<u>\$ 225,621</u>	<u>\$ 91,476</u>	<u>\$ 29,000</u>	<u>\$ 346,097</u>
Net balance on December 31, 2020	<u>\$ 1,863</u>	<u>\$ 8,944</u>	<u>\$ -</u>	<u>\$ 10,807</u>
<u>Cost</u>				
Balance on January 1, 2019	<u>\$ 263,028</u>	<u>\$ 118,270</u>	<u>\$ 29,000</u>	<u>\$ 410,298</u>
Sole acquirement	-	6,503	-	6,503
Disposal	( 35,544)	( 24,195)	-	( 59,739)
Net conversion difference	-	( 280)	-	( 280)
Balance on December 31, 2019	<u>\$ 227,484</u>	<u>\$ 100,298</u>	<u>\$ 29,000</u>	<u>\$ 356,782</u>
<u>Accumulated amortization and impairment</u>				
Balance on January 1, 2019	<u>\$ 248,511</u>	<u>\$ 108,271</u>	<u>\$ 20,139</u>	<u>\$ 376,921</u>
Amortization expenses	7,408	6,234	8,861	22,503
Disposal	( 35,544)	( 24,195)	-	( 59,739)
Net conversion difference	-	93	-	93
Balance on December 31, 2019	<u>\$ 220,375</u>	<u>\$ 90,403</u>	<u>\$ 29,000</u>	<u>\$ 339,778</u>
Net balance on December 31, 2019	<u>\$ 7,109</u>	<u>\$ 9,895</u>	<u>\$ -</u>	<u>\$ 17,004</u>

Except for the recognition of amortization expense, there were no significant addition, disposal and impairment on other intangible assets of the Group for the years ended December 31, 2020 and 2019.

The intangible assets 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
Others	5 to 7 years

## 19. BORROWINGS

### a. Short-term borrowings

	December 31, 2020	December 31, 2019
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>\$ 2,726,270</u>	<u>\$ 4,258,980</u>
Range of interest rates	0.52% ~ 2.89%	0.81% ~ 4.58%

### b. Short-term bills payable

	December 31, 2020	December 31, 2019
Bills payable	\$ 657,000	\$ 1,353,000
Less: Unamortized discount on bills payable	( <u>296</u> )	( <u>190</u> )
	<u>\$ 656,704</u>	<u>\$ 1,352,810</u>
Range of interest rates	0.53% ~ 1.098%	0.50% ~ 1.188%

### c. Long-term borrowings

	December 31, 2020	December 31, 2019
Secured borrowings	\$ 640,000	\$ 1,743,200
Line of credit borrowings	<u>6,950,000</u>	<u>7,650,000</u>
	<u>7,590,000</u>	<u>9,393,200</u>
Bill payable	-	100,000
Unamortized discount on bills payable	-	( <u>230</u> )
	<u>-</u>	<u>99,770</u>
Subtotal	7,590,000	9,492,970

(Continued)

	December 31, 2020	December 31, 2019
Less: Maturity within one year	<u>-</u> <u>\$ 7,590,000</u>	<u>( 443,200)</u> <u>\$ 9,049,770</u>
Range of interest rates		
Secured borrowings	1.00%~1.11%	1.05%~1.33%
Line of credit borrowings	0.74%~1.04%	0.98%~1.18%
Bill payable	-	1.528%

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.

UPIIC entered into medium- and long-term financing contracts with banks to increase working capital. The contracts will be effective up to November 2023 with a total credit limit of \$2,300,000 thousand, which is used cyclically during the validity period. As of December 31, 2020, UPIIC had borrowed \$800,000 thousand.

CGPC entered into medium- and long-term financing contracts with banks to increase working capital. The contracts will be effective up to August 2023 with a total credit limit of \$1,000,000 thousand, which is used cyclically during the validity period. As of December 31, 2020, CGPC had not borrowed.

CGPCPOL entered into medium- and long-term financing contracts with banks to increase working capital. The contracts will be effective up to May 2023 with a total credit limit of \$1,100,000 thousand, which is used cyclically during the validity period. As of December 31, 2020, CGPCPOL had borrowed \$50,000 thousand.

TTC entered into medium- and long-term financing contracts with banks to increase working capital. The contracts will be effective up to July 2023 with a total credit limit of \$1,900,000 thousand, which is used cyclically during the validity period. As of December 31, 2020, TTC had borrowed \$300,000 thousand.

APC entered into medium- and long-term financing contracts with banks to increase working capital. The contracts will be effective up to November 2023 with a total credit limit of \$5,950,000 thousand, which is used cyclically during the validity period. As of December 31, 2020, APC had borrowed \$3,050,000 thousand.

ACME entered into medium- and long-term financing contracts with banks to increase working capital. The contract will be effective up to September 2022 with a total credit limit of \$540,000 thousand, which is used cyclically during the validity period. As of December 31, 2020, ACME had borrowed \$340,000 thousand.

SPC entered into medium- and long-term financing contracts with banks to increase working capital. The contracts will be effective up to June 2025 with a total credit limit of \$750,000 thousand, which is used cyclically during the validity period. As of December 31, 2020, SPC had borrowed all.

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

20. BONDS PAYABLE

	December 31, 2020	December 31, 2019
	<u>                    </u>	<u>                    </u>
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.

21. NOTES AND ACCOUNTS PAYABLE

	December 31, 2020	December 31, 2019
	<u>                    </u>	<u>                    </u>
<u>Operating</u>		
Accounts payable	\$ <u>3,406,837</u>	<u>2,757,368</u>

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

22. OTHER PAYABLES

	December 31, 2020	December 31, 2019
<u>Current</u>		
Other payables		
Payables for salaries and bonuses	\$ 1,112,278	\$ 790,918
Payables for water and electricity	246,183	209,320
Payables for fares	234,530	174,702
Payables for purchases of equipment	104,811	191,407
Payables for dividends	71,694	17,771
Payable for VAT	68,251	19,236
Payables for interests	41,056	55,434
Payables for professional service expenses	27,655	21,814
Payables for insurance	27,262	26,576
Others	<u>282,813</u>	<u>430,848</u>
	2,216,533	1,938,026
Other liabilities		
Refund liabilities	<u>16,390</u>	<u>28,221</u>
	<u>\$ 2,232,923</u>	<u>\$ 1,966,247</u>

The provision for customer returns and rebates is based on historical experience, management's judgments and other known reasons for which estimated product returns and rebates may occur in the reporting period. The provision is recognized as a reduction of operating income in the periods in which the related goods are sold.

23. PROVISIONS

	December 31, 2020	December 31, 2019
<u>Non-current</u>		
Litigation provision	<u>\$ 136,375</u>	<u>\$ 136,375</u>

Litigation provision is a result of the first-instance judgment and reconciliation of the Kaohsiung gas explosion case on July 31, 2014 for which cash outflows may be recognized in the near future. Please refer to Note 37 for the explanation related to the provision.

24. RETIREMENT BENEFIT PLANS

a. Defined appropriation plan



The pension system in the "Labor Pension Act" that the Company and domestic subsidiary apply to is a defined appropriation plan managed by government, where 6% of monthly salary is appropriated to personal account in the Labor Insurance Bureau. Besides, foreign subsidiary's formulated employee pension method pursuant to local competent authority is also the same one.

b. Defined benefits plan

The pension system in the "Labor Pension Act" that the Company and domestic subsidiary apply to is a defined appropriation plan managed by government, where it is paid based on average salary of 6 months prior to the approved retirement day and seniority. The Company appropriates pension to employee based on 9% of monthly salary (the appropriation rate raised to 12% since November 10, 2016), and subsidiaries appropriate pension based on specified percentage of total monthly employee salary (TAIDA and WAH YUNG 12%; APC, CGPC and VCM 10%, SPC 3.5%; ACME, USIFE Investment Co., Ltd., USI MANAGEMENT CONSULTING CORPORATION and TUVVM all 2%) for Labor Pension Reserve Supervision Committee's deposit to specific account in Bank of Taiwan on its name. This specific account is consigned for management under Bureau of Labor Funds (MOL) and the Group has no right of affecting its investment and management strategy.

The expenses of defined benefit plans listed into the consolidated financial statements as follows:

	December 31, 2020	December 31, 2019
Defined benefits and obligations - current	(\$3,415,069)	(\$3,674,355)
Fair value of planned assets	<u>2,123,016</u>	<u>2,200,488</u>
Net defined benefits liability - non-current	<u>(\$ 1,292,053)</u>	<u>(\$ 1,473,867)</u>

Change in net defined benefits liabilities - non-current:

	Latest value of defined benefits obligation	Fair value of planned assets	Net defined benefits liabilities
January 1, 2019	( <u>\$ 3,845,821</u> )	<u>\$ 2,187,593</u>	( <u>\$ 1,658,228</u> )
Service cost - current period	( 34,362)	-	( 34,362)
Interest gains (expense)	( <u>33,565</u> )	<u>19,776</u>	( <u>13,789</u> )
Remeasurements recognized as profit/loss	( <u>67,927</u> )	<u>19,776</u>	( <u>48,151</u> )
Remuneration of planned assets (except for the amount included in net interests)	-	75,954	75,954
Actuarial loss - demographic change	( 244)	-	( 244)
Actuarial loss - change in financial assumption	( 70,526)	-	( 70,526)
Actuarial gains - experience adjustments	<u>3,107</u>	<u>-</u>	<u>3,107</u>
Recognized under other comprehensive profit/loss	( <u>67,663</u> )	<u>75,954</u>	<u>8,291</u>
Employer appropriation	-	213,445	213,445
Benefits payment	<u>307,056</u>	( <u>296,280</u> )	<u>10,776</u>
December 31, 2019	( <u>\$ 3,674,355</u> )	<u>\$ 2,200,448</u>	( <u>\$ 1,473,867</u> )
January 1, 2020	( <u>\$ 3,674,355</u> )	<u>\$ 2,200,488</u>	( <u>\$ 1,473,867</u> )
Service cost - current period	( 30,744)	-	( 30,744)
Service cost - previous period	( 1,672)	-	( 1,672)
Interest gains (expense)	( <u>22,754</u> )	<u>14,035</u>	( <u>8,719</u> )
Remeasurements recognized as profit/loss	( <u>55,170</u> )	<u>14,035</u>	( <u>41,135</u> )
Remuneration of planned assets (except for the amount included in net interests)	-	76,957	76,957
Actuarial loss - demographic change	( 21)	-	( 21)
Actuarial loss - change in financial assumption	63,814)	-	( 63,814)
Actuarial gains - experience adjustments	<u>6,128</u>	<u>-</u>	<u>6,128</u>
Recognized under other comprehensive profit/loss	( <u>57,707</u> )	<u>76,957</u>	<u>19,250</u>
Employer appropriation	-	185,024	185,024
Benefits payment	<u>372,163</u>	( <u>353,488</u> )	<u>18,675</u>
December 31, 2019	( <u>\$ 3,415,069</u> )	<u>\$ 2,123,016</u>	( <u>\$ 1,292,053</u> )

The Company's pension system from the "Labor Standards Act" is exposed in the following risks:

- 1) Investment risk: MOL utilizes or consigns operation to invest the labor pension fund in targets including but not limited to domestic (overseas) equity security, debt security and bank deposits, only that such allocable assets shall be no less than those calculated with 2-year time deposit interest amid local banks to gain.
- 2) Interest risk: Decline of government bond interest increases latest benefit obligation value, and same does planned assets' return of debt investment; both can write off the effect by its debt partially.
- 3) Salary risk: Current value of defined benefit obligations is calculated from future salary of member participants; therefore, it will increase with their salary.

The Group's current value of defined benefits obligations is actuarial one by Certificate Actuary and material assumption on the measuring day is:

	December 31, 2020	December 31, 2019
Discount rate	0.375% ~ 0.50%	0.625% ~ 0.75%
Expected salary increment rate	2.00% ~ 2.75%	2.00% ~ 2.75%

The amount of defined benefit current obligation value which will increase with potential and reasonable change in material actuarial assumptions where all other assumptions remained the same are:

	December 31, 2020	December 31, 2019
Discount rate		
Increase by 0.25%	(\$ <u>63,814</u> )	(\$ <u>69,540</u> )
Decrease by 0.25%	<u>\$ 65,798</u>	<u>\$ 71,747</u>
Expected salary increment rate		
Increase by 0.25%	\$ <u>63,387</u>	\$ <u>69,285</u>
Decrease by 0.25%	(\$ <u>61,813</u> )	(\$ <u>67,517</u> )

In view of potential interconnection amid actuarial assumptions, single change might not happen; hence, the sensitivity analysis as above may not reflect the actual change.

	December 31, 2020	December 31, 2019
Expected appropriated amount within one year	<u>\$ 190,626</u>	<u>\$ 189,605</u>
Average duration of defined benefits obligations	7 ~ 13 years	7 ~ 13 years

## 25. GOVERNMENT GRANTS

- a. Acme Electronics Corporation (Kunshan) reached an agreement with Kunshan Zhoushizhen People's Government in 2006 in which Acme Electronics Corporation (Kunshan) promised to relocate its new plant and raise its investment amount. Furthermore, Kunshan Zhoushizhen People's Government subsidized Acme Electronics Corporation (Kunshan)'s acquisition of the land for its new plant and the external line project for high voltage power during the relocation process. Acme Electronics Corporation (Kunshan) recognized the subsidy as long-term deferred revenue, which will be amortized along with the use of assets.

As of December 31, 2020, December 31, 2019, and December 31, 2018, the amounts of deferred income (booked under other current liabilities) that had not been amortized were RMB8,363 thousand (NTD\$36,502 thousand), RMB8,893 thousand (NTD\$38,216 thousand) respectively.

- b. Affected by the global pandemic of COVID-19, the Group has applied to the government for subsidies for items such as salary and operating capital. As of December 31, 2020, \$8,367 thousand has been obtained. In addition, in accordance with the policy of the local government in China, ACME (KS) and ACME(GZ) have

gained exemption from the pension, unemployment and work-related injury insurances borne by the company from February to December 2020, as well as preferential electricity fee reduction, exemption, and subsidies due to good pandemic containment.

The Group has incorporated the economic impact caused by the pandemic into its major accounting estimates based on the information available on the balance sheet date.

26. 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	( 475,606)	( 475,606)
Non-controlling interests	<u>27,732,865</u>	<u>20,517,444</u>
	<u>\$ 48,723,643</u>	<u>\$ 39,176,947</u>

a. Share capital

	December 31, 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 28 (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 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>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Legal reserve	\$ 129,872	\$ 53,994		
Special reserve	350,533	55,399		
Cash dividends	<u>594,382</u>	<u>356,629</u>	\$ 0.5	\$ 0.3
	<u>\$1,074,787</u>	<u>\$ 466,022</u>		

The appropriations of earnings for 2020 as proposed to discuss in the Company's shareholders' Meeting on March 8, 2021 is as follows:

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

The appropriation of earnings for 2020 is to be resolved in the General Shareholders' Meeting on June 11, 2021.

d. Other equity items

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

	2020	2019
Balance at January 1	(\$ 602,871)	(\$ 208,307)
Recognized during the period		
Exchange differences on translating foreign operations	24,165	( 493,822)
Related income tax	( 4,929)	99,875
Disposition of subsidiaries' equity	( 230)	( 617)
Balance at December 31	<u>(\$ 583,855)</u>	<u>(\$ 602,871)</u>

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

	2020	2019
Balance at January 1	(\$ 178,187)	(\$ 85,136)
Recognized during the period		
Unrealized gain		
Equity instruments	444,886	( 61,991)
Related income tax	( 1,117)	290
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposals	<u>78,078</u>	<u>( 31,350)</u>
Balance at December 31	<u>\$ 343,660</u>	(\$ 178,187)

e. Non-controlling interests

	2020	2019
Balance at January 1	\$ 20,517,444	\$ 18,267,556
Adjustment on initial application of IFRS 16	<u>-</u>	<u>( 4,490)</u>
Balance at January 1	20,517,444	18,263,066
Cash dividends of subsidiaries' shareholders	( 519,048)	( 705,440)
Share in profit for the period	3,272,859	1,264,037
Other comprehensive income (loss) in the period		
Exchange difference on translating foreign operations	142,313	480,649
Income tax relating to exchange difference on translating foreign operations	( 8,019)	52,790
Unrealized gain (loss) on financial assets at FVTOCI	( 94,467)	( 117,760)

(Continued)



	<u>2020</u>	<u>2019</u>
Income tax relating to unrealized gain (loss) on financial assets at FVTOCI	( 2,337)	627
Remeasurements in defined benefits plan	15,846	12,315
Income tax relating to remeasurements in defined benefits plan	( 2,238)	( 1,597)
Adjustments relating to changes accounted for using the equity method	( 28,871)	632
Disposition of subsidiaries' equity	( 85)	( 1,932)
Changes in non-controlling interests	<u>4,439,468</u>	<u>2,233,115</u>
Balance at December 31	<u>\$ 27,732,865</u>	<u>\$ 20,517,444</u>

f. Treasury shares

<u>Purpose of Buy-Back</u>	<u>Number of Shares at January 1 (In Thousands of Shares)</u>	<u>Increase During the Period</u>	<u>Decrease During the Period</u>	<u>Number of Shares at December 31 (In Thousands of Shares)</u>
<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 at the end of the reporting period were as follows:

<u>Name of Subsidiary</u>	<u>Number of Shares Held (In Thousands of Shares)</u>	<u>Carrying Amount (In Thousands of Shares)</u>	<u>Market Price (In Thousands of Shares)</u>
<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>

(Continued)

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount (In Thousands of Shares)	Market Price (In Thousands of Shares)
		<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 December 31, 2019. The carrying amounts of investments accounted for using the equity method and the unrealized gain on financial assets at FVTOCI were \$390,637 thousand, \$55,255 thousand respectively.

## 27. REVENUE

	2020	2019
Product sales revenue		
Plastic materials	\$47,540,059	\$52,990,243
Electronic materials	2,141,880	2,114,637
Others	<u>519,334</u>	<u>551,861</u>
Total	<u>\$50,201,273</u>	<u>\$55,656,741</u>

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

### a. Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Notes and accounts receivables (Note 10)	<u>\$ 7,481,916</u>	<u>\$ 7,045,512</u>	<u>\$ 8,548,733</u>
Contracted liabilities (recognizing other current liabilities)			
Product sales	<u>\$ 212,751</u>	<u>\$ 151,664</u>	<u>\$ 118,400</u>

### b. Refer to Note 41 for revenue breakdown list.

28. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations was attributable to:

	<u>2020</u>	<u>2019</u>
Owners of the Company	\$ 2,408,256	\$ 1,279,873
Non-controlling interests	<u>3,270,108</u>	<u>1,261,353</u>
	<u>\$ 5,678,364</u>	<u>\$ 2,541,226</u>

Net profit from continuing operations includes the following:

a. Interest income

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 95,574	\$ 123,110
Beneficial securities	5,042	27,697
Financial assets at FVTPL	1,739	850
Others	<u>193</u>	<u>2,049</u>
	<u>\$ 102,548</u>	<u>\$ 153,706</u>

b. Other income

	<u>2020</u>	<u>2019</u>
Dividend income	\$ 186,949	\$ 162,687
Rental income	57,416	55,591
Government grants income (Note 15)	-	155,710
Allowance income	6,021	46,672
Claims income	32,729	34,189
Management service income (Note 35)	36,647	22,606
Commission income	135	2,764
Others	<u>54,770</u>	<u>95,266</u>
	<u>\$ 374,667</u>	<u>\$ 575,485</u>

c. Other gains and losses

	<u>2020</u>	<u>2019</u>
Gain on disposal of property, plant and equipment	\$ 13,217	\$ 46,186
Loss on disposal of property, plant and equipment	( 50,466 )	( 4,805 )
Gain on disposal of investments - Net	349,540	13,456
Net foreign exchange (loss) gain	( 141,222 )	( 159,831 )
Net gain (loss) on financial assets at FVTPL	46,904	236,224
Net (loss) gain on financial liabilities at FVTPL	( 21,247 )	19,397
Claims loss	( 96 )	( 919 )
Impairment losses recognized on non-financial assets	( 3,955 )	( 1,252 )
Depreciation expenses	( 56,101 )	( 56,202 )
Other gains and losses	<u>( 4,232 )</u>	<u>( 55,389 )</u>
	<u>\$ 132,342</u>	<u>( \$ 1,929 )</u>

d. Finance costs

	2020	2019
Interest on bank loans	\$ 136,072	\$ 203,488
Interest on bonds payable	80,898	88,887
Other interest expense	65	1,054
Interest on lease liabilities	7,303	9,140
Less: Capitalized interest (included in construction in progress)	( <u>2,648</u> )	( <u>17,347</u> )
	<u>\$ 221,690</u>	<u>\$ 285,222</u>

Information about capitalized interest is as follows:

	2020	2019
Capitalized interest	\$ 2,648	\$ 17,347
Capitalization rate	0.66%~1.25%	0.66%~1.25%

e. Depreciation and amortization

	2020	2019
Property, plant and equipment	\$ 2,170,135	\$ 2,050,117
Right-of-use assets	66,458	64,549
Investment properties	28,219	26,579
Intangible assets	8,866	22,503
Others	<u>64,938</u>	<u>57,502</u>
	<u>\$ 2,338,616</u>	<u>\$ 2,221,250</u>

Analysis of depreciation by function		
Operating costs	\$ 2,087,923	\$ 1,971,873
Operating expenses	120,788	113,170
Other gains and losses	<u>56,101</u>	<u>56,202</u>
	<u>\$ 2,264,812</u>	<u>\$ 2,141,245</u>

Analysis of amortization by function		
Operating costs	\$ 62,660	\$ 55,682
Selling and marketing expenses	457	9,204
General and administrative expenses	5,074	8,103
Research and development expenses	<u>5,613</u>	<u>7,016</u>
	<u>\$ 73,804</u>	<u>\$ 80,005</u>

f. Employee benefits expense

	2020	2019
Post-employment benefits (Note 24)		
Defined contribution plans	\$ 108,274	\$ 145,458
Defined benefit plans	<u>41,135</u>	<u>48,151</u>
	149,409	193,609
Other employee benefits	<u>4,403,559</u>	<u>4,273,120</u>
Total employee benefits expense	<u>\$ 4,552,968</u>	<u>\$ 4,466,729</u>

Analysis of employee benefits expense by function		
Operating costs	\$ 3,177,791	\$ 3,078,053
Operating expenses	<u>1,375,177</u>	<u>1,388,676</u>
	<u>\$ 4,552,968</u>	<u>\$ 4,466,729</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, which were resolved by the Company's board of directors on March 8, 2021 and March 9, 2020 respectively as follows:

Accrual rates

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

Amount

	<u>2020</u>	<u>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 consolidated 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 paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2020 and 2019 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gain or loss on foreign currency exchange

	<u>2020</u>	<u>2019</u>
Foreign exchange gains	\$ 208,064	\$ 260,583
Foreign exchange losses	( 349,286 )	( 420,414 )
Net loss	( \$ 141,222 )	( \$ 159,831 )

## 29. INCOME TAX RELATING TO CONTINUING OPERATIONS

### a. Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	<u>2020</u>	<u>2019</u>
Current tax		
In respect of the current year	\$ 1,397,023	\$ 641,322
Surtax on undistributed earnings	24,895	33,804
Adjustments for prior years	( <u>48,698</u> )	( <u>298</u> )
Subsidiary earnings repatriation	10,685	-
Change in Tax	114	-
Foreign tax credit	( <u>17,736</u> )	( <u>95</u> )
	<u>1,366,283</u>	<u>675,329</u>
Deferred tax		
In respect of the current year	101,398	141,168
Effect on deferred tax from subsidiary's earning repatriation	( 24,688 )	-
Adjustments for prior years	( <u>139</u> )	<u>1,434</u>
Others	( <u>2,496</u> )	<u>2,213</u>
	<u>74,075</u>	<u>144,815</u>
Income tax expense recognized in profit or loss	<u>\$ 1,440,358</u>	<u>\$ 820,144</u>

Accounting income and income tax expenses are adjusted as follows:

	<u>2020</u>	<u>2019</u>
Net profit before tax of continued operations	\$ 7,118,722	\$ 3,361,370
Income tax expenses from net profit before tax calculated by legal tax rate	\$ 2,636,280	\$ 1,073,124
Gains non-deductible on tax	5,464	5,801
Income with tax exempted	( 1,025,343 )	( 410,853 )
Surtax on undistributed earnings	24,895	33,804
Unrecognized loss deduction and deductible temporary difference	( 104,437 )	92,192
Subsidiary earning repatriation	( 14,003 )	-
Invested company's liquidated loss of capital decrease	( 8,057 )	-
Unrecognized investment deduction	( 5,087 )	-
Change in tax rate	114	-
Adjustments for income tax expense for prior years	( 48,837 )	1,732
Others	( <u>20,631</u> )	<u>24,344</u>
Income tax expense recognized in profit or loss	<u>\$ 1,440,358</u>	<u>\$ 820,144</u>

The income tax rate of the Company and its domestic subsidiaries is 20%. The income tax rate of subsidiaries in China is 25%. The tax amount generated by other jurisdictions is calculated based on the applicable tax rate in each relevant jurisdiction.

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 Group has deducted the amount of capital expenditure from the unappropriated earnings that was reinvested.

b. Income tax recognized in other comprehensive income

	<u>2020</u>	<u>2019</u>
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	(\$ 12,938)	(\$ 152,665)
Fair value changes of financial assets at FVTOCI	( 3,454)	917
Remeasurements in Defined Benefits Plan	( 2,668)	( 1,136)
Total income tax recognized in other comprehensive income	<u>(\$ 19,060)</u>	<u>\$ 152,446</u>

c. Income tax assets and liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Income tax assets</u>		
In respect of the current year		
Tax refund receivable	<u>\$ 29,231</u>	<u>\$ 11,919</u>
 Income tax liabilities		
Income tax payable	<u>\$ 1,211,350</u>	<u>\$ 517,913</u>

d. Deferred income tax assets and liabilities

2020

	Balance beginning	Recognized in profit/loss	Recognized in comprehensive profit/loss	Translating difference	Balance ended
Deferred income tax assets					
Temporary difference					
Defined benefits pension plan	\$ 267,288	( \$ 30,132)	( \$ 2,668)	\$ -	\$ 234,488
Investment in equity method	73,424	( 3,486)	2,423	-	72,361
loss for market price decline and obsolete and slow- moving inventories	44,160	( 5,090)	-	3	39,073
Allowance for loss	12,714	( 270)	-	67	12,511
Unrealized gains	2,896	( 784)	-	-	2,112
Leave payable	25,327	249	-	( 1)	25,575
Others	<u>190,012</u>	<u>( 5,938)</u>	<u>( 22,203)</u>	<u>( 101)</u>	<u>161,770</u>
	615,821	( 45,451)	( 22,448)	( 32)	547,890
Loss deduction	<u>27,894</u>	<u>( 1,899)</u>	<u>-</u>	<u>( 35)</u>	<u>25,960</u>
	<u>\$ 643,715</u>	<u>( \$ 47,350)</u>	<u>( \$ 22,448)</u>	<u>( \$ 67)</u>	<u>\$ 573,850</u>
Deferred income tax liabilities					
Temporary difference					
Investment in equity method	\$ 556,381	32,891	( \$ 6,842)	\$ -	\$ 582,430
Book-tax differences between new/old recognized years	44,719	( 2,348)	-	( 432)	41,939
Land reevaluation	800,993	-	-	-	800,993
Others	<u>9,808</u>	<u>( 3,818)</u>	<u>3,454</u>	<u>-</u>	<u>9,444</u>
	<u>\$ 1,411,901</u>	<u>\$ 26,725</u>	<u>( \$ 3,388)</u>	<u>( \$ 432)</u>	<u>\$ 1,434,806</u>



2019

	Balance beginning	Recognized in profit/loss	Recognized in comprehensive profit/loss	Translating difference	Balance ended
Deferred income tax assets					
Temporary difference					
Defined benefits pension plan	\$ 296,538	( \$ 28,114 )	( \$ 1,136 )	\$ -	\$ 267,288
Investment in equity method	91,430	( 21,640 )	3,634	-	73,424
loss for market price decline and obsolete and slow-moving inventories	67,863	( 23,122 )	-	( 581 )	44,160
Allowance for loss	17,786	( 4,937 )	-	( 135 )	12,714
Unrealized gains	3,602	( 702 )	-	( 4 )	2,896
Leave payable	22,887	2,442	-	( 2 )	25,327
Others	<u>81,486</u>	<u>( 11,393 )</u>	<u>117,167</u>	<u>2,752</u>	<u>190,012</u>
	518,592	( 87,466 )	119,665	2,030	615,821
Loss deduction	<u>51,742</u>	<u>( 20,771 )</u>	<u>-</u>	<u>( 3,077 )</u>	<u>27,894</u>
	<u>\$ 633,334</u>	<u>( \$ 108,237 )</u>	<u>\$ 119,665</u>	<u>( \$ 1,047 )</u>	<u>\$ 643,715</u>
Deferred income tax liabilities					
Temporary difference					
Investment in equity method	\$ 544,373	39,007	( \$ 27,003 )	\$ 4	\$ 556,381
Foreign operation's translating difference	4,709	-	( 4,709 )	-	-
Book-tax differences between new/old recognized years	51,730	( 6,882 )	-	( 129 )	44,719
Land revaluation	800,993	-	-	-	800,993
Others	<u>6,427</u>	<u>4,453</u>	<u>( 1,069 )</u>	<u>( 3 )</u>	<u>9,808</u>
	<u>\$ 1,408,232</u>	<u>\$ 36,578</u>	<u>( \$ 32,781 )</u>	<u>( \$ 128 )</u>	<u>\$ 1,411,901</u>

e. Items not recognized as deferred income tax assets

	December 31, 2020	December 31, 2019
<u>Loss deduction</u>	<u>\$ 3,851,844</u>	<u>\$ 4,100,752</u>
Temporary differences deductible		
Foreign investment loss in equity method	\$ 194,414	\$ 733,628
Receivable impairment loss	68,236	-
Defined benefits pension plan	-	13,582
loss for market price decline and obsolete and slow-moving inventories	302,750	3,647
Book-tax differences between new/old recognized years	106,845	76,446
Others	<u>90,088</u>	<u>436,455</u>
	<u>\$ 762,333</u>	<u>\$ 1,263,758</u>

f. Unused loss deduction

As of December 31, 2020, the Group's unused loss deductions, NT\$3,981,691 thousand will due by 2130 one by one.

g. Accreditation of income tax

The income tax return of CHONG LOONG TRADING CO., LTD., INOIMA, Sinter Enterprise Co., LTD. and USI through 2019 has been assessed by the tax authorities. The income tax returns of the Company, UPIIC, TVCM, USIIC, APCI, TUVC, TUVM, INOMA, STC, SPC, CLT, CGTD, CGPC, CGPCPOL and USIO through 2018 have been assessed by the tax authorities. The income tax returns of ACME through 2017 have been assessed by the tax authorities.

30. EARNINGS PER SHARE

	Unit: NT\$ Per Share	
	<u>2020</u>	<u>2019</u>
Basic earnings per share		
From continuing operations and discontinued operations	\$ 2.25	\$ 1.19
From discontinued operations	<u>-</u>	<u>-</u>
From continuing operations	<u>\$ 2.25</u>	<u>\$ 1.19</u>
Diluted earnings per share		
From continuing operations and	\$ 2.24	\$ 1.19

discontinued operations		
From discontinued operations	<u>-</u>	<u>-</u>
From continuing operations	<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 period

	<u>2020</u>	<u>2019</u>
Profit for the period attributable to owners of the Company (earnings used in the computation of basic and diluted earnings per share)	\$ 2,409,778	\$ 1,281,364
Less: (Loss) Gain for the period from discounted operations used in computation of basic earnings per share from discounted operations	( <u>1,522</u> )	( <u>1,491</u> )
Earnings used in the computation of basic and diluted earnings per share from continuing operations	<u>\$ 2,408,256</u>	<u>\$ 1,279,873</u>

Weighted Average Number of Ordinary Shares Outstanding

Unit: In Thousands of Shares

	<u>2020</u>	<u>2019</u>
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><u>1,073,674</u></u>	<u><u>1,073,460</u></u>

If the Group offered to settle compensation paid to employees in cash or shares, the Group 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.

31. SHARE-BASED PAYMENT ARRANGEMENTS

- a. ACME did not issue employee share options Year 2020 and 2019. Information on employee share options which were issued was as follows:

<u>Employee share options</u>	<u>2019</u>	
	<u>Number of Options</u>	<u>Weighted average Exercise Price (NT\$)</u>
Balance at January 1	563	\$ 8.2
Options exercised	( <u>563</u> )	8.2
Balance at December 30	<u><u>-</u></u>	-

The above-mentioned employee shares options of ACME were fully exercised from January 1 to December 30, 2019. As of the year ended December 31, 2020, ACME did not have any outstanding employee share options.

The employee shares options of ACME were exercised Year 2019, the weighted average share price is NT\$ 14.1.

- b. USIO did not have new employee share option plan Year 2020 and 2019.

<u>Employee share options</u>	<u>2020</u>		<u>2019</u>	
	<u>Number of Options</u>	<u>Weighted average Exercise Price (NT\$)</u>	<u>Number of Options</u>	<u>Weighted average Exercise Price (NT\$)</u>
Balance at January 1	133	\$ 10.8	167	\$ 10.8
Options expired	<u>-</u>	-	( <u>34</u> )	10.8
Balance at December 30	<u><u>133</u></u>	10.8	<u><u>133</u></u>	10.8
Options exercisable, end of period	<u><u>133</u></u>	10.8	<u><u>133</u></u>	10.8

As of the year ended December 31, 2020 and 2019, information on exercisable employee share options which were issued was as follows:

December 31, 2020		December 31, 2019	
Scope of Exercise Price (NT\$)	Weighted average Time of Contract before Expired(Year)	Scope of Exercise Price (NT\$)	Weighted average Time of Contract before Expired(Year)
\$10.8	1.4	\$10.8	2.4

### 32. CASH FLOW INFORMATION

#### a. Non-cash transactions

Year 2020 and 2019, the Group entered into the following non-cash investing and financing activities which were not reflected in the consolidated statements of cash flows:

- 1) As of the year ended December 31, 2020 and 2019, the amounts of payables for purchases of equipment were \$104,811 thousand, \$191,407 thousand, respectively.
- 2) As of the year ended December 31, 2020 and 2019, the amounts of payables for dividends declared but not issued were \$71,694 thousand, \$17,771 thousand, respectively.

#### b. Changes in liabilities arising from financing activities

	N o n - c a s h C h a n g e s						December 31, 2020
	January 1, 2020	Cash Flows	New Leases	Allocated Finance Costs	Changes in Foreign Currency Exchange Rates	Others	
Short-term borrowings	\$ 4,258,980	(\$ 1,532,710)	\$ -	\$ -	\$ -	\$ -	\$ 2,726,270
Short-term bills payable	1,352,810	( 696,000)	-	-	-	( 106)	656,704
Bonds payable (including current portions)	7,991,283	( 1,000,000)	-	3,019	-	-	6,994,302
Long-term borrowings (including current portions)	9,492,970	( 1,903,200)	-	230	-	-	7,590,000
Guarantee deposits received	27,475	4,133	-	-	-	-	23,342
Lease liabilities (including current portions)	552,778	( 68,659)	3,265	7,303	( 27,480)	( 7,521)	459,686
Other non-current liabilities	41,778	( 778)	-	-	-	-	41,000
	<u>\$23,718,074</u>	<u>(\$ 5,205,480)</u>	<u>\$ 3,265</u>	<u>\$ 10,552</u>	<u>(\$ 27,480)</u>	<u>(\$ 7,627)</u>	<u>\$18,491,304</u>

(Continued)

	<u>N o n - c a s h   C h a n g e s</u>						December 31, 2019
	January 1, 2019	Cash Flows	New Leases	Allocated Finance Costs	Changes in Foreign Currency Exchange Rates	Others	
Short-term borrowings	\$ 6,726,854	(\$ 2,467,874)	\$ -	\$ -	\$ -	\$ -	\$ 4,258,980
Short-term bills payable	1,514,784	162,000	-	-	-	26	1,352,810
Bonds payable (including current portions)	5,992,604	1,995,630	-	3,049	-	-	7,991,283
Long-term borrowings (including current portions)	9,142,624	350,346	-	-	-	-	9,492,970
Guarantee deposits received	26,662	813	-	-	-	-	27,475
Lease liabilities (including current portions)	-	( 66,023)	73,631	9,140	946	( 9,140)	552,778
Other non-current liabilities	44,820	( 3,042)	-	-	-	-	41,778
	<u>\$ 23,994,464</u>	<u>\$ 352,150</u>	<u>\$ 73,631</u>	<u>\$ 12,189</u>	<u>\$ 946</u>	<u>(\$ 9,114)</u>	<u>\$ 23,718,074</u>

### 33. CAPITAL MANAGEMENT

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

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

Key management personnel of the Group 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 Group may adjust the amount of dividends paid to shareholders, and the amount of new debt issued or existing debt redeemed.

### 34. FINANCIAL INSTRUMENTS

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

December 31, 2020

	Carrying Amount	F a i r V a l u e			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Domestic corporate bonds	<u>\$ 6,994,302</u>	<u>\$ -</u>	<u>\$ 7,029,198</u>	<u>\$ -</u>	<u>\$ 7,029,198</u>

December 31, 2019

	Carrying Amount	F a i r V a l u e			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Domestic corporate bonds	<u>\$ 7,991,283</u>	<u>\$ -</u>	<u>\$ 8,027,387</u>	<u>\$ -</u>	<u>\$ 8,027,387</u>

Expect for the above, the management of the Group considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements 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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 5,328	\$ -	\$ 5,328
Domestic listed shares and over-the-counter shares	506,763	-	-	506,763
Mutual funds	4,765,536	-	-	4,765,536
Beneficiary certificates	233,670	-	-	233,670
Foreign listed shares	386	-	-	386
	<u>\$ 5,506,355</u>	<u>\$ 5,328</u>	<u>\$ -</u>	<u>\$ 5,511,683</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVIOCI</u>				
Equity instrument investments				
Domestic listed shares and over-the-counter shares	\$ 1,694,805	\$ -	\$ -	\$ 1,694,805

(Continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Domestic emerging market shares	-	-	9,626	9,626
Domestic unlisted shares	-	-	720,833	720,833
Foreign listed shares and over-the-counter shares	30,566	-	-	30,566
Foreign unlisted shares	-	-	102,826	102,826
	<u>\$ 1,725,371</u>	<u>\$ -</u>	<u>\$ 833,285</u>	<u>\$ 2,558,656</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 20,724</u>	<u>\$ -</u>	<u>\$ 20,724</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>				
Derivative financial assets	\$ -	\$ 14,066	\$ -	\$ 14,066
Domestic listed shares and over-the-counter shares	364,057	-	-	364,057
Mutual funds	4,907,560	-	-	4,907,560
Beneficiary certificates	1,071,797	-	-	1,071,797
Foreign listed shares	545	-	-	545
	<u>\$ 6,343,959</u>	<u>\$ 14,066</u>	<u>\$ -</u>	<u>\$ 6,358,025</u>
<u>Financial assets at FVTOCI</u>				
Equity instrument investments				
Domestic listed shares and over-the-counter shares	\$ 1,614,413	\$ -	\$ -	\$ 1,614,413
Domestic emerging market shares	-	-	16,178	16,178
Domestic unlisted shares	-	-	632,134	632,134
Foreign listed shares and over-the-counter shares	\$ 8,649	\$ -	\$ -	\$ 8,649
Foreign unlisted shares	-	-	100,139	100,139
	<u>\$ 1,623,062</u>	<u>\$ -</u>	<u>\$ 748,451</u>	<u>\$ 2,371,513</u>
<u>Financial liabilities at FVIPL</u>				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 4,136</u>	<u>\$ -</u>	<u>\$ 4,136</u>

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



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

	<u>2020</u>	<u>2019</u>
<u>Financial assets at FVTOCI</u>		
Balance at January 1	\$ 748,451	\$ 845,179
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	183,812	( 44,305)
Disposition	( 15,576)	-
Return of capital	( 83,402)	( 52,423)
Balance at December 31	<u>\$ 833,285</u>	<u>\$ 748,451</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 Group 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 Group 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 \$83,329 thousand and \$74,845 thousand, respectively, Year 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	\$ 5,511,683	\$ 6,358,025
Financial assets measured at amortized cost		
Cash and cash equivalents	9,637,007	7,927,403
Pledged time and demand deposits	739,278	659,923
Investment products	-	158,148
Notes receivable	671,576	634,435
Accounts receivable	6,810,340	6,411,077
Other receivables (including related parties)	293,459	277,131
Refundable deposits	166,993	181,829
Financial assets at FVTOCI – equity instrument investments	2,558,656	2,371,513
<u>Financial liabilities</u>		
Financial liabilities at FVTPL – Held for trading		
	20,724	4,136
Financial liabilities measured at amortized cost		
Short-term borrowings	2,726,270	4,258,980
Short-term bills payable	656,704	1,352,810

(Continued)

	December 31, 2020	December 31, 2019
Notes payable and accounts payable	3,406,837	2,757,368
Other payables (not including salaries payable or taxes payable)	1,036,004	1,127,872
Current portion of long-term borrowings	1,999,233	1,443,156
Bonds payable	4,995,069	6,991,327
Long-term borrowings	7,590,000	9,049,770
Guarantee deposits received	23,342	27,475

d. Financial Risk Management Objectives and Policies

The Group's risk control and hedging strategy are influenced by the operational environment. The Group 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 Group'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 Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities are set out in Note 39 and the derivatives exposing the Group to foreign currency risk at the end of the reporting period are set out in Note 7.

#### Sensitivity analysis

The 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 denominated items). When the Group's functional currency relative to the USD appreciates/depreciates by 3%, the Group's profit before tax Year 2020 will decrease/increase by \$141,054 thousand; the profit before tax Year 2019 will decrease/increase by \$133,615 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 Group was exposed to fair value interest rate risk because the Group held financial assets and financial liabilities at fixed rates; the Group was exposed to cash flow interest rate risk because the Group held financial assets and financial liabilities at floating rates. The Group's management monitors the

changes in the market rates on a regular basis and adjusts the floating rate financial liabilities to make the Group's rates approach market rates in response to the risk caused by changing market rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31, 2020	December 31, 2019
Fair value interest rate risk		
Financial assets	\$ 6,090,090	\$ 5,253,127
Financial liabilities	12,084,042	15,821,920
Cash flow interest rate risk		
Financial assets	4,057,411	3,441,301
Financial liabilities	6,342,920	7,826,901

#### Sensitivity analysis

Regarding the sensitivity analysis of interest risk, the Group'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 Group's profit before tax Year 2020 and 2019 would have decreased/increased by \$11,428 thousand and \$21,928 thousand, respectively.

#### c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities listed domestically and overseas and beneficiary certificates. The Group manages this exposure by maintaining a

portfolio of investments with different risks. In addition, the Group has appointed a special team to monitor the price risk.

#### Sensitivity analysis

The following analysis was determined based on the price of equity securities at the balance sheet date.

If equity prices fluctuates by 5%, the pre-tax profit Year 2020 and 2019 would have increased/decreased by \$37,041 thousand and \$71,820 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income Year 2020 and 2019 would have increased/decreased by \$127,933 thousand and \$118,576 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 Group. As of the balance sheet date, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation, could be equal to the total of the following:

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

The Group adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Group's exposure

and the credit ratings of its counterparties are continuously monitored.

The counterparties of the Group's trade receivables cover a wide range of customers distributed in different districts include numerous clients distributed over a variety of areas, 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 Group's credit risk is limited. On the balance sheet date, the Group's maximum exposure to credit risk approximates the carrying amounts of the respective recognized financial assets as stated in the balance sheet.

### 3) Liquidity risk

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

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

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods based on the probable earliest dates on which the Group 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</u>				
<u>financial</u>				
<u>liabilities</u>				
Non-interest				
bearing				
liabilities				
		\$ 5,623,370	\$ -	\$ -
Lease liabilities	0.83-9.25	978,464	248,922	316,663
Floating interest				
rate liabilities	0.52-2.89	1,352,920	4,990,000	-
Fixed interest				
rate liabilities	0.35-1.90	<u>4,030,350</u>	<u>7,600,000</u>	<u>-</u>
		<u>\$11,085,104</u>	<u>\$12,838,922</u>	<u>\$ 316,663</u>

Additional information about the maturity analysis  
for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	More than 20 Years
Lease						
liabilities	<u>\$ 78,464</u>	<u>\$ 248,922</u>	<u>\$ 92,146</u>	<u>\$ 51,759</u>	<u>\$ 52,399</u>	<u>\$ 120,359</u>

December 31, 2019

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative</u>				
<u>financial</u>				
<u>liabilities</u>				
Non-interest				
bearing				
liabilities				
		\$ 4,695,394	\$ -	\$ -
Lease liabilities	0.83-9.25	76,667	279,108	357,828
Floating interest				
rate liabilities	0.83-4.58	1,427,131	6,400,000	-
Fixed interest				
rate liabilities	0.50-2.60	<u>5,628,050</u>	<u>9,649,999</u>	<u>-</u>
		<u>\$11,827,242</u>	<u>\$16,329,107</u>	<u>\$ 357,828</u>

Additional information about the maturity analysis  
for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	More than 20 Years
Lease						
liabilities	<u>\$ 76,667</u>	<u>\$ 279,108</u>	<u>\$ 121,078</u>	<u>\$ 54,321</u>	<u>\$ 52,399</u>	<u>\$ 130,027</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 at the end of the reporting period.

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	\$ 914,593	\$ 1,328,558	\$ 109,690
Outflows	( 920,172)	( 1,345,476)	( 111,875)
	<u>\$ 5,579</u>	<u>(\$ 16,918)</u>	<u>(\$ 2,185)</u>

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	\$ 976,924	\$ 1,557,083	\$ 28,793
Outflows	( 972,818)	( 1,552,082)	( 29,358)
	<u>\$ 4,106</u>	<u>\$ 5,001</u>	<u>(\$ 565)</u>

c) Financing facilities

The Group relies on bank loans as a significant source of liquidity. As of December 31, 2020, December

31, 2019 and December 31, 2019, the unused amounts of bank loan facilities were as follows:

	December 31, 2020	December 31, 2019
Bank loan facilities		
Amount unused	<u>\$ 34,248,864</u>	<u>\$ 23,210,225</u>

35. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries (which are related parties of the Company) have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows.

a. Related parties' names and relationships

<u>Related Party Names</u>	<u>Relationship with the Group</u>
Fujian Gulei Petrochemical Co., Ltd.	Joint venture
USI Education Foundation	Other related party

b. Donation expense (classified as general and administrative expenses)

<u>Related Party Category/Name</u>	<u>2020</u>	<u>2019</u>
Other related party		
USI Education Foundation	<u>\$ 8,250</u>	<u>\$ 8,500</u>

c. Management services income (classified as other income)

<u>Related Party Category/Name</u>	<u>2020</u>	<u>2019</u>
Joint venture	<u>\$ 36,647</u>	<u>\$ 22,606</u>

d. Other Receivables

	December 31, 2020	December 31, 2019
<u>Related Party Category/Name</u>		
Joint venture	<u>\$ 19,369</u>	<u>\$ 16,494</u>

e. Compensation of key management personnel

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

	<u>2020</u>	<u>2019</u>
Short-term employee benefits	\$ 62,051	\$ 58,563
Post-employment benefits	<u>324</u>	<u>324</u>
	<u>\$ 62,375</u>	<u>\$ 58,887</u>

Compensation of the board and other key management personnel depends on individual performance and market trend.

### 36. ASSETS PLEDGED AS COLLATERAL

The following assets were provided as guarantees for the tariff of imported raw materials, outward documentary bill, financing facilities, or the gas explosion compensation:

	<u>December 30, 2020</u>	<u>December 31, 2019</u>
Pledged time deposits (classified as financial assets measured at amortized cost)	\$ 678,314	\$ 659,923
Property, plant and equipment	927,196	3,802,055
Investment properties, net	108,178	108,178
Land use rights (classified as right-of-use assets)	21,482	31,666
Refundable deposits (classified as other non-current assets)	<u>62,633</u>	<u>93,105</u>
	<u>\$ 1,797,803</u>	<u>\$ 4,694,927</u>

### 37. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENT

- a. As of December 31, 2020 and 2019, the Company's unused letter of credit amounted to \$2,236,491 thousand and \$2,715,961 thousand, respectively.
- 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.

38. SIGNIFICANT CONTRACTS

- a. TVCM along with CPC Corporation, Formosa Plastics Corporation, Mitsui Corp., signed a dichloromethane purchase agreement in which the purchase prices are calculated by the buyers and sellers in accordance with a pricing formula.
- b. 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, Chenery Global Corporation and Lien Hwa Industrial Corporation. The main contents of the contract and commitments include: (1) 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 (2) 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 December 31, 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 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 Year 2019.

APC increased its investment in Ever Conquest Global Limited by US\$26,315 thousand (approximately \$783,964 thousand) in the year ended December, 2020. Through Ever Conquest Global Limited, 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 RMB 1,200,000 thousand in Gulei's share in the year ended December 31, 2020.

c. Significant operating contracts

CGTD is commissioned to operate the storage and transportation of any items of petrochemical raw materials; operating service charges are calculated in accordance with the actual operation quantities and at the rate stated in the contracts. The petrochemical raw materials insurance expenses are borne by individual commissioned companies.



<u>Commissioning Company</u>	<u>Operation Contract Period</u>
Taita Chemical Company, Ltd.	2020.01.01-2021.12.31
Taiwan VCM Corporation	2020.01.01-2021.12.31
USI Corporation	2020.01.01-2020.12.31
Asia Polymer Corporation	2020.01.01-2020.12.31
LCY Chemical Corporation	2020.01.01-2021.12.31
Taiwan Synthetic Rubber Corp.	2020.01.01-2021.12.31
NANTEX Industry Co., Ltd.	2020.01.01-2021.12.31
En Chuan Chemical Industries Co., Ltd.	2020.01.01-2021.12.31
Xin Long Guang Plastics Co., Ltd.	2020.01.01-2021.12.31
Oriental Union Chemical Corporation	2020.01.01-2020.12.31
Formosa Plastic Corporation	2020.01.01-2021.12.31
Chi-Hsen Transportation Company	2020.01.01-2021.12.31
LCY Chemical Corporation	2020.01.01-2021.12.31
Shin Foong Specialty and Applied Materials Co	2020.06.01-2020.12.31

The above contracts may be renewed after the expiry of the period.

### 39. 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

Foreign currency a s s e t s	December 31, 2020				
	<u>Foreign Exchange Rate</u>			<u>Functional N T D</u>	
	<u>Currency (In Single Dollars)</u>			<u>Currency</u>	
<u>Monetary items</u>					
USD	\$	178,315	28.48 (USD : NTD)	\$ 5,078,378	\$ 5,078,378
USD		3,556	6.52 (USD : RMB)	23,202	101,272
USD		3,879	4.19 (USD : MYR)	16,271	110,474
RMB		327,585	4.36 (RMB : NTD)	1,429,840	1,429,840
RMB		2,379	0.15 (RMB : USD)	365	10,394
AUD		853	21.95 (AUD : NTD)	18,716	18,716
EUR		392	35.02 (EUR : NTD)	13,744	13,744

(Continued)

December 31, 2020

	Foreign Exchange Rate		Functional	N	T	D
	Currency (In Single Dollars)		Currency			
<u>Non-monetary items</u>						
Joint ventures accounted for using the equity method						
RMB	\$ 4,621,047	0.15 (RMB : USD)	\$ 708,217			\$20,170,030
<u>Derivatives</u>						
USD sell	19,210	28.48 (USD : NTD)	4,313			4,313
USD sell	550	4.19 (USD : MYR)	132			896
RMB sell	5,400	4.36 (RMB : NTD)	22			22
EUR sell	284	5.16 (EUR : MYR)	14			97
<u>Foreign currency liabilities</u>						
<u>Monetary items</u>						
USD	51,553	28.48 (USD : NTD)	1,468,237			1,468,237
USD	14,342	6.52 (USD : RMB)	93,578			408,450
USD	686	4.19 (USD : MYR)	2,879			19,545
RMB	30,318	4.36 (RMB : NTD)	132,331			132,331
<u>Non-monetary items</u>						
<u>Derivatives</u>						
USD sell	7,471	28.48 (USD : NTD)	830			830
USD buy	16,580	28.48 (USD : NTD)	4,309			4,309
RMB sell	248,860	4.36 (RMB : NTD)	15,456			15,456
JPY buy	40,000	0.01 (JPY : USD)	5			129

December 31, 2019

	Foreign Exchange Rate		Functional	N	T	D
	Currency (In Single Dollars)		Currency			
<u>Foreign currency assets</u>						
<u>Monetary items</u>						
USD	\$ 148,885	29.98 (USD : NTD)	\$ 4,463,547			\$ 4,463,547
USD	3,775	6.98 (USD : RMB)	26,338			113,188
USD	3,072	4.26 (USD : MYR)	13,095			92,609
RMB	310,792	4.30 (RMB : NTD)	1,335,629			1,335,629
RMB	3,227	0.14 (RMB : USD)	463			13,882
AUD	611	21.01 (AUD : NTD)	12,835			12,835
EUR	343	33.59 (EUR : NTD)	11,518			11,518
<u>Non-monetary items</u>						
Joint ventures accounted for using the equity method						
RMB	3,459,518	0.14 (RMB : USD)	495,903			14,867,168

(Continued)

December 31, 2019

	F o r e i g n E x c h a n g e	R a t e	F u n c t i o n a l	N	T	D	
	C u r r e n c y	( I n	S i n g l e	D o l l a r s )	C u r r e n c y		
Derivatives							
USD buy	720	29.98		( USD : NTD )	23		23
USD sell	41,000	29.98		( USD : NTD )	11,784		11,784
USD sell	865	4.26		( USD : MYR )	136		960
RMB sell	81,800	4.30		( RMB : NTD )	1,083		1,083
EUR sell	224	4.78		( EUR : MYR )	28		198
JPY buy	40,000	0.01		( JPY : USD )	1		18
Foreign currency liabilities							
<u>Monetary items</u>							
USD	\$ 34,005	29.98		( USD : NTD )	\$ 1,019,462		\$ 1,019,462
USD	13,611	6.98		( USD : RMB )	94,955		408,069
USD	737	4.26		( USD : MYR )	3,142		22,218
RMB	26,824	4.30		( RMB : NTD )	115,276		115,276
<u>Non-monetary items</u>							
Derivatives							
USD buy	8,760	29.98		( USD : NTD )	1,395		1,395
RMB sell	155,900	4.30		( RMB : NTD )	2,741		2,741

Year 2020 and 2019, realized and unrealized net foreign exchange losses were \$141,222 thousand and \$159,831 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.

#### 40. 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. (Notes 7 and 34)
  - 10) Others: Intercompany relationships and significant intercompany transactions. (Table 9)
  - 11) 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 10)
    - 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)
- 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 11)

#### 41. SEGMENT INFORMATION

The Group provides its chief operating decision maker with details on about allocated resources and assessed segment information which focus on each group entity's financial information. The Group's reportable segment related information is detailed as follows:

##### a. Reportable segment income information

	Year 2020						Total
	USI	CGPC and Its Subsidiaries	TTC and Its Subsidiaries	ACME and Its Subsidiaries	APC and Its Subsidiaries	Others	
Segment income	\$ 10,172,220	\$ 13,733,148	\$ 15,498,381	\$ 2,169,471	\$ 5,703,546	\$ 4,384,766	\$ 51,661,532
Interest income	6,604	3,621	33,052	12,084	7,682	39,505	102,548
Finance costs	( 107,540 )	( 7,387 )	( 21,003 )	( 17,379 )	( 42,537 )	( 31,738 )	( 227,584 )
Depreciation and amortization	( 617,374 )	( 649,622 )	( 205,799 )	( 193,841 )	( 314,636 )	( 385,222 )	( 2,411,494 )
Impairment loss	-	-	( 22,078 )	( 5,823 )	( 3,955 )	-	( 31,856 )
Reportable segment profit before tax	2,560,322	2,161,065	2,481,989	74,817	1,285,411	1,773,662	10,337,266
Reportable segment tax expense	( 150,544 )	( 373,628 )	( 562,171 )	( 37,443 )	( 181,824 )	( 134,748 )	( 1,440,358 )
Reportable segment net profit	2,409,778	1,787,437	1,919,818	37,374	1,103,587	1,638,914	8,896,908

	Year 2019						
	USI	CGPC and Its Subsidiaries	TTC and Its Subsidiaries	ACME and Its Subsidiaries	APC and Its Subsidiaries	Others	Total
Segment income	\$ 10,966,471	\$ 15,117,855	\$ 17,672,204	\$ 2,132,889	\$ 6,791,157	\$ 4,776,642	\$ 57,457,218
Interest income	15,978	15,780	25,213	12,567	14,876	69,292	153,706
Finance costs	( 121,666 )	( 12,203 )	( 51,091 )	( 20,999 )	( 15,163 )	( 44,151 )	( 306,273 )
Depreciation and amortization	( 517,699 )	( 638,066 )	( 209,997 )	( 212,322 )	( 304,135 )	( 410,217 )	( 2,292,436 )
Impairment loss	-	-	( 60,265 )	( 37,939 )	( 1,252 )	( 14,131 )	( 113,587 )
Reportable segment profit (loss) before tax	1,458,987	854,008	558,204	( 110,824 )	984,841	769,628	4,514,844
Reportable segment tax expense	( 177,623 )	( 160,193 )	( 160,227 )	( 17,641 )	( 163,820 )	( 140,640 )	( 820,144 )
Reportable segment net profit (loss)	1,281,364	693,815	397,977	( 128,465 )	821,021	628,988	3,694,700

## b. Reportable segment income and other major adjustments of items

### 1) Segment income and operating results

	2020	2019
Reportable segment net profit before tax	\$ 8,563,604	\$ 3,745,216
Reportable segment tax expense	( 1,305,610 )	( 679,504 )
Reportable segment profit after tax	7,257,994	3,065,712
Other non-reportable segment profit	1,638,914	628,988
Less: Profit between segments	( 3,218,544 )	( 1,153,474 )
Profit from continuing operations	5,678,364	2,541,226
Profit from discontinued operations	4,273	4,175
Net profit after tax	<u>\$ 5,682,637</u>	<u>\$ 2,545,401</u>

### 2) Other significant items reconciliation

	Year 2020							
	USI	CGPC and Its Subsidiaries	TTC and Its Subsidiaries	ACME and Its Subsidiaries	APC and Its Subsidiaries	Others	Reconciliation	Total
Interest income	\$ 6,604	\$ 3,621	\$ 33,052	\$ 12,084	\$ 7,682	\$ 39,505	\$ -	\$ 102,548
Finance costs	( 107,540 )	( 7,387 )	( 21,003 )	( 17,379 )	( 42,537 )	( 31,738 )	3,246	( 224,338 )
Depreciation and amortization	( 617,374 )	( 694,622 )	( 205,799 )	( 193,841 )	( 314,636 )	( 385,222 )	58,293	( 2,353,201 )
Impairment loss	-	-	( 22,078 )	( 5,823 )	( 3,955 )	-	-	( 31,856 )

	Year 2019							
	USI	CGPC and Its Subsidiaries	TTC and Its Subsidiaries	ACME and Its Subsidiaries	APC and Its Subsidiaries	Others	Reconciliation	Total
Interest income	\$ 15,978	\$ 15,780	\$ 25,213	\$ 12,567	\$ 14,876	\$ 69,292	\$ -	\$ 153,706
Finance costs	( 121,666 )	( 12,203 )	( 51,091 )	( 20,999 )	( 56,163 )	( 44,151 )	3,704	( 302,569 )
Depreciation and amortization	( 517,699 )	( 638,066 )	( 209,997 )	( 212,322 )	( 304,135 )	( 410,217 )	55,920	( 2,236,516 )
Impairment loss	-	-	( 60,265 )	( 37,939 )	( 1,252 )	( 14,131 )	-	( 113,587 )

Since the Group had not offered information about assets of individual operating segments to the operational

decision maker, no such information from the individual operating segments is included in the segment information.

### 3) Main Product Revenue

Product	2020	2019
Plastic materials	\$ 47,540,059	\$52,990,243
Electronic Materials	2,141,880	2,114,637
Other	519,334	551,861
	<u>\$50,201,273</u>	<u>\$55,656,741</u>

### 4) Geographical information

The main operating region of the Group is Asia, therefore the location of non-current assets were not revealed.

The amounts of the Group's revenue from continuing operations from external customers by location are detailed below.

	2020	2019
Asia	\$45,053,620	\$50,203,661
America	3,416,168	3,217,101
Europe	262,617	560,702
Africa	469,039	611,835
Oceania	187,141	337,114
Other	812,688	726,328
	<u>\$50,201,273</u>	<u>\$55,656,741</u>

### 5) Main Customer Information

No revenue of any single customer has reached/ over 10 % of the total saleing revenue of the Group Year 2019 and 2020.

USI CORPORATION AND SUBSIDIARIES  
(Acme Electronics Corporation (ACME))  
FINANCING PROVIDED TO OTHERS  
YEAR 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 (Notes 3 and 4)	Actual Borrowing Amount (Notes 3 and 4)	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)	Remark
													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.

Note 4: All the transactions were written-off when preparing the consolidated financial statements.



USI CORPORATION AND SUBSIDIARIES  
(Swanson Plastics Corporation (SPC))  
FINANCING PROVIDED TO OTHERS  
YEAR 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 (Note 3)	Ending Balance (Notes 3 and 4)	Actual Borrowing Amount (Notes 3 and 4)	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)	Remark
													Item	Value			
0	Forever Young Company Limited	Swanson International Ltd.	Other receivables - related parties	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 - related parties	Yes	192,702	183,322	183,322	3.85	2	-	Business turnover	-	-	-	555,645	555,645	
2	Swanson Plastics (Singapore) Pte., Ltd.	PT. Swanson Plastics Indonesia	Other receivables - related parties	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.

Note 4: All the transactions were written-off when preparing the consolidated financial statements.

USI CORPORATION AND SUBSIDIARIES  
(Taita Chemical Company, Limited (TTC))  
FINANCING PROVIDED TO OTHERS  
YEAR 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 and 5)	Actual Borrowing Amount (Notes 4 and 5)	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)	Remark
													Item	Value			
1	Taita Chemical (Zhongshan) 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 TTC for funding of a short-term period shall not exceed 40% of the net worth of TTC. As of December 31, 2020, TTC did not loan funds to anyone.

Note 2: The total amount of lending to a company for funding of short-term period shall not exceed 40% of the audited net worth of Taita Chemical (Zhongshan) 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 (Zhongshan) Co., Ltd. was RMB 675,297 thousand. Taita Chemical (Zhongshan) Co., Ltd. agreed to exempt of loaning RMB 15,000 thousand to 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.

Note 5: All the transactions were written-off when preparing the consolidated financial statements.

USI CORPORATION AND SUBSIDIARIES  
ENDORSEMENTS/GUARANTEES PROVIDED  
YEAR 2020

TABLE 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 (Note 2)	Outstanding Endorsement/ Guarantee at the End of the Period (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	Remark
		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 endorsements/guarantees provided amounts 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

YEAR 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	Remark
		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  
YEAR 2020

TABLE 2-2

(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 Period	Outstanding Endorsement/ Guarantee at the End of the Period (Note 2)	Actual Borrowing Amount (Note 2)	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	Remark
		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-subsubsidiary	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-subsubsidiary	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 Plastic (Tianjin) Co., Ltd.	Sub-subsubsidiary	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-subsubsidiary	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  
 YEAR 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	Remark
		Name	Relationship											
0	China General Plastics Corporation	CGPC Polymer Corporation	Subsidiary	\$ 5,822,109	\$ 2,245,000	\$ 2,45,000	\$ 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  
YEAR 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	Remark
		Name	Relationship											
0	Taita Chemical Company, Ltd.	TAITA (BVI) Holding Co., Ltd.	Subsidiary with 100% held ordinary shares	\$ 6,355,806	\$ 1,625,280 (USD 26,000 thousand) (NTD 600,000 thousand)	\$ 1,340,480 (USD 36,000 thousand) (NTD 600,000 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; 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.

USI CORPORATION AND SUBSIDIARIES  
MARKETABLE SECURITIES HELD  
DECEMBER 30, 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	\$ 119,496	
	CTCI Corporation	—	Financial assets at fair value through other comprehensive income - non-current	15,130,656	577,991	1.98	577,991	
	KHL IB 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 Corporation	—	Financial assets at fair value through profit or loss - current	450,000	21,217	-	21,217	
	Evergreen Marine Corp.	—	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	-	-	-	Note 2
	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	—	Financial assets at fair value through profit or loss - current	5,884,596	71,000	-	71,000	
	CTBC Hwa-win Money Market Fund	—	Financial assets at fair value through profit or loss - current	9,003,412	100,005	-	100,005	
	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	

(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.	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
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	

(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	
	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	
	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	

(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.	United Microelectronics Corporation		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		

(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	
	Hexawave, Inc.	—	Financial assets at fair value through other comprehensive income – non-current	109,109	\$ 939	0.27	\$ 939	
	Uranus Chemicals Co., Ltd.	—	Financial assets at fair value through other comprehensive income – non-current	13,114	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	-	
Taiwan United Venture Management Corp.	Beneficiary certificates Fuh Hwa Money Market Fund	—	Financial assets at fair value through profit or loss – current	91,730	1,334	-	1,334	
Inoma Corporation	Beneficiary certificates Taishin 1699 Money Market Fund	—	Financial assets at fair value through profit or loss – current	595,654	8,128	-	8,128	
USI Optronics Corporation	Beneficiary certificates Jih Sun Money Market Fund	—	Financial assets at fair value through profit or loss – current	1,016,620	15,198	-	15,198	
	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	
USI Management Consulting Corporation	Beneficiary certificates 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	

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	—	Financial assets at fair value through profit or loss - current	6,407,463	100,000	-	100,000	Note 1
	Taishin 1699 Money Market Fund	—	Financial assets at fair value through profit or loss - current	7,255,248	99,005	-	99,005	Note 1
	Taishin Ta-Chong Money Market Fund	—	Financial assets at fair value through profit or loss - current	4,190,295	60,007	-	60,007	Note 1
	CTBC Hwa-win Money Market Fund	—	Financial assets at fair value through profit or loss - current	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
Capital Money Market Fund		—	Financial assets at fair value through profit or loss - current	4,611,100	75,001	-	75,001	Note 1
Taishin 1699 Money Market Fund		—	Financial assets at fair value through profit or loss - current	3,664,588	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	FSITC Taiwan Money Market Fund	—	Financial assets at fair value through profit or loss - current	3,240,147	\$ 50,007	-	\$ 50,007	Note 1
	FSITC Money Market Fund	—	Financial assets at fair value through profit or loss - current	278,042	50,006	-	50,006	Note 1
	Jih Sun Money Market Fund	—	Financial assets at fair value through profit or loss - current	669,954	10,016	-	10,016	Note 1
	Hua Nan Phoenix Money Market Fund	—	Financial assets at fair value through profit or loss - current	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	—	Financial assets at fair value through profit or loss - current	11,991,480	195,041	-	195,041	Note 1
	Taishin Ta-Chong Money Market Fund	—	Financial assets at fair value through profit or loss - current	8,941,582	128,047	-	128,047	Note 1
	Hua Nan Phoenix Money Market Fund	—	Financial assets at fair value through profit or loss - current	7,629,121	125,009	-	125,009	Note 1
	FSITC Taiwan Money Market Fund	—	Financial assets at fair value through profit or loss - current	3,178,916	49,062	-	49,062	Note 1
	FSITC Money Market Fund	—	Financial assets at fair value through profit or loss - current	250,312	45,018	-	45,018	Note 1
	Hua Nan Kirin Money Market Fund	—	Financial assets at fair value through profit or loss - current	3,315,451	40,002	-	40,002	Note 1
	Shin Kong Chi-Shin Money-market Fund	—	Financial assets at fair value through profit or loss - current	1,601,866	25,000	-	25,000	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 (BVI) Holding Co., Ltd.	Shares 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	—	Financial assets at fair value through profit or loss - non-current	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 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.	<u>Shares</u>							
	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	—	Financial assets at fair value through other comprehensive income - non-current	990	7	0.50	7	Note 3
	<u>Closed-end fund beneficiary certificates</u>							
	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	—	Financial assets at fair value through profit or loss - current	5,248,671	86,004	-	86,004	Note 2
	Hua Nan Kirin Money Market Fund	—	Financial assets at fair value through profit or loss - current	6,962,057	84,000	-	84,000	Note 2
Capital Money Market Fund	—	Financial assets at fair value through profit or loss - current	5,225,881	85,001	-	85,001	Note 2	
Jih Sun Money Market Fund	—	Financial assets at fair value through profit or loss - current	3,022,043	45,180	-	45,180	Note 2	
TAITA (BVI) Holding Co., Ltd.	<u>Shares</u>							
	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	—	Financial assets at fair value through profit or loss - non-current	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 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 30, 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	<u>Ordinary Shares</u>							
	Harbinger Venture Capital Corp.	—	Financial assets at fair value through other comprehensive income - non-current	2,377	\$ 18	1.20	\$ 18	
	Risalink Venture Capital	—	Financial assets at fair value through other comprehensive income - non-current	2,632	318	1.67	318	
	KHL IB Venture Capital Co., Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	12,044,707	275,462	11.90	275,462	
	USI Corporation	Ultimate parent company	Financial assets at fair value through other comprehensive income - non-current	101,355,673	2,290,638	8.53	2,290,638	
	CTCI Corporation	—	Financial assets at fair value through other comprehensive income - non-current	14,446,107	551,842	1.89	551,842	
	AU Optronic Corporation	—	Financial assets at fair value through other comprehensive income - non-current	9,618,516	134,659	0.10	134,659	
	Wafer Works Corporation	—	Financial assets at fair value through other comprehensive income - current	2,017,946	86,368	0.39	86,368	
	Unimicron Technology Corporation	—	Financial assets at fair value through profit or loss - current	300,000	26,220	0.02	26,220	
	Evergreen Marine Corp.	—	Financial assets at fair value through profit or loss - current	1,693,251	68,915	0.04	68,915	
	Quanta Computer Inc.	—	Financial assets at fair value through profit or loss - current	200,000	16,180	0.01	16,180	
United Microelectronics Corporation	—	Financial assets at fair value through profit or loss - current	450,000	21,218	0.00	21,218		

(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.	G.M.I. Technology Inc.	—	Financial assets at fair value through profit or loss - current	1,515,800	\$ 21,752	1.21	\$ 21,752	
	Taiwan Cement Corporation		Financial assets at fair value through profit or loss - current	500,000	21,600	0.01	21,600	
	<u>Beneficiary securities</u>							
	Cathay No. 1 Real Estate Investment Trust Fund	—	Financial assets at fair value through profit or loss - current	3,281,000	61,388	-	61,388	
	<u>Beneficiary certificates</u>							
	Mega Diamond Money Market Fund	—	Financial assets at fair value through profit or loss - current	5,887,835	74,481	-	74,481	
	Capital Money Market Fund	—	Financial assets at fair value through profit or loss - current	2,152,072	35,004	-	35,004	
	Jih Sun Money Market Fund	—	Financial assets at fair value through profit or loss - current	16,818,904	251,443	-	251,443	
	Prudential Financial Money Market Fund	—	Financial assets at fair value through profit or loss - current	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 Hwa Win Money Market Fund	—	Financial assets at fair value through profit or loss - current	5,672,048	63,002	-	63,002	
	FSITC Money Market Fund	—	Financial assets at fair value through profit or loss - current	3,564,088	55,006	-	55,006	
	Hua Nan Kirin Money Market Fund	—	Financial assets at fair value through profit or loss - current	6,381,916	77,000	-	77,000	
	<u>Shares</u>							
	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	—	Financial assets at fair value through other comprehensive income - non-current	1,139,776	57,117	2.19	57,117		
NeuroSky, Inc. - series D preference shares	—	Financial assets at fair value through other comprehensive income - non-current	2,397,364	-	0.37	-	Note 1	
Solargiga Energy Holdings Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	15,863,333	17,480	0.49	17,480	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	Teratech Corp. - ordinary shares	—	Financial assets at fair value through other comprehensive income - non-current	112,000	\$ -	0.67	\$ -	Note 1
	TGF Linux Communication, Inc. - preference shares	—	Financial assets at fair value through profit or loss - non-current	300,000	-	-	-	Note 1
	Sohoware, Inc. - preference shares	—	Financial assets at fair value through profit or loss - non-current	450,000	-	-	-	Note 1
	Boldworks, Inc. - preference shares	—	Financial assets at fair value through profit or loss - non-current	689,266	-	-	-	Note 1
	<u>Ordinary Shares</u>							
	USI Corporation	Ultimate parent company	Financial assets at fair value through profit or loss - current	44,808	1,013	-	1,013	
	Taiwan Cement Corporation	—	Financial assets at fair value through profit or loss - current	300,000	12,960	0.01	12,960	
	United Microelectronics Corporation	—	Financial assets at fair value through profit or loss - current	150,000	7,072	-	7,072	
	Evergreen Marine Corp.	—	Financial assets at fair value through profit or loss - current	564,416	22,972	0.01	22,972	
	Quanta Computer Inc.	—	Financial assets at fair value through profit or loss - current	100,000	8,090	-	8,090	
	Unimicron Technology Corporation	—	Financial assets at fair value through profit or loss - current	150,000	13,110	0.01	13,110	
	G.M.I. Technology Inc.	—	Financial assets at fair value through profit or loss - current	492,900	7,073	0.39	7,073	
<u>Beneficiary securities</u>								
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)

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 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	Equity-method investee	Financial assets at fair value through other comprehensive income - non-current	2,800,751	71,279	0.51	71,279	Note 1
	Taita Chemical Company, Ltd.	Equity-method investee	Financial assets at fair value through other comprehensive income - non-current	1,972,483	76,828	0.57	76,828	Note 1
	China Steel Corporation	—	Financial assets at fair value through profit or loss - current	499,552	12,363	-	12,363	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

YEAR 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				Ending Balance (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													
	CTBC Hwa-win Money Market Fund	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
	Yuanta De-Li Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	8,415,458	137,000	12,679,431	208,000	21,094,889	346,026	345,000	1,026	-	-
	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	18,384,950	249,200	38,525,061	525,000	51,412,872	700,745	699,200	1,545	5,497,139	75,000
	Taishin Ta-Chong Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	3,848,863	54,800	29,433,161	421,000	13,165,711	188,013	187,800	213	20,116,313	288,000
	TCB Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	31,420,702	321,000	31,420,702	321,129	321,000	129	-	-
	FSITC Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	275,921	49,400	1,889,131	339,000	1,792,384	321,858	321,400	458	372,668	67,000
	Hua Nan Phoenix Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	4,566,633	74,500	38,675,263	633,000	26,579,756	434,696	434,500	196	16,662,140	273,000
	Shin Kong Chi-Shin Money-market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	29,624,420	462,000	16,808,508	262,069	262,000	69	12,815,912	200,000
	FSITC Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	12,866,132	196,700	7,990,124	123,000	16,886,629	260,020	258,700	3,320	3,969,627	61,000
	UPAMC James Bond Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	2,995,555	50,000	9,221,878	155,000	12,217,433	205,362	205,000	362	-	-
	Fubon Chi-Hsiang Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	6,343,790	100,000	6,343,790	100,025	100,000	25	-	-
	Hua Nan Kirin Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	22,821,010	275,000	16,936,414	204,061	204,000	61	5,884,596	71,000
	Yuanta De- Bao Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	6,094,719	73,500	18,033,728	218,000	24,128,447	291,631	291,500	131	-	-
	Capital Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	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	Financial assets at fair value through profit or loss - current	-	-	3,872,087	63,400	9,931,718	163,000	13,803,805	226,507	226,400	107	-	-

(Continued)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance (Notes 1 and 2)		Acquisition		Disposal				Ending Balance (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
	Cathay Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	\$ -	7,832,129	\$ 98,000	7,832,129	\$ 98,020	\$ 98,000	\$ 20	-	\$ -
Ever Conquest Global Limited	Shares Ever Victory Global Limited	Financial assets at fair value through profit or loss - current	-	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	Financial assets at fair value through profit or loss - current	-	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.	Financial assets at fair value through profit or loss - current	-	Joint Venture	Note 3	14,867,168	Note 3	5,122,441	-	-	-	-	Note 3	20,170,030
USI Investment Co., Ltd.	<u>Beneficiary securities</u> Yuanta De-Li Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	1,870,081	30,284	-	-	-	-	-	-	1,870,081	30,284
USI Investment Co., Ltd.	<u>Beneficiary securities</u> 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 Venture Capital Corp.	<u>Beneficiary securities</u> Cathay Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	4,391,849	55,000	-	-	-	-	4,391,849	55,000
INOMA Corporation.	<u>Beneficiary securities</u> Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	908,375	12,200	-	-	312,721	4,257	4,200	57	595,654	8,000
Usi Optronics Corporation	<u>Beneficiary securities</u> Yuanta De-Li Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	1,412,688	17,000	-	-	-	-	-	-	1,412,688	17,000
	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	1,703,082	23,000	367,847	5,000	813,579	11,086	11,000	86	1,257,350	17,000
	Taishin Ta-Chong Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	496,715	7,000	-	-	496,715	7,089	7,000	89	-	-
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	1,016,620	15,000	-	-	-	-	-	-	1,016,620	15,000

Note 1: The book 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 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  
YEAR 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			Ending Balance (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	<u>Beneficiary certificates</u>													
	Jih Sun Money Market Fund	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	-	\$ -
	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	72,435,348	987,000	65,180,100	888,173	888,000	173	7,255,248	99,000
	Mega Diamond Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	9,273,954	117,000	9,273,954	117,020	117,000	20	-	-
	Taishin Ta-Chong Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	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	Financial assets at fair value through profit or loss - current	-	-	596,011	10,000	2,383,990	40,000	2,980,001	50,009	50,000	9	-	-
	Hua Nan Kirin Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	10,286,081	124,000	10,286,081	124,021	124,000	21	-	-
	Hua Nan Phoenix Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	4,885,483	80,000	4,885,483	80,010	80,000	10	-	-
	FSITC Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	278,987	50,000	278,987	50,006	50,000	6	-	-
	Shin Kong Chi-Shin Money-market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	18,728,035	292,000	12,320,572	192,066	192,000	66	6,407,463	100,000
	Capital Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	11,829,033	192,000	11,829,033	192,033	192,000	33	-	-
	CTBC Hwa-win Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	16,773,242	186,000	12,271,576	136,053	136,000	53	4,501,666	50,000
	Nomura Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	10,843,168	178,000	10,843,168	178,041	178,000	41	-	-
	FSITC Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	325,457	5,000	7,729,823	119,000	8,055,280	124,050	124,000	50	-	-
TCB Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	10,848,473	111,000	10,848,473	111,013	111,000	13	-	-	
Taiwan VCM Corporation	<u>Beneficiary certificates</u>													
	Taishin 1699 Money Market Fund	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
	FSITC Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	26,931,036	415,000	23,690,889	365,200	365,000	200	3,240,147	50,000
	Taishin Ta-Chong Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	27,828,581	398,000	20,844,707	298,168	298,000	168	6,983,874	100,000
	Hua Nan Phoenix Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	19,927,441	326,000	19,317,097	316,119	316,000	119	610,344	10,000
	Hua Nan Kirin Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	26,573,708	320,000	26,573,708	320,136	320,000	136	-	-
FSITC Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	1,560,974	280,000	1,282,933	230,074	230,000	74	278,042	50,000	

(Continued)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance (Note)		Acquisition		Disposal				Ending Balance (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	UPAMC James Bond Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	\$ -	15,475,207	\$ 260,000	15,475,207	\$ 260,056	\$ 260,000	\$ 56	-	\$ -	
	Fubon Chi-Hsiang Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	6,343,952	100,000	6,343,952	100,011	100,000	11	-	-	
	Yuanta De- Bao Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	14,073,199	170,000	14,073,199	170,063	170,000	63	-	-	
	Shin Kong Chi-Shin Money-market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	9,638,125	150,000	9,638,125	150,037	150,000	37	-	-	
	Capital Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	16,145,295	262,000	11,534,195	187,094	187,000	94	4,611,100	75,000	
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	2,016,929	30,000	11,670,597	174,000	13,017,572	194,155	194,000	155	669,954	10,000	
	CTBC Hwa-win Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	14,443,387	160,000	14,443,387	160,142	160,000	142	-	-	
	Nomura Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	12,199,143	200,000	12,199,143	200,106	200,000	106	-	-	
	Cathay Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	13,435,168	168,000	13,435,168	168,033	168,000	33	-	-	
	TCB Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	7,829,800	80,000	7,829,800	80,012	80,000	12	-	-	
		<u>Beneficiary certificates</u>													
		Jih Sun Money Market Fund	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	-	-
		Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	8,813,848	119,700	52,289,292	712,400	45,709,685	622,428	622,100	328	15,393,455	210,000
		Capital Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	2,574,758	41,700	21,415,980	348,000	11,999,558	194,753	194,700	53	11,991,180	195,000
		Hua Nan Phoenix Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	27,420,678	449,000	19,791,557	324,050	324,000	50	7,629,121	125,000
		FSITC Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	1,280,996	230,000	1,030,684	185,073	185,000	73	250,312	45,000
		FSITC Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	8,640,705	133,000	5,461,789	84,016	84,000	16	3,178,916	49,000
		Taishin Ta-Chong Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	16,844,629	241,000	7,903,047	113,022	113,000	22	8,941,582	128,000
		Hua Nan Kirin Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	18,253,262	220,000	14,937,812	180,049	180,000	49	3,315,451	40,000
		Shin Kong Chi-Shin Money-market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	7,696,874	120,000	6,095,008	95,032	95,000	32	1,601,866	25,000
	TCB Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	16,714,814	171,000	16,714,814	171,016	171,000	16	-	-	
	Yuanta De- Bao Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	7,023,148	85,000	7,023,148	85,007	85,000	7	-	-	
	Nomura Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	3,042,769	50,000	3,042,769	50,003	50,000	3	-	-	
	Cathay Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	1,595,965	20,000	1,595,965	20,002	20,000	2	-	-	

Note: The beginning and ending balances 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

YEAR 2020

TABLE 4-2

(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 (Note)		Disposal			Ending Balance (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.	<u>Beneficiary certificates</u>													
	Hua Nan Phoenix Money Market Fund	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
	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	61,795,582	842,000	61,795,582	842,342	842,000	342	-	-
	Mega Diamond Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	7,925,720	100,000	7,925,720	100,245	100,000	245	-	-
	FSITC Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	1,504,258	270,000	1,504,258	270,105	270,000	105	-	-
	FSITC Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	6,808,008	105,000	6,808,008	105,056	105,000	56	-	-
	UPAMC James Bond Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	2,972,705	50,000	2,972,705	50,005	50,000	5	-	-
	Fubon Chi-Hsiang Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	2,850,988	45,000	2,850,988	45,007	45,000	7	-	-
	Hua Nan Kirin Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	15,427,285	186,000	8,465,228	102,039	102,000	39	6,962,057	84,000
	Yuanta De-Bao Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	7,026,655	85,000	7,026,655	85,012	85,000	12	-	-
	Shin Kong Chi-Shin Money-market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	8,339,551	130,000	8,339,551	130,053	130,000	53	-	-
	Capital Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	8,307,982	135,000	3,082,101	50,047	50,000	47	5,225,881	85,000
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	806,582	12,000	6,715,624	100,000	4,500,162	67,217	67,000	217	3,022,043	45,000
	Taishin Ta-Chong Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	11,883,074	170,000	11,883,074	170,042	170,000	42	-	-
	CTBC Hwa-win Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	21,632,429	240,000	21,632,429	240,146	240,000	146	-	-
	Nomura Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	8,220,442	135,000	8,220,442	135,030	135,000	30	-	-
	TCB Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	8,899,811	91,000	8,899,811	91,011	91,000	11	-	-

Note: The ending balance of beneficiary certificates 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  
YEAR 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			Ending Balance (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	Financial assets at fair value through profit or loss - current	—	—	3,832,822	54,400	21,475,665	307,000	25,308,487	361,769	361,400	369	-	-
	CTBC Hwa-win Money Market Fund	Financial assets at fair value through profit or loss - current	—	—	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	Financial assets at fair value through profit or loss - current	—	—	957,942	171,000	2,239,281	402,000	3,197,223	573,842	573,000	842	-	-
	FSITC Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	—	—	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	Financial assets at fair value through profit or loss - current	—	—	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	Financial assets at fair value through profit or loss - current	—	—	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	Financial assets at fair value through profit or loss - current	—	—	16,818,904	249,600	-	-	-	-	-	-	16,818,904	249,600
	Nomura Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	—	—	3,056,580	50,000	3,716,127	61,000	6,772,707	111,171	111,000	171	-	-
	UPAMC James Bond Money Market Fund	Financial assets at fair value through profit or loss - current	—	—	2,986,943	50,000	8,913,027	150,000	11,899,970	200,216	200,000	216	-	-
	Yuanta De-Li Money Market Fund	Financial assets at fair value through profit or loss - current	—	—	3,921,720	64,000	5,189,280	85,000	9,111,000	149,316	149,000	316	-	-
	Yuanta De- Bao Money Market Fund	Financial assets at fair value through profit or loss - current	—	—	6,239,913	75,000	3,425,937	41,400	9,665,850	116,762	116,400	362	-	-
	Fubon Chi-Hsiang Money Market Fund	Financial assets at fair value through profit or loss - current	—	—	8,705,147	137,000	-	-	8,705,147	137,201	137,000	201	-	-
	Hua Nan Kirin Money Market Fund	Financial assets at fair value through profit or loss - current	—	—	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	Financial assets at fair value through profit or loss - current	—	—	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	Financial assets at fair value through profit or loss - current	—	—	3,930,774	61,000	14,630,985	228,000	18,561,759	289,238	289,000	238	-	-
	TCB Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	—	—	-	-	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 beginning and ending balances were calculated at the original investment cost.

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

YEAR 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 purchasing on credit	No significant difference	No significant difference	24,644	1.62	
	USI Trading (Shanghai) Co., Ltd.	Subsidiary	Sale	( 118,766)	( 1.17)	Within 60 days after purchasing on credit	No significant difference	No significant difference	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	No significant difference	No significant difference	( 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	No significant difference	No significant difference	( 33,203)	( 3.69)	

Note: All the transactions were fully eliminated upon preparation of the consolidated financial statements.

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

YEAR 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	Payment Terms	Unit Price	Payment Terms	Financial Statement Account and 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	No significant difference	No significant difference	132,306	45	
Acme Electronics Corp.	Acme Electronics (Guang-Zhou) Co., Ltd.	Subsidiary of GAEL	Sale	( 100,974)	( 10)	55 days	No significant difference	No significant Difference	13,769	6	
Acme Electronics (Guang-Zhou) Co., Ltd.	Acme Electronics Corp.	Subsidiary of GAEL	Purchase	100,974	64	55 days	No significant difference	No significant Difference	( 13,769)	( 45)	
Acme Electronics Corp.	Acme Electronics (Kunshan) Co., Ltd.	Subsidiary of ACME(Cayman)	Sale	( 144,522)	( 14)	55 days	No significant difference	No significant Difference	31,073	14	
Acme Electronics (Kunshan) Co., Ltd.	Acme Electronics Corp.	Subsidiary of ACME(Cayman)	Purchase	144,522	54	55 days	No significant difference	No significant difference	( 31,073)	( 68)	

Note: All the transactions were fully eliminated upon preparation of the consolidated financial statements.

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

YEAR 2020

TABLE 5-2

(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	Financial Statement Account and 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	No significant difference	No significant difference	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	No significant difference	No significant difference	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	No significant difference	No significant difference	Accounts receivable from related parties 31,722	23	
	PT.Swanson Plastics Indonesia	Have the same ultimate parent company	Sale	( 117,680)	( 12)	90 days	No significant difference	No significant difference	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	No significant difference	No significant difference	Accounts payable to related parties ( 75,742)	( 57)	
Swanson Plastics (Kunshan) Co., Ltd.	ASK-Swanson (Kunshan) Co., Ltd.	Have the same ultimate parent company	Sale	( 141,235)	( 12)	60 days	No significant difference	No significant difference	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	No significant difference	No significant difference	Accounts payable to related parties 13,091	8	
	Forever Young Company Limited	Have the same ultimate parent company	Purchase	332,832	43	90 days	No significant difference	No significant difference	Accounts payable to related parties ( 31,722)	( 56)	
	Swanson Plastics (Singapore) Pte. Ltd.	Parent company	Sale	( 201,859)	( 21)	90 days	No significant difference	No significant difference	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	No significant difference	No significant difference	Accounts receivable from related parties ( 17,978)	( 48)	
PT.Swanson Plastics Indonesia	Forever Young Company Limited	Have the same ultimate parent company	Purchase	117,680	37	90 days	No significant difference	No significant difference	Accounts payable to related parties ( 12,057)	( 35)	

Note: All the transactions were fully eliminated upon preparation of the consolidated financial statements.

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  
YEAR 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	Payment Terms	Unit Price	Payment Terms	Financial Statement Account and 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	No significant difference	No significant difference	Accounts receivable from related parties 110,613	8	
Taiwan VCM Corporation	China General Plastics Corporation	Parent company	Sale	( 4,290,414)	( 51)	45 days	No significant difference	No significant difference	Accounts receivable from related parties 1,069,615	42	
	CGPC Polymer Corporation	Fellow subsidiary	Sale	( 3,869,633)	( 46)	75 days	No significant difference	No significant difference	Accounts receivable from related parties 1,437,900	57	
CGPC Polymer Corporation	Taiwan VCM Corporation	Fellow subsidiary	Purchase	3,869,633	96	75 days	No significant difference	No significant difference	Accounts payable to related parties ( 1,437,900)	( 98)	
CGPC America Corporation	China General Plastics Corporation	Parent company	Purchase	389,006	85	90 days	No significant difference	No significant difference	Accounts payable to related parties ( 110,613)	( 97)	

Note: All the transactions were fully eliminated upon preparation of the consolidated financial statements.

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

YEAR 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	Payment Terms	Unit Price	Payment Terms	Financial Statement Account and Ending Balance	% of Total	
Taita Chemical Company, Ltd.	Taita Chemical (Zhongshan) Co., Ltd.	Sub-subsidiary	Sale	(\$ 736,735) (USD 25,071 thousand )	( 6.70)	30 days	No significant difference	No significant difference	Accounts receivable from related parties \$ 2,818 (USD 99 thousand )	0.19	

Note: All the transactions were fully eliminated upon preparation of the consolidated financial statements.

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

YEAR 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)		N o t e
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Financial Statement Account and Ending Balance	% of Total	
Asia Polymer Corporation	USI Corporation	Ultimate parent company	SALES	(\$ 662,692)	( 11.62)	60 days	No significant difference	No significant difference	Accounts receivable from related parties \$ 189,988	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	Accounts receivable from related parties ( 33,203)	( 11.54)	

Note: All the transactions were fully eliminated upon preparation of the consolidated financial statements.



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 (Note 3)	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.

Note 3: All the transactions were fully eliminated upon preparation of the consolidated financial statements.

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

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

TABLE 6-1

Company Name	Related Party	Relationship	Ending Balance (Note 2)	Turnover Rate (%)	O v e r d u e		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 1
Acme Electronics (Guang-Zhou) Co., Ltd.	Acme Electronics Corporation	Subsidiary of GAEL	Receivables - related parties 132,306	2.94	-	-	-	Note 1

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

Note 2: All the transactions were fully eliminated upon preparation of the consolidated financial statements.

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 (Note 3)	Turnover Rate (%)	O v e r d u e		Amounts Received in Subsequent Period (Note 2)	Allowance for Impairment Loss
					Amount	Actions Taken		
ASK-Swanson (Kunshan) Ltd.	Swanson Plastics (Tianjin) Co., Ltd.	Fellow subsidiary	Other receivables - related parties \$183,995 (RMB 42,154 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.

Note 3: All the transactions were fully eliminated upon preparation of the consolidated financial statements.

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 (Note 3)	Turnover Rate (%)	O v e r d u e		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	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.

Note 3: All the transactions were fully eliminated upon preparation of the consolidated financial statements.

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	Financial Statement Account and Ending Balance (Note 3)	Turnover Rate (%)	O v e r d u e		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., transferred to other receivables since it had exceeded the normal credit period.

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

Note 3: All the transactions were fully eliminated upon preparation of the consolidated financial statements.

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 (%)	O v e r d u e		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, 2020 to March 5, 2020.

Note 3: All the transactions were fully eliminated upon preparation of the consolidated financial statements.

USI CORPORATION AND SUBSIDIARIES  
INFORMATION ON INVESTEES  
YEAR 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)	N o t e
				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	7,331,652	(113,719)	(69,661)	Subsidiary
	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 Avenue, 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

(Continued)

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		As of December 30, 2020			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 30, 2020	December 31, 2019	Number of Shares	Percentage (%)	Carrying Amount			
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	\$ 1,749,212	\$ 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)	( 14,109)	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 - )	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 (USD3,538 thousand )	102,943 ( USD 3,538 thousand)	5,609,231	11.23	135,451 (USD4,756thousand )	9,485 (USD 336 thousand)	Sub-subsidiary	

Note 1: The Company recovered the remaining of liquidation properties of 3,876 thousand dollars on May, 2020. Thintec Materials Corporation has completed the dissolution and liquidation procedures on July 22, 2020.

Note 2: Chong Loong Trading Co., Ltd. has recovered the remaining of liquidation properties of 6,828 thousand dollars 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.

Note 4: All the transactions were fully eliminated upon preparation of the consolidated financial statements.



USI CORPORATION AND SUBSIDIARIES  
(Acme Electronics Corporation)  
INFORMATION ON INVESTEEES  
YEAR 2020

TABLE 7-1

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

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount (Note 2)		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) ( USD336 thousand )	(\$ 4,189) ( USD150 thousand )	Note 1
	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	Note 1
	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 )	Notes 1 and 3
	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 )	Note 1
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

Note 1: All the transactions were fully eliminated upon preparation of the consolidated financial statements.

Note 2: The amount is calculated according to the original investment cost.

Note 3: 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  
YEAR 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 2)	December 31, 2019 (Note 2)	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	100.00	\$ 1,849,557	\$ 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	100.00	75,442	9,959	9,959	
	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	100.00	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	100.00	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 agri-technologies	140,000	140,000	14,000	70.00	( 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	1.00	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	100.00	629,514 (USD 22,104 thousand)	104,718 (MYR 14,932 thousand)	104,718 (USD3,544 thousand)	
	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	100.00	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	99.00	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	100.00	555,647 (USD 19,510 thousand)	27,136 (USD 918 thousand)	27,136 (USD 918 thousand)	Notes 2

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.

Note 3: All the transactions were fully eliminated upon preparation of the consolidated financial statements.

USI CORPORATION AND SUBSIDIARIES  
(China General Plastics Corporation)  
INFORMATION ON INVESTEEES  
YEAR 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	100.00	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	100.00	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	100.00	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 TMC resolved to dissolve from May 25, 2019. CGPC recovered \$1,274 thousand dollar in share capital and And recognized the penalty loss of 173 thousand dollars in May 2020, and TMC completed the dissolution and liquidation procedures on July 22, 2020.

Note 2: All the transactions were fully eliminated upon preparation of the consolidated financial statements.

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

USI CORPORATION AND SUBSIDIARIES  
(Taita Chemical Company, Ltd.)  
INFORMATION ON INVESTEEES  
YEAR 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 (Note 3)
	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 and ferrite core	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 )	48,471 ( USD1,700 thousand )	2,695,619	5.39	65,093 ( USD2,286 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: All the transactions were fully eliminated upon preparation of the consolidated financial statements.

Note 4: Investments in mainland China are included in Table 8-4.

USI CORPORATION AND SUBSIDIARIES  
(Asia Polymer Corporation)  
INFORMATION ON INVESTEEES  
YEAR 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 (USD 13,775 thousand)	\$ 392,306 (USD 13,775 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 petro chemical 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	206,857	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
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	-	Investments accounted for using the equity method
APC Investment Corporation	USI International Corp.	British Virgin Islands	Reinvestment	25,632 (USD900 thousand)	34,176 (USD1,200 thousand)	900,000	30.00	27,178	5,387	-	Investments accounted for using the equity method (Note 1)
	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	-	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)	-	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)	-	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)	-	Investments accounted for using the equity method

Note 1: All the transactions were fully eliminated upon preparation of the consolidated financial statements.

Note 2: Investments in mainland China are included in Table 8-5.

USI CORPORATION AND SUBSIDIARIES  
INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
YEAR 2020

TABLE 8

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

Investee Company	Main Businesses and Products	Paid-in Capital (Note 7)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020 (Note 7)	Investment Flows (Note 7)		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020 (Note 7)	Net Income (Loss) of the Investee	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of 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 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, and No. 10500234240 on February 26, 2020, the Company was able to wire transfer US\$257,939 thousand to Gulei, and was also approved to invest and establish dealing entity in third areas with US\$32,200 thousand in accordance with certificate No. 10900243220 issued by the Industrial Development Bureau, MOEA on October 5, 2020. and was also approved to invest and establish dealing entity in third areas with US\$32,200 thousand in accordance with certificate No. 10900243220 issued by the Industrial Development Bureau, MOEA on October 5, 2020.

Note 6: Except for Gulei, All the transactions were fully eliminated upon preparation of the consolidated financial statements.

Note 7: The amount was calculated using the spot exchange rate as of December 31, 2020.

Note 8: Except for ACME Electronics (Kunshan) Co., Ltd., whose numbers were based on its financial statements reviewed by the Certified Public Accountants of its ROC parent company, all the other companies' were based on non-reviewed financial statements.

USI CORPORATION AND SUBSIDIARIES  
(Acme Electronics Corporation (ACME))  
INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
YEAR 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)	I n v e s t m e n t F l o w s		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020 ( N o t e 5 )	Net Income (Loss) of the Investee (Note 6)	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) (Notes 4, 6 and 8)	Carrying Amount as of December 31, 2020 (Notes 7 and 8)	Accumulated Repatriation of Investment Income as of 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 (RMB1,739 thousand )	51.27	\$ 3,759 (RMB892 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 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), 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 on December 31, 2020.

Note 8: All the transactions were fully eliminated upon preparation of the consolidated financial statements.

USI CORPORATION AND SUBSIDIARIES  
(Swanson Plastics Corporation)  
INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
YEAR 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		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) (Note 3)	Carrying Amount as of December 31, 2020 (Note 3)	Accumulated Repatriation of Investment Income as of 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 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, 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: All the transactions were fully eliminated upon preparation of the consolidated financial statements.



USI CORPORATION AND SUBSIDIARIES  
(China General Plastics Corporation (CGPC))  
INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
YEAR 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		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020 (Note 1)	Net Income (Loss) of the Investee	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) (Note 5)	Carrying Amount as of December 31, 2020 (Notes 1 and 5)	Accumulated Repatriation of Investment Income as of 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 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 as of 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 \$19,408 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.

Note 6: All the transactions were fully eliminated upon preparation of the consolidated financial statements.

USI CORPORATION AND SUBSIDIARIES  
(Taita Chemical Company, Ltd. (TTC))  
INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
YEAR 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	I n v e s t m e n t F l o w s		Accumulated Outward Remittance for Investment from Taiwan as of 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 December 31, 2020 (Note 5)	Accumulated Repatriation of Investment Income as of December 31, 2020
					Outflow	Inflow						
Taita Chemical (Zhongshan) Co., Ltd. ("TAITA (ZS)")	Production and marketing of polystyrene derivatives	\$ 1,317,200 (USD 46,250 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 (USD 20,747 thousand)	100.00	\$ 610,521 (USD 20,747 thousand) (Note 7)	\$ 2,947,550 (USD103,495 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)	(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 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 in 2007.

Note 2: TAITA (TJ) resolved to issue share dividends of US\$1,350 thousand in 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: All the transactions were fully eliminated upon preparation of the consolidated financial statements.

Note 7: TAITA (ZS) agreed to waive the capital and interest of the loan to TAITA(TJ) of RMB 15,000 thousand on November, 2020.

USI CORPORATION AND REINVESTMENT COMPANIES  
(Asia Polymer Corporation (APC))  
INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
YEAR 2020

TABLE 8-5

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

Investee Company	Main Businesses and Products	Paid-in Capital (Note 4)	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	I n v e s t m e n t F l o w s		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee (Note 3)	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) (Note 3)	Carrying Amount as of December 31, 2020 (Note 4)	Accumulated Repatriation of Investment Income as of December 31, 2020
					Outflow	Inflow						
ACME Electronics (Kunshan) Co., Ltd.	Manufacture and marketing of manganese-zinc soft ferrite core	\$ 875,018 (USD 30,725 thousand)	(2) ACME Electronics (Cayman) Corp.	\$ 118,971 (USD 4,177 thousand)	\$ -	\$ -	\$ 118,971 (USD 4,177 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 (USD 3,036 thousand)	-	-	86,454 (USD 3,036 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 (USD 24,809 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 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) (USD 169,916 thousand)	\$6,374,838 (USD 223,836 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 at 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.

Note 7: Except for the investment in Fujian Gulei Petrochemical Co., Ltd., all the transactions were fully eliminated upon preparation of the consolidated financial statements.

USI CORPORATION AND SUBSIDIARIES  
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS

JANUARY 1 to DECEMBER 31, 2020

TABLE 9

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

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	T r a n s a c t i o n D e t a i l s			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms	Ratio to Total Sales or Assets (%)(Note 4)
0	USI Corporation	USI (Hong Kong) Company Limited	1	Sales revenue	\$ 119,902	No significant difference	0.24%
0	USI Corporation	USI Trading (Shanghai) Co., Ltd.	1	Sales revenue	118,766	No significant difference	0.24%
0	USI Corporation	Forever Young Company Limited	1	Sales revenue	95,742	No significant difference	0.19%
0	USI Corporation	Swanson Plastics Corporation	1	Sales revenue	52,321	No significant difference	0.10%
0	USI Corporation	Asia Polymer Corporation	1	Sales revenue	25,559	No significant difference	0.05%
0	USI Corporation	Asia Polymer Corporation	1	Purchase	662,705	No significant difference	1.32%
0	USI Corporation	Swanson Plastics Corporation	1	Purchase	55,258	No significant difference	0.11%
0	USI Corporation	Dynamic Ever Investments Limited	1	Management services revenue	19,790	No significant difference	0.04%
0	USI Corporation	USI Trading (Shanghai) Co., Ltd.	1	Accounts receivable	33,203	No significant difference	0.04%
0	USI Corporation	USI (Hong Kong) Company Limited	1	Accounts receivable	24,644	No significant difference	0.03%
0	USI Corporation	Forever Young Company Limited	1	Accounts receivable	28,645	No significant difference	0.04%
0	USI Corporation	Asia Polymer Corporation	1	Other receivables	58,713	No significant difference	0.08%
0	USI Corporation	USI (Hong Kong) Company Limited	1	Other receivables	51,190	No significant difference	0.07%
0	USI Corporation	Taiwan VCM Corporation	1	Other receivables	96,071	No significant difference	0.12%
0	USI Corporation	Asia Polymer Corporation	1	Accounts payable	185,681	No significant difference	0.24%
0	USI Corporation	USI Management Consulting Corporation	1	Management services expense	122,603	No significant difference	0.16%
0	USI Corporation	China General Terminal & Distribution Corporation	1	Storage tank operating expense	47,818	No significant difference	0.06%
1	Asia Polymer Corporation	Swanson Plastics Corporation	3	Sales revenue	33,686	No significant difference	0.07%
1	Asia Polymer Corporation	USI (Hong Kong) Company Limited	3	Sales revenue	14,052	No significant difference	0.03%
1	Asia Polymer Corporation	Taita Chemical Co., Ltd.	3	Purchase	10,998	No significant difference	0.02%
1	Asia Polymer Corporation	Swanson Plastics Corporation	3	Purchase	28,322	No significant difference	0.06%
1	Asia Polymer Corporation	China General Terminal & Distribution Corporation	3	Storage tank operating expense	32,811	No significant difference	0.04%
1	Asia Polymer Corporation	USI Management Consulting Corporation	3	Management services expense	39,208	No significant difference	0.08%
1	Asia Polymer Corporation	USI Trading (Shanghai) Co., Ltd.	3	Sales revenue	63,613	No significant difference	0.13%
1	Asia Polymer Corporation	USI Trading (Shanghai) Co., Ltd.	3	Accounts receivable	12,462	No significant difference	0.02%
2	China General Plastics Corporation	Swanson Plastics Corporation	3	Purchase	35,817	No significant difference	0.07%
2	China General Plastics Corporation	Swanson Plastics Corporation	3	Accounts receivable	11,274	No significant difference	0.01%
2	China General Plastics Corporation	China General Terminal & Distribution Corporation	3	Storage tank operating expense	74,062	No significant difference	0.15%
2	China General Plastics Corporation	USI Management Consulting Corporation	3	Management services expense	41,811	No significant difference	0.08%
2	China General Plastics Corporation	Taiwan VCM Corporation	3	Accounts payable	1,069,615	No significant difference	2.13%
2	China General Plastics Corporation	Taiwan VCM Corporation	3	Purchase	4,290,414	No significant difference	8.55%
2	China General Plastics Corporation	CGPC America Corporation	3	Accounts receivable	110,613	No significant difference	0.22%
2	China General Plastics Corporation	CGPC America Corporation	3	Sales revenue	389,006	No significant difference	0.77%
2	China General Plastics Corporation	CGPC Polymer Corporation	3	Purchase	61,206	No significant difference	0.12%
2	China General Plastics Corporation	CGPC Polymer Corporation	3	Accounts payable	19,827	No significant difference	0.04%
3	Taita Chemical Company, Ltd.	USI Trading (Shanghai) Co., Ltd.	3	Sales revenue	10,970	No significant difference	0.01%
3	Taita Chemical Company, Ltd.	USI Management Consulting Corporation	3	Management services expense	49,647	No significant difference	0.10%
3	Taita Chemical Company, Ltd.	China General Terminal & Distribution Corporation	3	Storage tank operating expense	13,210	No significant difference	0.03%
3	Taita Chemical Company, Ltd.	Taita Chemical (Zhongshan) Co., Ltd.	3	Sales revenue	736,735	No significant difference	0.95%
3	Taita Chemical Company, Ltd.	Taita Chemical (Tianjin) Co., Ltd.	3	Other receivables	263,413	No significant difference	0.34%

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	T r a n s a c t i o n s D e t a i l s			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms	Ratio to Total Sales or Assets (%)(Note 4)
4	Acme Electronics Corporation	Acme Electronics (Kunshan) Co., Ltd.	3	Sales revenue	\$ 144,522	No significant difference	0.19%
4	Acme Electronics Corporation	Acme Electronics (Guangzhou) Co., Ltd.	3	Sales revenue	100,974	No significant difference	0.20%
4	Acme Electronics Corporation	ACME Ferrite Product Sdn. Bhd.	3	Sales revenue	16,533	No significant difference	0.03%
4	Acme Electronics Corporation	Acme Electronics (Kunshan) Co., Ltd.	3	Cost of goods sold	67,923	No significant difference	0.14%
4	Acme Electronics Corporation	Acme Electronics (Guangzhou) Co., Ltd.	3	Processing fee (entered as cost of goods sold)	361,060	No significant difference	0.72%
4	Acme Electronics Corporation	Acme Electronics (Kunshan) Co., Ltd.	3	Royalty revenue	13,475	No significant difference	0.02%
4	Acme Electronics Corporation	ACME Electronics (Cayman) Corp.	3	Management services fee revenue (entered as non-operating incomes-other)	16,357	No significant difference	0.02%
4	Acme Electronics Corporation	Acme Electronics (Kunshan) Co., Ltd.	3	Accounts receivable—related parties	31,073	No significant difference	0.04%
4	Acme Electronics Corporation	Acme Electronics (Guangzhou) Co., Ltd.	3	Accounts receivable—related parties	13,769	No significant difference	0.02%
4	Acme Electronics Corporation	Acme Electronics (Kunshan) Co., Ltd.	3	Other receivables—related parties	12,351	No significant difference	0.02%
4	Acme Electronics Corporation	ACME Electronics (Cayman) Corp.	3	Other receivables—related parties	204,223	No significant difference	0.41%
4	Acme Electronics Corporation	Acme Electronics (Guangzhou) Co., Ltd.	3	Notes and accounts payable—related parties	132,306	No significant difference	0.26%
4	Acme Electronics Corporation	Acme Electronics (Kunshan) Co., Ltd.	3	Notes and accounts payable—related parties	19,960	No significant difference	0.04%
5	USI Management Consulting Corporation	Swanson Plastics Corporation	3	Management services revenue	29,371	No significant difference	0.06%
5	USI Management Consulting Corporation	Taiwan VCM Corporation	3	Management services revenue	23,840	No significant difference	0.05%
5	USI Management Consulting Corporation	China General Terminal & Distribution Corporation	3	Management services revenue	18,827	No significant difference	0.04%
6	Taita Chemical (Zhongshan) Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	3	Other gains and losses (Note 5)	67,876	No significant difference	0.14%
7	Acme Electronics (Kunshan) Co., Ltd.	Acme Electronics (Guangzhou) Co., Ltd.	3	Sales revenue	41,132	No significant difference	0.05%
7	Acme Electronics (Kunshan) Co., Ltd.	Acme Electronics (Guangzhou) Co., Ltd.	3	Cost of goods sold	21,137	No significant difference	0.03%
7	Acme Electronics (Kunshan) Co., Ltd.	Acme Electronics (Guangzhou) Co., Ltd.	3	Accounts receivable—related parties	13,674	No significant difference	0.02%
7	Acme Electronics (Kunshan) Co., Ltd.	ACME Ferrite Product Sdn. Bhd.	3	Sales revenue	62,924	No significant difference	0.08%
7	Acme Electronics (Kunshan) Co., Ltd.	ACME Ferrite Product Sdn. Bhd.	3	Accounts receivable—related parties	11,402	No significant difference	0.01%
8	CGPC Polymer Corporation	Taiwan VCM Corporation	3	Accounts payable	1,437,900	No significant difference	2.86%
8	CGPC Polymer Corporation	Taiwan VCM Corporation	3	Other payables	20,798	No significant difference	0.03%
8	CGPC Polymer Corporation	Taiwan VCM Corporation	3	Purchase	3,869,633	No significant difference	5.00%
9	Swanson Plastics Corporation	Swanson Plastics (Kunshan) Corp.	3	Accounts receivable	17,942	No significant difference	0.02%
9	Swanson Plastics Corporation	Forever Young Company Limited	3	Sales revenue	69,910	No significant difference	0.14%
9	Swanson Plastics Corporation	Forever Young Company Limited	3	Management services revenue	21,260	No significant difference	0.04%
10	Forever Young Company Limited	Swanson Plastics (Kunshan) Corp.	3	Sales revenue	349,564	No significant difference	0.70%
10	Forever Young Company Limited	Swanson Plastics (Kunshan) Corp.	3	Accounts receivable	75,742	No significant difference	0.10%
10	Forever Young Company Limited	Swanson Plastics (Malaysia) Sdn. Bhd.	3	Sales revenue	332,832	No significant difference	0.66%
10	Forever Young Company Limited	Swanson Plastics (Malaysia) Sdn. Bhd.	3	Cost of goods sold	142,768	No significant difference	0.28%
10	Forever Young Company Limited	Swanson Plastics (Malaysia) Sdn. Bhd.	3	Accounts receivable	31,722	No significant difference	0.04%
10	Forever Young Company Limited	Swanson Plastics (Malaysia) Sdn. Bhd.	3	Accounts payable	13,091	No significant difference	0.02%
10	Forever Young Company Limited	Swanson International Ltd.	3	Other receivables	88,430	No significant difference	0.11%

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	T r a n s a c t i o n s D e t a i l s			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms	Ratio to Total Sales or Assets (%)(Note 4)
10	Forever Young Company Limited	Swanson Plastics (India) Private Ltd.	3	Sales revenue	\$ 46,945	No significant difference	0.09%
10	Forever Young Company Limited	PT Swanson Plastics Indonesia	3	Accounts receivable	12,057	No significant difference	0.02%
10	Forever Young Company Limited	PT Swanson Plastics Indonesia	3	Sales revenue	117,680	No significant difference	0.23%
11	SWANSON PLASTICS (SINGAPORE) PTE LTD.	Swanson Plastics (Malaysia) Sdn. Bhd.	3	Cost of goods sold	201,859	No significant difference	0.40%
11	SWANSON PLASTICS (SINGAPORE) PTE LTD.	Swanson Plastics (Malaysia) Sdn. Bhd.	3	Accounts payable	26,575	No significant difference	0.03%
11	SWANSON PLASTICS (SINGAPORE) PTE LTD.	PT Swanson Plastics Indonesia	3	Accounts receivable	28,895	No significant difference	0.04%
11	SWANSON PLASTICS (SINGAPORE) PTE LTD.	PT Swanson Plastics Indonesia	3	Cost of goods sold	52,445	No significant difference	0.10%
12	Swanson Plastics (Kunshan) Corp.	ASK-Swanson (Kunshan) Co., Ltd.	3	Sales revenue	141,235	No significant difference	0.28%
12	Swanson Plastics (Kunshan) Corp.	ASK-Swanson (Kunshan) Co., Ltd.	3	Accounts receivable	17,978	No significant difference	0.02%
13	ASK-Swanson (Kunshan) Co., Ltd.	Swanson Plastics (Tainjin) Co., Ltd.	3	Other receivables	183,995	No significant difference	0.24%
14	ACME Ferrite Product Sdn. Bhd.	Acme Electronics (Guangzhou) Co., Ltd.	3	Cost of goods sold	62,924	No significant difference	0.13%

Note 1: The information about the transactions between the Company and the subsidiaries should be marked in the note column as follows:

- a. The Company: 0.
- b. The subsidiaries were marked from 1 in order of numeric characters by the companies.

Note 2: Investment types are as follows:

- a. The Company to the subsidiaries.
- b. The subsidiaries to the Company.
- c. Between subsidiaries.

Note 3: All the transactions were fully eliminated upon preparation of the consolidated financial statements.

Note 4: The ratio of transaction amounts accounted for total sales revenue or assets is calculated as follows: (1) asset or liability: The ratio was calculated based on the ending balance accounted for total consolidated assets; (2) income or loss: The ratio was calculated based on the midterm accumulated amounts accounted for total consolidated sales revenue.

Note 5: TAITA (ZS) agreed to waive the capital and interest of the loan to TAITA(TJ) of RMB 15,000 thousand, therefore recognized credit impairment losses of 67,876 thousand.

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

YEAR 2020

TABLE 10

(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	No significant difference	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	-	—	—	—	-	-	-	—

Note: All the transactions were fully eliminated upon preparation of the consolidated financial statements.

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

YEAR 2020

TABLE 10-1

(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	990	-	—	—	—	-	-	-	—
	Other receivables	7,914	-	—	—	—	-	-	-	—

Note: All the transactions were fully eliminated upon preparation of the consolidated financial statements.



USI CORPORATION  
INFORMATION ON MAJOR SHAREHOLDERS  
DECEMBER 31, 2020

TABLE 11

Name of major shareholder	S h a r e s	
	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.

## **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	%
	<b>CURRENT ASSETS</b>				
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>
	<b>NON-CURRENT ASSETS</b>				
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>
	<b>Liabilities and Equity</b>				
	<b>CURRENT LIABILITIES</b>				
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>
	<b>NON-CURRENT LIABILITIES</b>				
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>
	<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 8, 12, 21, 22, 25 and 29)</b>				
3100	Share capital	11,887,635	36	11,887,635	38
3200	Capital surplus	<u>321,798</u>	<u>1</u>	<u>271,613</u>	<u>1</u>
	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	<u>5,606,462</u>	<u>17</u>	<u>4,346,640</u>	<u>14</u>
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 )

(Continued)

<u>C o d e</u>		<u>Year 2020</u>	<u>Year 2019</u>
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 )	-

(Continued)

<u>C o d e</u>		<u>Year 2020</u>	<u>Year 2019</u>
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

	December31, 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	<u>\$ 11,522</u>	<u>\$ 1,807</u>

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

	<u>Currency</u>	<u>Maturity Date</u>	<u>Notional Amount (In Thousands)</u>
<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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<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, DSYV 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>
<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)

(Continued)

	Freehold land	Land improvement	Building improvements	Machinery and equipment	Transportation equipment	Other equipment	Construction in progress and equipment under installation	Total
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>
<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
	<u>                    </u>	<u>                    </u>
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
	<u>                    </u>	<u>                    </u>
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
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Balance on January 1, 2019	(\$ 691,947)	\$ 383,013	(\$ 308,934)
Current cost value	( 5,078)	-	( 5,078)
Interest revenue (expense)	<u>( 5,754)</u>	<u>3,389</u>	<u>( 2,365)</u>

(Continued)



	<u>Present Value of Funded Defined Benefit Obligation</u>	<u>Fair value of plan assets</u>	<u>Net Defined Benefit Liabilities</u>
Amounts recognized in profit or loss	(\$ 10,832)	\$ 3,389	(\$ 7,443)
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			

(Continued)

	<u>Present Value of Funded Defined Benefit Obligation</u>	<u>Fair value of plan assets</u>	<u>Net Defined Benefit Liabilities</u>
Return on plan assets (excluding amounts included in net interest)	\$ -	\$ 13,150	\$ 13,150
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
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
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	<u>(\$ 583,855)</u>	<u>(\$ 602,871)</u>

## 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		
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



	Year 2020	Year 2019
<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

	For the year ended December 31, 2020	For the year ended December 31, 2019
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

	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	\$ 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	<u>\$ 6,994,302</u>	<u>\$ -</u>	<u>\$ 7,029,198</u>	<u>\$ -</u>	<u>\$ 7,029,198</u>

## 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	<u>\$ 7,991,283</u>	<u>\$ -</u>	<u>\$ 8,027,387</u>	<u>\$ -</u>	<u>\$ 8,027,387</u>

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)
	<u>(\$ 4,253)</u>	<u>(\$ 8,875)</u>	<u>(\$ 1,823)</u>

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)	-
	<u>(\$ 300)</u>	<u>(\$ 659)</u>	<u>\$ -</u>

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
	<u>                    </u>	<u>                    </u>
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, Chenenergy 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 exchange transaction	RMB to NTD	2021.01.05~2021.04.07	RMB 254,260/NTD 1,089,330
Sell the forward exchange transaction	USD to MYR	2021.03.31~2021.08.30	USD 550/MYR 2,313
Sell the forward exchange transaction	USD to NTD	2021.01.04~2021.03.18	USD 35,790/NTD 1,014,569
Sell the forward exchange transaction	EUR to MYR	2021.05.28~2021.07.30	EUR 284/MYR 1,399
Buy the forward exchange transaction	NTD to USD	2021.01.04~2021.03.02	NTD 211,769/USD 7,471
Buy the forward exchange transaction	JPY to USD	2021.01.13~2021.01.27	JPY 40,000/USD 385

- 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 (Zhongshan) 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 (Zhongshan) 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 (Zhongshan) Co., Ltd. was RMB675,297 thousand. In November 109, Taita Chemical (Zhongshan) 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	Endorsee / Guarantee		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 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	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.	—	Financial assets at fair value through profit or loss - current	1,693,251	68,915	-	68,915	
	ITE Tech. Inc.	—	Financial assets at fair value through profit or loss - current	500,000	21,600	-	21,600	
	Taiwan Cement Corporation.	—	Financial assets at fair value through profit or loss - current	200,000	16,180	-	16,180	
	Quanta Computer Inc.	—	Financial assets at fair value through profit or loss - current	300,000	26,220	-	26,220	
	Unimicron Technology Corporation.	—	Financial assets at fair value through profit or loss - current	1,515,800	21,752	-	21,752	
	G.M.I. Technology Inc.	—	Financial assets at fair value through profit or loss - current	110,000	-	-	-	
	Teratech Corp.	—	Financial assets at fair value through profit or loss - non-current					
	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	—	Financial assets at fair value through profit or loss - current	5,884,596	71,000	-	71,000		
CTBC Hwa-win Money Market Fund	—	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	
	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	-	
Taiwan United Venture Management Corp.	Beneficiary certificates Fuh Hwa Money Market Fund	—	Financial assets at fair value through profit or loss – current	91,730	1,334	-	1,334	
INOMA Corporation	Beneficiary certificates Taishin 1699 Money Market Fund	—	Financial assets at fair value through profit or loss – current	595,654	8,128	-	8,128	
USI Optronics Corp.	Beneficiary certificates Jih Sun Money Market Fund	—	Financial assets at fair value through profit or loss – current	1,016,620	15,198	-	15,198	
	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	
USI Management Consulting Corporation	Beneficiary certificates 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	

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

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

TABLE 3-1

Holding Company N a m e	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 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 Jih Sun Money Market Fund	— —	“ “	5,225,881 3,022,043	85,001 45,180	- -	85,001 45,180	Note 2 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													
	CTBC Hua Win Money Market Fund	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
	Yuanta De-Li Money Market Fund	"	-	-	8,415,458	137,000	12,679,431	208,000	21,094,889	346,026	345,000	1,026	-	-
	Taishin 1699 Money Market Fund	"	-	-	18,384,950	249,200	38,525,061	525,000	51,412,872	700,745	699,200	1,545	5,497,139	75,000
	Taishin Ta-Chong Money Market Fund	"	-	-	3,848,863	54,800	29,433,161	421,000	13,165,711	188,013	187,800	213	20,116,313	288,000
	TCB Taiwan Money Market Fund	"	-	-	-	-	31,420,702	321,000	31,420,702	321,129	321,000	129	-	-
	FSITC Money Market Fund	"	-	-	275,921	49,400	1,889,131	339,000	1,792,384	321,858	321,400	458	372,668	67,000
	Hua Nan Phoenix Money Market Fund	"	-	-	4,566,633	74,500	38,675,263	633,000	26,579,756	434,696	434,500	196	16,662,140	273,000
	Shin Kong Chi-Shin Money-Market Fund.	"	-	-	-	-	29,624,420	462,000	16,808,508	262,069	262,000	69	12,815,912	200,000
	FSITC Taiwan Money Market Fund	"	-	-	12,866,132	196,700	7,990,124	123,000	16,886,629	260,020	258,700	1,320	3,969,627	61,000
	UPAMC James Bond Money Market Fund	"	-	-	2,995,555	50,000	9,221,878	155,000	12,217,433	205,362	205,000	362	-	-
	Fubon Chi-Hsiang Money Market Fund	"	-	-	-	-	6,343,790	100,000	6,343,790	100,025	100,000	25	-	-
	Hua Nan Kirin Money Market Fund	"	-	-	-	-	22,821,010	275,000	16,936,414	204,061	204,000	61	5,884,596	71,000
	Yuanta De- Bao Money Market Fund	"	-	-	6,094,719	73,500	18,033,728	218,000	24,128,447	291,631	291,500	131	-	-

(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	"	—	—	-	-	4,391,849	55,000	-	-	-	-	4,391,849	55,000
Venture Capital 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
	Beneficiary certificates 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
	Beneficiary certificates Taishin Ta-Chong Money Market Fund	"	—	—	496,715	7,000	-	-	496,715	7,089	7,000	89	-	-
	Beneficiary certificates 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														-	-	72,435,348	987,000	65,180,100	888,173	888,000	173	7,255,248	99,000		
	Taishin 1699 Money Market Fund														-	-	9,273,954	117,000	9,273,954	117,020	117,000	20	-	-		
	Mega Diamond 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
	Taishin Ta-Chong Money Market Fund														-	-	596,011	10,000	2,383,990	40,000	2,980,001	50,009	50,000	9	-	-
	UPAMC James Bond Money Market Fund														-	-	-	-	10,286,081	124,000	10,286,081	124,021	124,000	21	-	-
	Hua Nan Kirin Money Market Fund														-	-	-	-	4,885,483	80,000	4,885,483	80,010	80,000	10	-	-
	Hua Nan Phoenix Money Market Fund														-	-	-	-	278,987	50,000	278,987	50,006	50,000	6	-	-
	FSITC Money Market Fund														-	-	-	-	18,728,035	292,000	12,320,572	192,066	192,000	66	6,407,463	100,000
	Shin Kong Chi-Shin Money-Market Fund														-	-	-	-	11,829,033	192,000	11,829,033	192,033	192,000	33	-	-
	Capital Money Market Fund														-	-	-	-	16,773,242	186,000	12,271,576	136,053	136,000	53	4,501,666	50,000
	CTBC Hua Win Money Market Fund														-	-	-	-	10,843,168	178,000	10,843,168	178,041	178,000	41	-	-
	Nomura Taiwan Money Market Fund														-	-	325,457	5,000	7,729,823	119,000	8,055,280	124,050	124,000	50	-	-
FSITC Taiwan Money Market Fund	-	-	-	-	10,848,473	111,000	10,848,473	111,013	111,000	13	-	-														
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		
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	"	-	-	8,813,848	119,700	52,289,292	712,400	45,709,685	622,428	622,100	328	15,393,455	210,000
	Taishin 1699 Money Market Fund	"	-	-	2,574,758	41,700	21,415,980	348,000	11,999,558	194,753	194,700	53	11,991,180	195,000
	Capital Money Market Fund	"	-	-	-	-	27,420,678	449,000	19,791,557	324,050	324,000	50	7,629,121	125,000
	Hua Nan Phoenix Money Market Fund	"	-	-	-	-	1,280,996	230,000	1,030,684	185,073	185,000	73	250,312	45,000
	FSITC Money Market Fund	"	-	-	-	-	8,640,705	133,000	5,461,789	84,016	84,000	16	3,178,916	49,000
	FSITC Taiwan Money Market Fund	"	-	-	-	-	16,844,629	241,000	7,903,047	113,022	113,000	22	8,941,582	128,000
	Taishin Ta-Chong Money Market Fund	"	-	-	-	-	18,253,262	220,000	14,937,812	180,049	180,000	49	3,315,451	40,000
	Hua Nan Kirin Money Market Fund	"	-	-	-	-	7,696,874	120,000	6,095,008	95,032	95,000	32	1,601,866	25,000
	Shin Kong Chi-Shin Money-Market Fund	"	-	-	-	-	16,714,814	171,000	16,714,814	171,016	171,000	16	-	-
	TCB Taiwan Money Market Fund	"	-	-	-	-	7,023,148	85,000	7,023,148	85,007	85,000	7	-	-
	Yuanta De- Bao Money Market Fund	"	-	-	-	-	3,042,769	50,000	3,042,769	50,003	50,000	3	-	-
	Nomura Taiwan Money Market Fund	"	-	-	-	-	1,595,965	20,000	1,595,965	20,002	20,000	2	-	-
	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		-	-	-	-	61,795,582	842,000	61,795,582	842,342	842,000	342	-	-
	Taishin 1699 Money Market Fund		-	-	-	-	7,925,720	100,000	7,925,720	100,245	100,000	245	-	-
	Mega Diamond Money Market Fund		-	-	-	-	1,504,258	270,000	1,504,258	270,105	270,000	105	-	-
	FSITC Money Market Fund		-	-	-	-	6,808,008	105,000	6,808,008	105,056	105,000	56	-	-
	FSITC Taiwan Money Market Fund		-	-	-	-	2,972,705	50,000	2,972,705	50,005	50,000	5	-	-
	UPAMC James Bond Money Market Fund		-	-	-	-	2,850,988	45,000	2,850,988	45,007	45,000	7	-	-
	Fubon Chi-Hsiang Money Market Fund		-	-	-	-	15,427,285	186,000	8,465,228	102,039	102,000	39	6,962,057	84,000
	Hua Nan Kirin Money Market Fund		-	-	-	-	7,026,655	85,000	7,026,655	85,012	85,000	12	-	-
	Yuanta De- Bao Money Market Fund		-	-	-	-	8,339,551	130,000	8,339,551	130,053	130,000	53	-	-
	Shin Kong Chi-Shin Money-Market Fund		-	-	-	-	8,307,982	135,000	3,082,101	50,047	50,000	47	5,225,881	85,000
	Capital Money Market Fund		806,582	-	-	12,000	6,715,624	100,000	4,500,162	67,217	67,000	217	3,022,043	45,000
	Jih Sun Money Market Fund		-	-	-	-	11,883,074	170,000	11,884,074	170,042	170,000	42	-	-
	Taishin Ta-Chong Money Market Fund		-	-	-	-	21,632,429	240,000	21,632,429	240,146	240,000	146	-	-
	CTBC Hua Win Money Market Fund		-	-	-	-	8,220,442	135,000	8,220,442	135,030	135,000	30	-	-
	Nomura Taiwan Money Market Fund		-	-	-	-	8,899,811	91,000	8,899,811	91,011	91,000	11	-	-
	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-subsiary	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 Avenue, 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)	Notes 2

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 INVESTEEES  
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 (USD30,725 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 (USD 46,250 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)	(USD 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 (USD 4,177 thousand)	\$ -	\$ -	\$ 118,971 (USD 4,177 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 (USD 3,036 thousand)	-	-	86,454 (USD 3,036 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 (USD 24,809 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) (USD 169,916 thousand)	\$6,374,838 (USD 223,836 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.

USI Corporation



Chairman: I-Kuei Wu

