

# **USI Corporation**

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

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
USI Corporation

### Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

We conducted our audit of the financial statements for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission of the Republic of China on February 25, 2020 and auditing standards generally accepted in the Republic of China. We conducted our audit of the financial statements for the year ended December 31, 2018 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

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

The key audit matters of the Company's financial statements for the year ended December 31, 2019 are stated as follows:

#### Assessment of Inventory Valuation Loss

As of December 31, 2019, the net carrying amount of inventory was NT\$1,049,295 thousand (the gross amount of inventory costs NT\$1,062,322 thousand deducted the allowance for inventory valuation loss of

NT\$13,027 thousand), which accounted for 3% of the total assets in the financial statements. The Company's inventories are stated at the lower of cost and net realizable value. As inventory assessment is affected by fluctuations in the price of ethylene, the main raw material, and international oil prices fluctuate violently, coupled with the fact that the assessment of the related net realizable value involves management's significant judgment and estimates; the assessment of inventory valuation loss has been deemed as a key audit matter for the year ended December 31, 2019.

For the accounting policies, significant accounting judgments, estimates and uncertainty of assumptions and related disclosure information, please refer to Notes 4(e), 5(a) and 11 to the financial statements.

The main audit procedures performed with respect to the aforementioned assessment of inventory valuation loss are as follows:

1. Based on the understanding of the industry to which the Company belongs, we assessed the accrual policy of inventory valuation loss and the appropriateness of the method used.
2. We obtained the documents for assessment on inventory valuation loss based on the lower of cost and net realizable value prepared by management, sampled and reconciled them to the most recent raw material prices or sales receipts, and recalculated the net realizable value, in order to assess the reasonableness of the basis of the estimation of the net realizable value used by management.
3. We observed the year-end inventory stock taking and implemented random sampling to understand the condition of the inventory, and assessed the reasonableness of the provision for losses due to obsolete inventory.

#### Validity of Sales Revenue from Specific Customers

The amount of sales revenue from the sale of thin film solar products to specific customers amounted to NT\$3,596,919 thousand for the year ended December 31, 2019, which accounted for 33% of the Company's total sales revenue. The sales are mainly made to customers in mainland China. Due to restoration of the subsidy policy of photovoltaics in China, the sales revenue increased by 18% compared to the previous year. However, as the industry is highly competitive, the aforementioned revenue growth varies from the overall outlook trends of the industry. After consideration, the validity of sales revenue from specific customers is material to the Company's recognition of overall sales revenue for the year ended December 31, 2019. Therefore, the validity of sales revenue from these specific customers has been identified as a key audit matter for the year ended December 31, 2019.

For the accounting policies and disclosure information related to sales revenue, please refer to Notes 4(l) and 23 to the financial statements.

The main audit procedures performed with respect to the aforementioned validity of sales revenue to specific customers are as follows:

1. We understood and tested the design and operating effectiveness of the main internal controls related to the validity of sales revenue from specific customers.
2. We sampled the transaction documents of sales revenue from specific customers, including the sales orders, shipping documents and billing documents, in order to understand and identify the control of the products, transfer of significant risks and rewards to the customer and the validity of sales revenue recognized by the Company.
3. We sampled the sales returns and discounts that occurred as well as the amounts collected after the reporting period to determine the reasonableness of the recognition of sales revenue.

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

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

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our 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 and Cheng-Hung Kuo.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 20, 2020

#### Notice to Readers

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

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

# USI CORPORATION

## BALANCE SHEETS

DECEMBER 31, 2019 AND 2018

(In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 811,321	3	\$ 1,789,529	6
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	2,173,322	7	1,236,761	4
Financial assets measured at amortized cost - current (Notes 4, 9 and 31)	60,561	-	60,500	-
Notes receivable, net (Notes 4 and 10)	73,926	-	92,521	-
Accounts receivable, net (Notes 4 and 10)	1,229,356	4	1,411,861	5
Accounts receivable from related parties (Notes 4, 10 and 30)	89,750	-	61,326	-
Other receivables (Notes 4 and 10)	60,075	-	61,616	-
Other receivables from related parties (Notes 4, 10 and 30)	332,962	1	329,845	1
Inventories (Notes 4, 5 and 11)	1,049,295	3	1,368,761	5
Prepayments	158,311	1	173,019	1
Other current assets	21	-	31	-
Total current assets	<u>6,038,900</u>	<u>19</u>	<u>6,585,770</u>	<u>22</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 4 and 8)	900,398	3	1,021,501	4
Investments accounted for using the equity method (Notes 3, 4, 12 and 33)	17,263,486	55	14,967,524	51
Property, plant and equipment (Notes 4, 5, 13 and 31)	6,609,957	21	6,682,004	23
Right-of-use assets (Notes 3, 4 and 14)	18,768	-	-	-
Investment properties (Notes 3, 4, 15 and 30)	213,844	1	32,366	-
Intangible assets (Notes 4 and 16)	333	-	470	-
Deferred tax assets (Notes 4 and 25)	124,570	-	80,749	-
Other non-current assets (Note 31)	161,665	1	97,386	-
Total non-current assets	<u>25,293,021</u>	<u>81</u>	<u>22,882,000</u>	<u>78</u>
<b>TOTAL</b>	<u>\$ 31,331,921</u>	<u>100</u>	<u>\$ 29,467,770</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 17)	\$ 500,000	2	\$ 1,753,000	6
Short-term bills payable (Note 17)	-	-	199,981	1
Financial liabilities at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	1,807	-	6,817	-
Accounts payable (Note 19)	769,412	2	788,239	3
Accounts payable from related parties (Notes 19 and 30)	147,395	1	163,346	-
Other payables (Notes 20 and 24)	395,417	1	273,325	1
Other payables from related parties (Notes 20 and 30)	17,871	-	16,179	-
Current tax liabilities (Notes 4 and 25)	172,500	1	33,353	-
Lease liabilities - current (Notes 3, 4 and 14)	30,732	-	-	-
Current portion of long-term borrowings (Note 18)	999,956	3	-	-
Other current liabilities (Note 30)	67,069	-	59,499	-
Total current liabilities	<u>3,102,159</u>	<u>10</u>	<u>3,293,739</u>	<u>11</u>
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Note 18)	6,991,327	22	5,992,604	20
Long-term borrowings (Notes 17 and 31)	1,950,000	6	1,500,000	5
Lease liabilities - non-current (Notes 3, 4 and 14)	177,517	1	-	-
Deferred tax liabilities (Notes 4 and 25)	164,167	-	171,743	1
Net defined benefit liabilities - non-current (Notes 4, 5 and 21)	274,935	1	308,934	1
Credit balance for investments accounted for using the equity method (Notes 4 and 12)	576	-	1,310	-
Other non-current liabilities	11,737	-	12,287	-
Total non-current liabilities	<u>9,570,259</u>	<u>30</u>	<u>7,986,878</u>	<u>27</u>
Total liabilities	<u>12,672,418</u>	<u>40</u>	<u>11,280,617</u>	<u>38</u>
<b>EQUITY (Notes 3, 4, 8, 21, 22, 25 and 29)</b>				
Share capital	11,887,635	38	11,887,635	40
Capital surplus	271,613	1	253,738	1
Retained earnings				
Legal reserve	2,979,753	10	2,925,759	10
Special reserve	430,526	1	375,127	1
Unappropriated earnings	4,346,640	14	3,513,943	12
Total retained earnings	<u>7,756,919</u>	<u>25</u>	<u>6,814,829</u>	<u>23</u>
Other equity	(781,058)	(2)	(293,443)	(1)
Treasury shares	(475,606)	(2)	(475,606)	(1)
Total equity	<u>18,659,503</u>	<u>60</u>	<u>18,187,153</u>	<u>62</u>
<b>TOTAL</b>	<u>\$ 31,331,921</u>	<u>100</u>	<u>\$ 29,467,770</u>	<u>100</u>

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

# USI CORPORATION

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

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 23 and 30)				
Sales	\$ 10,966,471	100	\$ 11,763,140	100
COSTS OF GOODS SOLD (Notes 4, 11, 13, 16, 21, 24 and 30)	<u>9,584,497</u>	<u>88</u>	<u>10,956,048</u>	<u>93</u>
GROSS PROFIT	1,381,974	12	807,092	7
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES (Notes 4 and 30)	(842)	-	(1,035)	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES (Notes 4 and 30)	<u>1,035</u>	<u>-</u>	<u>1,905</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>1,382,167</u>	<u>12</u>	<u>807,962</u>	<u>7</u>
OPERATING EXPENSES (Notes 4, 13, 14, 16, 21, 24 and 30)				
Selling and marketing expenses	247,127	2	249,633	2
General and administrative expenses	254,404	2	267,581	2
Research and development expenses	<u>177,916</u>	<u>2</u>	<u>178,611</u>	<u>2</u>
Total operating expenses	<u>679,447</u>	<u>6</u>	<u>695,825</u>	<u>6</u>
PROFIT FROM OPERATIONS	<u>702,720</u>	<u>6</u>	<u>112,137</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4, 13, 24 and 30)	364,748	3	185,355	2
Other gains and losses (Notes 4, 15, 16, 24 and 30)	(22,752)	-	(32,548)	-
Finance costs (Notes 4, 14, 17, 18 and 24)	(104,366)	(1)	(60,326)	(1)
Share of profit of subsidiaries accounted for using the equity method (Notes 4 and 12)	<u>518,637</u>	<u>5</u>	<u>415,724</u>	<u>3</u>
Total non-operating income and expenses	<u>756,267</u>	<u>7</u>	<u>508,205</u>	<u>4</u>
PROFIT BEFORE INCOME TAX	1,458,987	13	620,342	5
INCOME TAX EXPENSE (Notes 4 and 25)	<u>177,623</u>	<u>1</u>	<u>80,407</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>1,281,364</u>	<u>12</u>	<u>539,935</u>	<u>5</u>

(Continued)

# USI CORPORATION

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

	2019		2018	
	Amount	%	Amount	%
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 21)	\$ (3,106)	-	\$ 807	-
(Loss) profit of equity instruments measured at FVTOCI (Notes 4 and 22)	(104,930)	(1)	24,687	-
Share of the other comprehensive income of subsidiaries accounted for using the equity method, net of tax (Notes 4 and 22)	42,151	-	(204,114)	(2)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4, 22 and 25)	<u>621</u>	<u>-</u>	<u>3,708</u>	<u>-</u>
	<u>(65,264)</u>	<u>(1)</u>	<u>(174,912)</u>	<u>(2)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Notes 4 and 22)	(339,848)	(3)	32,263	-
Share of the other comprehensive (loss) income of subsidiaries accounted for using the equity method, net of tax (Notes 4 and 22)	(122,069)	(1)	(24,130)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4, 22 and 25)	<u>67,970</u>	<u>1</u>	<u>(6,623)</u>	<u>-</u>
	<u>(393,947)</u>	<u>(3)</u>	<u>1,510</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(459,211)</u>	<u>(4)</u>	<u>(173,402)</u>	<u>(2)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 822,153</u>	<u>8</u>	<u>\$ 366,533</u>	<u>3</u>
<b>EARNINGS PER SHARE (Note 26)</b>				
Basic	<u>\$ 1.19</u>		<u>\$ 0.50</u>	
Diluted	<u>\$ 1.19</u>		<u>\$ 0.50</u>	

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

(Concluded)

**USI CORPORATION**

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

	Share Capital (Notes 4 and 22)	Capital Surplus			Retained Earnings			Other Equity			Treasury Shares (Notes 4 and 22)	Total
		Treasury Share Transactions (Note 22)	Share of Changes in Capital Surplus of Associates (Notes 4 and 22)	Others (Note 22)	Legal Reserve (Note 22)	Special Reserve (Note 22)	Unappropriated Earnings (Notes 3, 4, 8, 21, 22 and 25)	Exchange Differences on Translating Foreign Operations (Notes 4, 22 and 25)	Unrealized Gain on Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets Measured at FVTOCI (Notes 4, 8, 22 and 29)		
BALANCE AT JANUARY 1, 2018	\$ 11,654,544	\$ 222,710	\$ 996	\$ 14,488	\$ 2,814,630	\$ 375,127	\$ 3,548,804	\$ (190,880)	\$ 159,594	\$ -	\$ (475,606)	\$ 18,124,407
Effects of retrospective application	-	-	-	-	-	-	30,762	-	(159,594)	181,005	-	52,173
BALANCE AT JANUARY 1, 2018, AS RECLASSIFIED	11,654,544	222,710	996	14,488	2,814,630	375,127	3,579,566	(190,880)	-	181,005	(475,606)	18,176,580
Appropriation of the 2017 earnings												
Legal reserve	-	-	-	-	111,129	-	(111,129)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(349,636)	-	-	-	-	(349,636)
Share dividends distributed by the Company	233,091	-	-	-	-	-	(233,091)	-	-	-	-	-
Net profit for the year ended December 31, 2018	-	-	-	-	-	-	539,935	-	-	-	-	539,935
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	-	12,396	1,510	-	(187,308)	-	(173,402)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	-	552,331	1,510	-	(187,308)	-	366,533
Changes in capital surplus and retained earnings from investments in subsidiaries	-	-	1,596	-	-	-	4,664	-	-	(7,595)	-	(1,335)
Other changes in capital surplus	-	-	-	2,675	-	-	-	-	-	-	-	2,675
Disposal of subsidiaries	-	-	-	-	-	-	-	(18,937)	-	-	-	(18,937)
Changes in capital surplus from distributing cash dividends to subsidiaries	-	11,273	-	-	-	-	-	-	-	-	-	11,273
Disposal of equity instruments measured at FVTOCI	-	-	-	-	-	-	71,238	-	-	(71,238)	-	-
BALANCE AT DECEMBER 31, 2018	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
Effect of retrospective application	-	-	-	-	-	-	(9,509)	-	-	-	-	(9,509)
BALANCE AT JANUARY 1, 2019, AS RECLASSIFIED	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
Appropriation of the 2018 earnings												
Legal reserve	-	-	-	-	53,994	-	(53,994)	-	-	-	-	-
Special reserve	-	-	-	-	-	55,399	(55,399)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(356,629)	-	-	-	-	(356,629)
Net profit for the year ended December 31, 2019	-	-	-	-	-	-	1,281,364	-	-	-	-	1,281,364
Other comprehensive loss for the year ended December 31, 2019, net of income tax	-	-	-	-	-	-	(3,563)	(393,947)	-	(61,701)	-	(459,211)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	1,277,801	(393,947)	-	(61,701)	-	822,153
Changes in capital surplus and retained earnings from investments in subsidiaries	-	-	4,699	-	-	-	28,819	-	-	(29,742)	-	3,776
Other changes in capital surplus	-	-	-	1,677	-	-	-	-	-	-	-	1,677
Disposal of subsidiaries	-	-	-	-	-	-	-	(617)	-	-	-	(617)
Changes in capital surplus from distributing cash dividends to subsidiaries	-	11,499	-	-	-	-	-	-	-	-	-	11,499
Disposal of equity instruments measured at FVTOCI	-	-	-	-	-	-	1,608	-	-	(1,608)	-	-
BALANCE AT DECEMBER 31, 2019	<u>\$ 11,887,635</u>	<u>\$ 245,482</u>	<u>\$ 7,291</u>	<u>\$ 18,840</u>	<u>\$ 2,979,753</u>	<u>\$ 430,526</u>	<u>\$ 4,346,640</u>	<u>\$ (602,871)</u>	<u>\$ -</u>	<u>\$ (178,187)</u>	<u>\$ (475,606)</u>	<u>\$ 18,659,503</u>

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

# USI CORPORATION

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

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,458,987	\$ 620,342
Adjustments for:		
Depreciation expenses	504,898	419,380
Amortization expenses	12,801	11,572
Net (gain) loss on fair value changes of financial assets and liabilities at FVTPL	(66,813)	1,171
Finance costs	121,666	86,490
Interest income	(15,978)	(18,186)
Dividend income	(48,117)	(68,098)
Share of profit of subsidiaries accounted for using the equity method	(518,637)	(415,724)
Gain on disposal of property, plant and equipment	(785)	(1,242)
Inventory write-downs recognized	5,435	5,426
Impairment loss recognized on non-financial assets	-	27,630
Gain on government grants	(155,710)	-
Unrealized gain on transactions with subsidiaries	842	1,035
Realized gain on transactions with subsidiaries	(1,035)	(1,905)
Changes in operating assets and liabilities		
(Increase) decrease in financial assets mandatorily classified as at FVTPL	(874,758)	444,451
Decrease in notes receivable	18,595	5,907
Decrease (increase) in accounts receivable	182,505	(283,812)
(Increase) decrease in accounts receivable from related parties	(28,424)	22,793
Decrease in other receivables	1,867	9,849
(Increase) decrease in other receivables from related parties	(3,117)	236,293
Decrease (increase) in inventories	314,031	(30,462)
Decrease (increase) in prepayments	14,594	(21,130)
Decrease (increase) in other current assets	10	(31)
Decrease in accounts payable	(18,827)	(420,111)
(Decrease) increase in accounts payable from related parties	(15,951)	63,118
Increase (decrease) in other payables	110,534	(128,918)
Increase (decrease) in other payables from related parties	1,692	(1,541)
Increase (decrease) in other current liabilities	7,570	(23,403)
Decrease in net defined benefit liabilities	(37,105)	(66,697)
Cash generated from operations	970,770	474,197
Interest received	15,652	19,126
Interest paid	(105,382)	(82,983)
Income tax paid	(21,282)	(76,534)
Net cash generated from operating activities	<u>859,758</u>	<u>333,806</u>

(Continued)

# USI CORPORATION

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

	2019	2018
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of financial assets at FVTOCI	\$ 2,389	\$ 99,455
Proceeds from capital reduction of financial assets at FVTOCI	13,784	14,924
Payments for financial assets measured at amortized cost	(61)	(6,500)
Net cash outflow on acquisition of subsidiaries	(2,203,645)	(3,034,601)
Payments for property, plant and equipment	(438,684)	(536,102)
Proceeds from disposal of property, plant and equipment	409	454
Increase in refundable deposits	(4,448)	(3,705)
Payments for intangible assets	(207)	(689)
Increase in other non-current assets	(72,288)	(18,438)
Dividends received	65,023	86,337
Compensations for land ownership certificate	<u>192,994</u>	<u>-</u>
Net cash used in investing activities	<u>(2,444,734)</u>	<u>(3,398,865)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Decrease) increase in short-term borrowings	(1,253,000)	1,553,000
(Decrease) increase in short-term bills payable	(199,981)	199,981
Proceeds from issuance of bonds payable	1,995,630	-
Proceeds from long-term borrowings	4,450,000	5,600,000
Repayments of long-term borrowings	(4,000,000)	(4,100,000)
Increase in guarantee deposits received	532	53
Repayments of the principal portion of lease liabilities	(29,784)	-
Payments for cash dividends	<u>(356,629)</u>	<u>(349,636)</u>
Net cash generated from financing activities	<u>606,768</u>	<u>2,903,398</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(978,208)	(161,661)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,789,529</u>	<u>1,951,190</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 811,321</u>	<u>\$ 1,789,529</u>

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

(Concluded)

# USI CORPORATION

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

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### 1. GENERAL INFORMATION

USI Corporation (the “Company”) was incorporated in May 1965, and is mainly engaged in the production and sale of polyethylene. The Company’s shares have been trading on the Taiwan Stock Exchange (“TWSE”) since May 1972.

The parent company only financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company’s board of directors on March 9, 2020.

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

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

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

#### IFRS 16 “Leases”

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

#### Definition of a lease

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

## The Company as lessee

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

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

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

The Company also applies the following practical expedients:

- 1) The Company applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.
- 2) The Company accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.
- 3) The Company excludes initial direct costs from the measurement of right-of-use assets on January 1, 2019.
- 4) The Company uses hindsight, such as in determining lease terms, to measure lease liabilities.

The lessee's weighted average incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 was 1.16%. The difference between the (i) lease liabilities recognized and (ii) operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	\$ 252,540
Less: Recognition exemption	<u>(3,165)</u>
Undiscounted amounts on January 1, 2019	<u>\$ 249,375</u>
Lease liabilities recognized at discount rate with incremental borrowing rate of interest on January 1, 2019	<u>\$ 238,033</u>

### The Company as lessor

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

The Company subleased its leasehold building Tai-An to a third party in 2014. Such sublease was classified as an operating lease under IAS 17. The Company determined the sublease was classified as a finance lease on the basis of the remaining contractual terms and conditions of the head lease and sublease on January 1, 2019.

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

	<b>As Originally Stated on January 1, 2019</b>	<b>Adjustments Arising from Initial Application</b>	<b>Restated on January 1, 2019</b>
Investments accounted for using the equity method	\$ 14,967,524	\$ (3,572)	\$ 14,963,952
Right-of-use assets	-	23,441	23,441
Investment properties	<u>32,366</u>	<u>208,655</u>	<u>241,021</u>
Total effect on assets	<u>\$ 14,999,890</u>	<u>\$ 228,524</u>	<u>\$ 15,228,414</u>
Lease liabilities - current	\$ -	\$ 29,918	\$ 29,918
Lease liabilities - non-current	<u>-</u>	<u>208,115</u>	<u>208,115</u>
Total effect on liabilities	<u>\$ -</u>	<u>\$ 238,033</u>	<u>\$ 238,033</u>
Retained earnings/total effect on equity	<u>\$ 3,513,943</u>	<u>\$ (9,509)</u>	<u>\$ 3,504,434</u>

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

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

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

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

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

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

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

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

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

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

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- a. Statement of compliance

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

- b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value, and net defined benefit liabilities which are measured at 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 based on 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.

When preparing these parent company only 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 for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and the share of other comprehensive income of subsidiaries in these parent company only financial statements.

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Foreign currencies

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

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

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

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

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

e. Inventories

Inventories consist of raw materials, production supplies, finished goods, inventory in transit and work in progress and are stated at the lower of cost and net realizable value. Inventory write-downs are made by item, except where it may be appropriate to 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 moving-average cost on the balance sheet date.

f. Investments 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. The Company also recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

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. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

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

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes the reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

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

Profits or losses resulting from downstream transactions are eliminated in full in the parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized in the parent company only financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are stated 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.

Freehold land is not depreciated.

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

h. Investment properties

Investment properties are properties held to earn rentals or for capital appreciation. Beginning January 1, 2019, investment properties include right-of-use assets.

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

Beginning January 1, 2019, investment properties acquired through leases were initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made on or before the commencement date. These investment properties are subsequently measured at cost less accumulated depreciation and adjusted for any remeasurement of the lease liabilities.

Depreciation is recognized using the straight-line method.

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

i. Intangible assets

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

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.

j. Impairment of tangible and intangible assets

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

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

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

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.

k. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to an acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at 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 measured at amortized cost, and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are 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 derivatives and beneficiary securities that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income; and remeasurement gains or losses on such financial assets are recognized in other gains or loss. Fair value is determined in the manner described in Note 29.

ii. Financial assets measured at amortized cost

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

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets measured at amortized cost, including cash and cash equivalents, trade receivables, other receivables, pledged time deposits and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined by 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 financial assets; and
- ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

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

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

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

Cash equivalents include time deposits and 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 Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation 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 such 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 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 measured at amortized cost (including trade receivables).

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

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

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 90 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

Impairment losses on all financial assets are recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, 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 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, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Measurement category

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

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 29.

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 Company 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 on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. 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.

## l. Revenue recognition

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

Revenue from the sale of goods mainly comes from the sale of PE and other related plastic products.

Sales of PE and other related plastic products are recognized as revenue when the goods are delivered to the customer's specific location or the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers, and bears the risks of obsolescence. Trade receivables are recognized concurrently.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

## m. Leasing

### 2019

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

#### 1) The Company as lessor

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

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

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

#### 2) The Company as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets, except for those that meet the definition of investment properties. With respect to the recognition and measurement of right-of-use assets that meet the definition of investment properties, please refer to Note (h) for the accounting policies for investment properties.

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments and variable lease payments which depend on 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 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, the Company 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 balance sheets.

## 2018

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.

### 1) The Company as lessor

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

### 2) The Company as lessee

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

## n. 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.

## o. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company (with no future related costs) are recognized in profit or loss in the period in which they become receivable.

## 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 services.

## 2) Retirement benefits

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

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

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

## q. Taxation

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

### 1) Current tax

According to the Income Tax Law, an additional tax of unappropriated earnings is provided for as income tax 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, 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. 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 Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes 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.

## **5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Company's accounting policies, management is required to make judgments, 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 estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

### **Key Sources of Estimation Uncertainty**

a. Write-down of inventories

As inventories are stated at the lower of cost and net realizable value, the Company is required to use judgment and estimates to determine the net realizable value of inventories at the end of the reporting period. The Company assesses the amount of inventories that are worn out due to normal wear and tear, that are obsolete or aged, or which have no market prices and offsets this from the inventory costs to obtain the net realizable value. The estimation of the net realizable value is based on the product's historical sales experience and product needs within a specified time period in the future, thus, significant changes may occur. For the carrying amount of the Company's inventories, please refer to Note 11.

b. Impairment assessment of tangible and intangible assets

In the process of impairment assessment of assets, the Company is required to determine the useful lives of assets of specific asset groups with independent cash flows and the possible profits and losses based on subjective judgment and the mode of usage of the assets as well as industry characteristics. Any changes in estimates that arise due to changes in the economic condition or the Company's strategy could possibly result in significant impairment losses in the future.

c. Recognition and measurement of defined benefit plans

The resulting defined benefit costs under the defined benefit pension plans and the net defined benefit liabilities are calculated using the projected unit credit method. The actuarial assumptions used include estimates such as the discount rates, rates of employee turnover, and future salary increases. If there are changes in these estimates as a result of changes in the market or economic condition, there may be a significant impact on the Company's recognized amounts of expenses and liabilities. Please refer to Note 21 for the carrying amounts of the Company's retirement benefit costs and net defined benefit liabilities.

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<b>2019</b>	<b>2018</b>
Cash on hand and petty cash	\$ 520	\$ 520
Checking accounts and demand deposits	47,182	52,561
Cash equivalents		
Time deposits	603,342	790,796
Reserve repurchase agreements collateralized by bonds	<u>160,277</u>	<u>945,652</u>
	<u>\$ 811,321</u>	<u>\$ 1,789,529</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:

	<u>December 31</u>	
	<b>2019</b>	<b>2018</b>
Bank deposits	0.01%-1.50%	0.02%-2.00%
Reserve repurchase agreements collateralized by bonds	0.58%-0.61%	0.55%-0.75%

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

	<u>December 31</u>	
	<b>2019</b>	<b>2018</b>
<u>Financial assets mandatorily at FVTPL</u>		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	\$ <u>732</u>	\$ <u>340</u>
Non-derivative financial assets		
Domestic listed shares and over-the-counter shares	123,179	47,954
Mutual funds	1,756,327	932,068
Beneficiary securities	<u>293,084</u>	<u>256,399</u>
	<u>2,172,590</u>	<u>1,236,421</u>
	<u>\$ 2,173,322</u>	<u>\$ 1,236,761</u>
<u>Financial liabilities held for trading</u>		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	\$ <u>1,807</u>	\$ <u>6,817</u>

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

	<b>Currency</b>	<b>Maturity Date</b>	<b>Notional Amount (In Thousands)</b>
<u>December 31, 2019</u>			
Sell	RMB/NTD	2020.01.10-2020.03.30	RMB165,700/NTD711,128
<u>December 31, 2018</u>			
Sell	RMB/NTD	2019.01.07-2019.04.02	RMB188,700/NTD833,656
Sell	USD/NTD	2019.01.14-2019.01.25	USD2,340/NTD71,942

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</u>	
	<b>2019</b>	<b>2018</b>
Investments in equity instruments at FVTOCI		
Domestic investments		
Listed shares and over-the-counter shares	\$ 662,044	\$ 778,743
Unlisted shares	<u>238,354</u>	<u>242,758</u>
	<u>\$ 900,398</u>	<u>\$ 1,021,501</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 50 thousand shares of CTCI Corporation during the year ended December 31, 2019, and transferred a total gain of \$1,608 thousand from other equity to retained earnings.

The Company sold 1,538 thousand shares of Vanguard International Semiconductor Corporation during the year ended December 31, 2018, and transferred a total gain of \$71,238 thousand from other equity to retained earnings.

The investees KHL IB Venture Capital Co., Ltd. announced a reduction of capital by returning cash in April 2019 and August 2018, and the Company received \$13,784 thousand and \$14,924 thousand according to its ownership percentage, respectively.

The Company recognized dividend revenue of \$42,085 thousand and \$65,158 thousand for the years ended December 31, 2019 and 2018, respectively; and the investment related amounts eliminated were \$0 thousand and \$64,951 thousand, respectively; while the amounts related to investments held as of December 31, 2019 and 2018 were \$42,085 thousand and \$207 thousand, respectively.

## 9. FINANCIAL ASSETS MEASURED AT AMORTIZED COST - CURRENT

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Pledged time deposits	\$ <u>60,561</u>	\$ <u>60,500</u>
Range of interest rates	0.19%-1.035%	0.55%-1.035%

The trading partner of the Company invested in time deposits which are pledged in 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

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
<u>Notes receivable (a)</u>		
Operating	\$ <u>73,926</u>	\$ <u>92,521</u>
<u>Accounts receivable (a)</u>		
Non-related parties	\$ 1,232,007	\$ 1,414,512
Less: Allowance for impairment loss	<u>(2,651)</u>	<u>(2,651)</u>
	<u>\$ 1,229,356</u>	<u>\$ 1,411,861</u>
<u>Related parties (a)</u>		
Operating (Note 30)	\$ <u>89,750</u>	\$ <u>61,326</u>
<u>Other receivables (b)</u>		
Tax refund receivables	\$ 51,062	\$ 51,651
Purchasing price variance receivables	7,323	7,367
Others	<u>1,690</u>	<u>2,598</u>
	<u>\$ 60,075</u>	<u>\$ 61,616</u>
<u>Related parties (Note 30)</u>	<u>\$ 332,962</u>	<u>\$ 329,845</u>

### a. Notes and accounts receivable

The average credit period of sales of goods was 10 to 90 days. No interest was charged on trade 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 annually. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk is significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses (ECLs). 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 in profit or loss.

The following table details the loss allowance of trade receivable (included related parties) based on the Company's allowance matrix.

December 31, 2019

Based on the number of days past due

	<b>Up to 60 Days</b>	<b>61-90 Days</b>	<b>Over 90 Days</b>	<b>Total</b>
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>

December 31, 2018

Based on the number of days past due

	<b>Up to 60 Days</b>	<b>61-90 Days</b>	<b>Over 90 Days</b>	<b>Total</b>
Gross carrying amount	\$ 1,568,359	\$ -	\$ -	\$ 1,568,359
Loss allowance (lifetime ECLs)	<u>(2,651)</u>	<u>-</u>	<u>-</u>	<u>(2,651)</u>
Amortized cost	<u>\$ 1,565,708</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,565,708</u>

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

There was no change in the allowance for impairment loss recognized on notes and accounts receivable for the years ended December 31, 2019 and 2018:

	<b><u>For the Year Ended December 31</u></b>	
	<b>2019</b>	<b>2018</b>
Balance at beginning and end of the year	<u>\$ 2,651</u>	<u>\$ 2,651</u>

b. Other receivables

Other receivables mainly consisted of tax refund receivables. 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 overdue other receivables with unrecognized allowances for doubtful accounts in the Company as of December 31, 2019 and 2018.

## 11. INVENTORIES

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Finished goods	\$ 847,966	\$ 998,237
Work in progress	31,571	54,819
Raw materials	60,782	244,294
Supplies	<u>108,976</u>	<u>71,411</u>
	<u>\$ 1,049,295</u>	<u>\$ 1,368,761</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2019 and 2018, was \$9,584,497 thousand and \$10,956,048 thousand, respectively.

The cost of goods sold included inventory write-downs of \$5,435 thousand and \$5,426 thousand for the years ended December 31, 2019 and 2018, respectively.

## 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>			
	<u>2019</u>		<u>2018</u>	
	<u>Carrying Amount</u>	<u>% of Ownership and Voting Rights</u>	<u>Carrying Amount</u>	<u>% of Ownership and Voting Rights</u>
<u>Investment in subsidiaries</u>				
Listed company at over-the-counter market				
Acme Electronics Corp. (“ACME”)	<u>\$ 321,749</u>	26.9	<u>\$ 361,415</u>	27.0
Not listed				
USI Investment Co., Ltd.	708,349	100.0	690,217	100.0
Swanlake Traders Ltd.	1,337,991	100.0	1,349,147	100.0
USI Far East (HK) Co., Ltd.	127,837	100.0	132,245	100.0
USI Management Consulting Corp. (“UM”)	(576)	100.0	(1,310)	100.0
Chong Loong Trading Co., Ltd.	54,115	99.9	44,013	99.9
Union Polymer Int’l Investment Corp.	5,981,789	100.0	5,464,646	100.0
Taiwan United Venture Capital Corp.	169,325	70.0	183,773	70.0
Swanson Plastics Corp. (“SPC”)	1,006,054	40.6	997,613	40.6
Thintec Materials Corp. (“TMC”)	4,399	30.4	4,415	30.4
Cypress Epoch Limited	125,030	100.0	129,688	100.0
INOMA Corporation	27,310	93.2	44,282	93.2
Ever Conquest Global Limited (“ECGL”)	7,298,350	63.1	5,408,533	63.1
USI Optronics Company	<u>101,188</u>	50.9	<u>157,537</u>	50.9
	16,941,161		14,604,799	
Add: Credit balance for investments accounted for using the equity method classified as non-current liabilities	<u>576</u>		<u>1,310</u>	
	<u>16,941,737</u>		<u>14,606,109</u>	
	<u>\$ 17,263,486</u>		<u>\$ 14,967,524</u>	

As of December 31, 2019, the Company holds a 26.9%, 40.6% and 30.4% interest in ACME, SPC and TMC, respectively. The directors of the Company considered the Company's absolute size of holding in ACME, SPC and TMC and the relative size of and dispersion of the shareholdings owned by the other shareholders and concluded that the Company has the practical ability to direct the relevant activities of ACME, SPC and TMC, and therefore, the Company has control over ACME, SPC and TMC. The Company indirectly held the receipt of investments in subsidiaries, the details for which can be found in Note 35.

At December 31, 2019 and 2018, the fair value of the closing prices for listed shares' accounted for using the equity method are \$603,321 thousand and \$655,035 thousand, respectively.

Except for TMC in 2019, investments were accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on financial statements which have been audited. Management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of TMC which have not been audited.

The Company recognized losses in UM at its ownership percentage; therefore, the carrying amount of this long-term equity investment present at a credit balance. The Company transferred the relevant credit amount to non-current liabilities.

In consideration of the whole operations of the company and its subsidiaries, SPC disposed of Swanson Plastics Company Ltd. (Nantong) ("SPC (Nantong)") as agreed in the meeting of the board of directors held in April 2016, and sold all shares in SPC (Nantong) on December 21, 2018. As of December 31, 2018, the SPC completed the process of the disposal.

China General Plastics Corporation ("CGPC") collected the proceeds from the refund of shares of \$78,556 thousand from its subsidiary Krystal Star International Corporation, which completed its dissolution and liquidation procedures in December 2019. CGPC therefore recognized a gain on disposal of investments of \$2,549 thousand.

As Taita Chemical Company, Limited ("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.

As TMC had no actual production and sales activities in the recent years, a resolution on the implementation of dissolution and liquidation starting May 25, 2019 (dissolution date) was passed in the board of directors' meeting on April 12, 2019. As of December 31, 2019, TMC had not yet completed the dissolution and liquidation procedures.

On February 19, 2014, the board of directors of the Company and APC agreed to establish ECGL. The Company and APC invested in refining crude oil and producing ethylene and other petro-chemical products in Gulei Park, located in Zhangzhou, Fujian Province, China, via ECGL. The Company invested US\$3,131 thousand (\$94,221 thousand) with a 59.1% ownership percentage in ECGL, and reinvested in Ever Victory Global Limited. ("EVGL") via ECGL as well as in Dynamic Ever Investments Ltd. ("DEIL"). The Company invested additional capital of US\$243,539 thousand (around \$7,551,760 thousand) in ECGL from January 2017 to August 2019. As of December 31, 2019 and 2018, the Company held 63.1% ownership interest in ECGL. For more explanation, please refer to Note 33.

### 13. PROPERTY, PLANT AND EQUIPMENT - USED BY THE COMPANY

	Freehold Land	land Improvements	Buildings Improvements	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress and Equipment under Installation	Total
<b>Cost</b>								
Balance at January 1, 2019	\$ 515,281	\$ 112,381	\$ 1,106,358	\$ 6,753,834	\$ 32,373	\$ 170,415	\$ 2,379,704	\$ 11,070,346
Additions	-	-	-	2,806	-	-	457,659	460,465
Disposals	(20,122)	-	(41,008)	(25,646)	(891)	(1,324)	-	(88,991)
Reclassification	-	-	518,123	2,010,078	543	939	(2,551,464)	(21,781)
Balance at 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>
<b>Accumulated depreciation and impairment</b>								
Balance at January 1, 2019	\$ -	\$ 103,809	\$ 377,245	\$ 3,716,397	\$ 23,252	\$ 167,639	\$ -	\$ 4,388,342
Depreciation expenses	-	1,474	33,451	433,728	2,923	1,358	-	472,934
Disposals	-	-	(23,622)	(25,357)	(891)	(1,324)	-	(51,194)
Balance at 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>
Carrying amounts at December 31, 2019	<u>\$ 495,159</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>
<b>Cost</b>								
Balance at January 1, 2018	\$ 515,281	\$ 111,781	\$ 1,098,772	\$ 6,624,505	\$ 32,588	\$ 169,550	\$ 1,960,169	\$ 10,512,646
Additions	-	-	-	7,410	2,396	376	525,920	536,102
Disposals	-	-	(37)	(3,105)	(2,611)	(372)	-	(6,125)
Reclassification	-	600	7,623	125,024	-	861	(106,385)	27,723
Balance at December 31, 2018	<u>\$ 515,281</u>	<u>\$ 112,381</u>	<u>\$ 1,106,358</u>	<u>\$ 6,753,834</u>	<u>\$ 32,373</u>	<u>\$ 170,415</u>	<u>\$ 2,379,704</u>	<u>\$ 11,070,346</u>
<b>Accumulated depreciation and impairment</b>								
Balance at January 1, 2018	\$ -	\$ 102,335	\$ 348,019	\$ 3,336,973	\$ 22,695	\$ 166,065	\$ -	\$ 3,976,087
Depreciation expenses	-	1,474	29,239	382,451	3,168	1,947	-	418,279
Disposals	-	-	(13)	(3,027)	(2,611)	(373)	-	(6,024)
Balance at December 31, 2018	<u>\$ -</u>	<u>\$ 103,809</u>	<u>\$ 377,245</u>	<u>\$ 3,716,397</u>	<u>\$ 23,252</u>	<u>\$ 167,639</u>	<u>\$ -</u>	<u>\$ 4,388,342</u>
Carrying amounts at December 31, 2018	<u>\$ 515,281</u>	<u>\$ 8,572</u>	<u>\$ 729,113</u>	<u>\$ 3,037,437</u>	<u>\$ 9,121</u>	<u>\$ 2,776</u>	<u>\$ 2,379,704</u>	<u>\$ 6,682,004</u>

The board of directors of the Company passed a resolution for EVA capacity expansion in the Kaohsiung plant, and authorized the chairman with full power to sign contract on December 28, 2011. The Company signed the EVA equipment contract with CTCI Corporation on November 8, 2012. The project was completed in 2018, and total fees and charges of \$2,383,885 thousand have been paid.

On March 21, 2013 the board of directors of the Company decided to invest \$1,000,000 thousand in the construction of a cyclic block copolymer (CBC) production plant. On September 23, 2014, the board of directors decided to construct a front-end material production plant and utility system, which cost \$1,000,000 thousand. In addition, the amount of investment to adjust the plant configuration increased by \$700,000 thousand after discussion of the board of directors in its meeting on August 11, 2016, and the total cost was \$2,700,000 thousand. As of December 31, 2019, the Company has paid CTCI \$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 has received \$158,841 thousand and recognized as subsidy income according to plan implementation progress and acceptance.

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.

No impairment assessment was performed for the years ended December 31, 2019 and 2018 as there was no indication of impairment.

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

Freehold land - land improvements	7 to 25 years
Buildings improvements	3 to 55 years
Machinery and equipment	3 to 9 years
Transportation equipment	5 to 7 years
Other equipment	2 to 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 (c).

#### 14. LEASE ARRANGEMENTS

##### a. Right-of-use assets - 2019

	<b>December 31, 2019</b>
Carrying amounts	
Buildings	<u>\$ 18,768</u>
	<b>For the Year Ended December 31, 2019</b>
Depreciation charge for right-of-use assets	
Buildings	<u>\$ 4,787</u>

The Company 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 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 - 2019

	<b>December 31, 2019</b>
<u>Carrying amounts</u>	
Current	<u>\$ 30,732</u>
Non-current	<u>\$ 177,517</u>

Range of discount rate for lease liabilities was as follows:

	<b>December 31, 2019</b>
Buildings	1.16%

c. Material lease-in activities and terms

The Company leases certain factory, office and dormitory with lease terms of 1 to 7 years. The Company 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 15. For details of lease information, please refer to the following table (the Company as lessee).

2019

	<b>For the Year Ended December 31, 2019</b>
Expenses relating to short-term leases	<u>\$ 5,350</u>
Expenses relating to low-value asset leases	<u>\$ 1,360</u>
Total cash outflow for leases	<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.

2018

The future minimum lease payments of non-cancellable operating lease commitments are as follows:

	<b>December 31, 2018</b>
Not later than 1 year	\$ 35,949
Later than 1 year and not later than 5 years	131,616
Later than 5 years	<u>84,975</u>
	<u>\$ 252,540</u>

## 15. INVESTMENT PROPERTIES

	<u>December 31</u>		
		<b>2019</b>	<b>2018</b>
Completed investment properties			
Buildings		\$ 31,271	\$ 32,366
Right-of-use assets		<u>182,573</u>	<u>-</u>
		<u>\$ 213,844</u>	<u>\$ 32,366</u>
		<b>Right-of-use</b>	
	<b>Buildings</b>	<b>Assets</b>	<b>Total</b>
<u>Cost</u>			
Balance at 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 at January 1 (restated) and December 31, 2019	<u>\$ 69,805</u>	<u>\$ 208,655</u>	<u>\$ 278,460</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2019	\$ 37,439	\$ -	\$ 37,439
Depreciation expenses	<u>1,095</u>	<u>26,082</u>	<u>27,177</u>
Balance at January 1 and December 31, 2019	<u>\$ 38,534</u>	<u>\$ 26,082</u>	<u>\$ 64,616</u>
Carrying amounts at December 31, 2019	<u>\$ 31,271</u>	<u>\$ 182,573</u>	<u>\$ 213,844</u>
Balance at January 1 and December 31, 2018	<u>\$ 69,805</u>	<u>\$ -</u>	<u>\$ 69,805</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2018	\$ 36,338	\$ -	\$ 36,338
Depreciation expenses	<u>1,101</u>	<u>-</u>	<u>1,101</u>
Balance at December 31, 2018	<u>\$ 37,439</u>	<u>\$ -</u>	<u>\$ 37,439</u>
Carrying amounts at December 31, 2018	<u>\$ 32,366</u>	<u>\$ -</u>	<u>\$ 32,366</u>

Right-of-use assets included in investment properties are units of office space located in Taipei and subleased under operating leases to other company. 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. All of the Company's investment properties were held under freehold interests for the year ended December 31, 2018.

The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2019 was as follows:

	<b>December 31, 2019</b>
Year 1	\$ 17,528
Year 2	5,637
Year 3	4,311
Year 4	4,311
Year 5	1,469
Later than 5 years	<u>4</u>
	<u>\$ 33,260</u>

The future minimum lease payments of non-cancellable operating lease commitments as of December 31, 2018 were as follows:

	<b>December 31, 2018</b>
Not later than 1 year	\$ 23,878
Later than 1 year and not later than 5 years	36,037
Later than 5 years	<u>1,527</u>
	<u>\$ 61,442</u>

The 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 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, 2019 and 2018 were as follows:

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Fair value	<u>\$ 339,426</u>	<u>\$ 190,912</u>

## 16. INTANGIBLE ASSETS

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Technology royalties and patent rights	\$ -	\$ -
Computer software	<u>333</u>	<u>470</u>
	<u>\$ 333</u>	<u>\$ 470</u>

	<b>Technology Royalties and Patent Rights</b>	<b>Computer Software</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2019	\$ 174,850	\$ 30,022	\$ 204,872
Additions	-	207	207
Disposal	<u>-</u>	<u>(29,694)</u>	<u>(29,694)</u>
Balance at December 31, 2019	<u>\$ 174,850</u>	<u>\$ 535</u>	<u>\$ 175,385</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2019	\$ 174,850	\$ 29,552	\$ 204,402
Amortization expenses	-	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>
Carrying amounts at December 31, 2019	<u>\$ -</u>	<u>\$ 333</u>	<u>\$ 333</u>
<u>Cost</u>			
Balance at January 1, 2018	\$ 174,850	\$ 29,333	\$ 204,183
Additions	<u>-</u>	<u>689</u>	<u>689</u>
Balance at December 31, 2018	<u>\$ 174,850</u>	<u>\$ 30,022</u>	<u>\$ 204,872</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2018	\$ 142,749	\$ 27,796	\$ 170,545
Amortization expenses	4,471	1,756	6,227
Impairment losses recognized	<u>27,630</u>	<u>-</u>	<u>27,630</u>
Balance at December 31, 2018	<u>\$ 174,850</u>	<u>\$ 29,552</u>	<u>\$ 204,402</u>
Carrying amounts at December 31, 2018	<u>\$ -</u>	<u>\$ 470</u>	<u>\$ 470</u>

Other than the recognition of amortization expenses, there were no signs of impairment of the Company's intangible assets for the year ended December 31, 2019, hence, no impairment assessment was performed.

The Company obtained the technology royalties rights to use SiC in 2013. In 2018, it was assessed that the product development progress was behind schedule, leading to impairment of the technology rights; hence, the Company recognized an impairment loss of \$27,630 thousand for the year ended December 31, 2018.

Intangible assets above are amortized on a straight-line basis over their estimated useful lives as follows:

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

## 17. BORROWINGS

### a. Short-term borrowings

	<u>December 31</u>	
	2019	2018
<u>Unsecured borrowings</u>		
Line of credit borrowings	\$ <u>500,000</u>	\$ <u>1,753,000</u>
Range of interest rates	0.83%-0.85%	0.89%-1.06%

### b. Short-term bills payable (December 31, 2019: None)

	<u>December 31,</u> <u>2018</u>
Commercial paper	\$ 200,000
Less: Discounts on bills payable	<u>(19)</u>
	<u>\$ 199,981</u>
Range of interest rates	1.038%

### c. Long-term borrowings

	<u>December 31</u>	
	2019	2018
Secured borrowings	\$ -	\$ 200,000
Line of credit borrowings	<u>1,950,000</u>	<u>1,300,000</u>
	<u>\$ 1,950,000</u>	<u>\$ 1,500,000</u>
Range of interest rates		
Secured borrowings	-	1.10%
Line of credit borrowings	0.98%-1.05%	0.98%-1.05%

The Company entered into medium- and long-term loan contracts with banks to increase working capital. The contracts with a total credit limit of \$4,500,000 thousand due for August 2023, which is used cyclically during the validity period. As of December 31, 2019, the Company has borrowed \$1,950,000 thousand.

The Company also provided the land and plant of Kaohsiung Renwu Factory as collateral (please refer to Note 31). As of December 31, 2019, the Company has not drawn money from the loan.

With part of contracts under the credit agreement, the Company should maintain financial ratios in the specific ratio. As of December 31, 2019, the Company has not violated the financial ratios and terms.

## 18. BONDS PAYABLE

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Unsecured ordinary corporate 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	\$ 1,000,000
Unsecured ordinary corporate 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
Unsecured ordinary corporate 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
Unsecured ordinary corporate 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
Unsecured ordinary corporate 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>-</u>
	8,000,000	6,000,000
Discounts on bonds payable	<u>(8,717)</u>	<u>(7,396)</u>
	7,991,283	5,992,604
Less: Current portions	<u>(999,956)</u>	<u>-</u>
	<u>\$ 6,991,327</u>	<u>\$ 5,992,604</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.

In order to repay its bank borrowings, the Company passed its resolution to apply for the issuance of its first unsecured ordinary corporate bonds amounting to \$2,000,000 thousand in the board of directors' meeting in March 2020; the bonds are expected to be issued before the end of 2020.

## 19. ACCOUNTS PAYABLE

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
<u>Accounts payable</u>		
Operating	<u>\$ 769,412</u>	<u>\$ 788,239</u>
<u>Accounts payable - related parties (Note 30)</u>		
Operating	<u>\$ 147,395</u>	<u>\$ 163,346</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

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Non related parties		
Payables for salaries and bonuses	\$ 120,857	\$ 75,219
Payables for purchases of equipment	75,422	11,835
Payables for water and electricity	56,341	55,287
Payables for interests	51,672	38,437
Payables for fares	23,768	25,448
Payables for annual leave	23,549	24,126
Others	<u>43,808</u>	<u>42,973</u>
	<u>\$ 395,417</u>	<u>\$ 273,325</u>
Related parties (Note 30)	<u>\$ 17,871</u>	<u>\$ 16,179</u>

## 21. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

### b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Law are operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 9% (the percentage increased to 12% since November 10, 2016) of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Present value of defined benefit obligation	\$ (642,262)	\$ (691,947)
Fair value of plan assets	<u>367,327</u>	<u>383,013</u>
Net defined benefit liabilities - non-current	<u>\$ (274,935)</u>	<u>\$ (308,934)</u>

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

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Balance at January 1, 2018	\$ (773,362)	\$ 396,924	\$ (376,438)
Current service cost	(6,407)	-	(6,407)
Net interest income (expense)	<u>(7,402)</u>	<u>3,873</u>	<u>(3,529)</u>
Recognized in profit or loss	<u>(13,809)</u>	<u>3,873</u>	<u>(9,936)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	11,114	11,114
Actuarial loss - changes in demographic assumptions	(1,285)	-	(1,285)
Actuarial loss - changes in financial assumptions	(6,019)	-	(6,019)
Actuarial loss - experience adjustments	<u>(3,003)</u>	<u>-</u>	<u>(3,003)</u>
Recognized in other comprehensive income	<u>(10,307)</u>	<u>11,114</u>	<u>807</u>
Contributions from the employer	16,723	59,910	76,633
Benefits paid	<u>88,808</u>	<u>(88,808)</u>	<u>-</u>
Balance at December 31, 2018	<u>\$ (691,947)</u>	<u>\$ 383,013</u>	<u>\$ (308,934)</u>
Balance at January 1, 2019	\$ (691,947)	\$ 383,013	\$ (308,934)
Current service cost	(5,078)	-	(5,078)
Net interest income (expense)	<u>(5,754)</u>	<u>3,389</u>	<u>(2,365)</u>
Recognized in profit or loss	<u>(10,832)</u>	<u>3,389</u>	<u>(7,443)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	14,285	14,285
Actuarial loss - changes in financial assumptions	(10,817)	-	(10,817)
Actuarial loss - experience adjustments	<u>(6,574)</u>	<u>-</u>	<u>(6,574)</u>
Recognized in other comprehensive income	<u>(17,391)</u>	<u>14,285</u>	<u>(3,106)</u>
Contributions from the employer	8,624	35,924	44,548
Benefits paid	<u>69,284</u>	<u>(69,284)</u>	<u>-</u>
Balance at December 31, 2019	<u>\$ (642,262)</u>	<u>\$ 367,327</u>	<u>\$ (274,935)</u>

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic or foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate of a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in government and corporate bond interest rates will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated with reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Discount rate	0.625%	0.875%
Expected rate of salary increase	2.25%	2.25%

If possible reasonable changes in each of the significant actuarial assumptions were to occur and all other assumptions were to remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Discount rate		
0.25% increase	<u>\$ (10,817)</u>	<u>\$ (11,953)</u>
0.25% decrease	<u>\$ 11,158</u>	<u>\$ 12,341</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 10,785</u>	<u>\$ 11,957</u>
0.25% decrease	<u>\$ (10,511)</u>	<u>\$ (11,643)</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 changes in the assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
The expected contributions to the plan for the next year	<u>\$ 44,184</u>	<u>\$ 60,075</u>
The average duration of the defined benefit obligation	7.4 years	7.6 years

## 22. EQUITY

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Share capital	\$ 11,887,635	\$ 11,887,635
Capital surplus	271,613	253,738
Retained earnings	7,756,919	6,814,829
Other equity items	(781,058)	(293,443)
Treasury shares	<u>(475,606)</u>	<u>(475,606)</u>
	<u>\$ 18,659,503</u>	<u>\$ 18,187,153</u>

### a. Share capital

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
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.

On June 5, 2018, the Company's regular shareholders' meeting resolved to issue 23,309 thousand ordinary shares as share dividends appropriated from earnings, with a par value of \$10, which increased the share capital issued and fully paid to \$11,887,635 thousand. On July 6, 2018, this transaction was approved by the FSC, and the subscription base date was determined as at August 3, 2018 by the board of directors. The alteration of the registered amount of capital of the Company was completed on August 29, 2018.

### 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 may be used to offset a deficit. The capital surplus generated from employee stock options and stock options may not be used for any purpose.

### 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 shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, please refer to "Employees' compensation and remuneration of directors" in Note 24(f).

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 2018 and 2017 as approved in the shareholders' meetings on June 12, 2019 and June 5, 2018, respectively, were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>For the Year Ended</u>		<u>For the Year Ended</u>	
	<u>December 31</u>		<u>December 31</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Legal reserve	\$ 53,994	\$ 111,129		
Special reserve	55,399	-		
Cash dividends	356,629	349,636	\$ 0.3	\$ 0.3
Share dividends	<u>-</u>	<u>233,091</u>	-	0.2
	<u>\$ 466,022</u>	<u>\$ 693,856</u>		

The appropriation of earnings for 2019 was proposed by the Company's board of directors on March 9, 2020. The appropriation and dividends per share were as follows:

	<u>Appropriation</u>	<u>Dividends Per</u>
	<u>of Earnings</u>	<u>Share (NT\$)</u>
Legal reserve	\$ 129,872	
Cash dividends	350,532	
Share dividends	<u>594,382</u>	\$ 0.5
	<u>\$ 1,074,786</u>	

The appropriation of earnings for 2019 are subject to resolution in the shareholders' meeting to be held on June 12, 2020.

d. Other equity items

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

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Balance at January 1	\$ (208,307)	\$ (190,880)
Effect of tax rate changes	-	(170)
Exchange differences on translating foreign operations	(339,848)	32,263
Related income tax	67,970	(6,453)
Share of exchange differences of subsidiaries accounted for using the equity method	(122,069)	(24,130)
Disposals of subsidiaries	<u>(617)</u>	<u>(18,937)</u>
Balance at December 31	<u>\$ (602,871)</u>	<u>\$ (208,307)</u>

2) Unrealized gain (loss) on available-for-sale financial assets

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Balance at January 1	\$ (85,136)	\$ 181,005
Recognized during the period		
Unrealized (loss) gain		
Equity instruments	(104,930)	24,687
Share from associates accounted for using the equity method	43,229	(211,995)
Cumulative unrealized loss on equity instruments transferred to retained earnings due to disposals		
Equity instruments -in respect of the current year	(1,608)	(71,238)
Share from associates accounted for using the equity method	<u>(29,742)</u>	<u>(7,595)</u>
Balance at December 31	<u>\$ (178,187)</u>	<u>\$ (85,136)</u>

e. Treasury shares

<b>Purpose of Buy-Back</b>	<b>Number of Shares at January 1 (In Thousands of Shares)</b>	<b>Increase During the Year</b>	<b>Decrease During the Year</b>	<b>Number of Shares at December 31 (In Thousands of Shares)</b>
<u>2019</u>				
Shares held by subsidiaries	<u>116,466</u>	<u>-</u>	<u>-</u>	<u>116,466</u>
<u>2018</u>				
Shares held by subsidiaries	<u>114,182</u>	<u>2,284</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:

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount	Market Price
<u>December 31, 2019</u>			
Asia Polymer Corporation ("APC")	101,356	\$ 1,377,381	\$ 1,403,776
Taita Chemical Company, Limited ("TTC")	15,110	<u>81,875</u>	<u>209,272</u>
		<u>\$ 1,459,256</u>	<u>\$ 1,613,048</u>
<u>December 31, 2018</u>			
APC	101,356	\$ 1,377,381	\$ 1,206,132
TTC	15,110	<u>81,875</u>	<u>179,808</u>
		<u>\$ 1,459,256</u>	<u>\$ 1,385,940</u>

The Company's shares which subsidiaries hold are viewed 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 recognized as financial assets at FVTOCI and valued at the closing price of December 31, 2019 and 2018. The carrying amount of investments accounted for using the equity method and the unrealized gain (loss) on financial assets at FVTOCI were reduced \$55,255 thousand and \$(19,487) thousand, respectively.

## 23. REVENUE

	<u>For the Year Ended December 31</u>	
	<u>2019</u>	<u>2018</u>
Products sales revenue		
Plastic materials	<u>\$ 10,966,471</u>	<u>\$ 11,763,140</u>

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

### a. Contract balances

	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>January 1, 2018</u>
Notes and accounts receivables (including related parties) (Notes 10 and 30)	<u>\$ 1,393,032</u>	<u>\$ 1,565,708</u>	<u>\$ 1,310,596</u>

### b. For information about the disaggregation of revenue, please refer to Schedule 19.

## 24. NET PROFIT

Net profit included the following:

a. Other income

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Interest income		
Bank deposits	\$ 7,070	\$ 10,560
Financial assets at fair value through profit or loss	8,474	7,380
Financial assets measured at amortized cost	353	174
Others	<u>81</u>	<u>72</u>
	15,978	18,186
Dividends income	48,117	68,098
Rental income	52,437	20,651
Grants income (Note 13)	185,710	22,293
Management service income	48,696	32,073
Others	<u>13,810</u>	<u>24,054</u>
	<u>\$ 364,748</u>	<u>\$ 185,355</u>

b. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Gain on disposal of property, plant and equipment	\$ 1,235	\$ 1,343
Loss on disposal of property, plant and equipment	(450)	(101)
Net gain on disposal of financial instruments	4,821	7,345
Net foreign exchange gains (losses)	(38,386)	15,495
Net gain on financial assets at fair value through profit or loss	89,942	28,453
Net loss on financial liabilities at fair value through profit or loss	(23,129)	(29,624)
Impairment losses recognized on non-financial assets (Note 16)	-	(27,630)
Depreciation of investment properties - right-of-use assets (Note 15)	(26,082)	-
Other expenses	<u>(30,703)</u>	<u>(27,829)</u>
	<u>\$ (22,752)</u>	<u>\$ (32,548)</u>

c. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Interest on bonds payable	\$ 88,887	\$ 74,937
Interest on bank loans	29,119	9,118
Other interest expense	1,054	2,435
Interest on lease liabilities	2,606	-
Less: Capitalized interest amount (included in construction in progress)	<u>(17,300)</u>	<u>(26,164)</u>
	<u>\$ 104,366</u>	<u>\$ 60,326</u>

Information about capitalized interest is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Capitalized interest	\$ 17,300	\$ 26,164
Capitalization rate	1.1943%- 1.2507%	1.25%

d. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Property, plant and equipment	\$ 472,934	\$ 418,279
Right-of-use assets	4,787	-
Investment properties	27,177	1,101
Intangible assets	344	6,227
Others	<u>12,457</u>	<u>5,345</u>
	<u>\$ 517,699</u>	<u>\$ 430,952</u>
 An analysis of depreciation by function		
Operating costs	\$ 459,443	\$ 407,766
Operating expenses	18,278	10,481
Other gains and losses	<u>27,177</u>	<u>1,133</u>
	<u>\$ 504,898</u>	<u>\$ 419,380</u>
 An analysis of amortization by function		
Operating costs	\$ 12,457	\$ 5,345
General and administrative expenses	344	1,755
Research and development expenses	<u>-</u>	<u>4,472</u>
	<u>\$ 12,801</u>	<u>\$ 11,572</u>

e. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Post-employment benefits (Note 21)		
Defined contribution plans	\$ 19,320	\$ 19,494
Defined benefit plans	<u>7,443</u>	<u>9,936</u>
	26,763	29,430
Other employee benefits	<u>570,736</u>	<u>537,137</u>
Total employee benefits expense	<u>\$ 597,499</u>	<u>\$ 566,567</u>
 An analysis of employee benefits expense by function		
Operating costs	\$ 394,413	\$ 344,582
Operating expenses	203,086	221,540
Non-operating income and expense	<u>-</u>	<u>445</u>
	<u>\$ 597,499</u>	<u>\$ 566,567</u>

f. Employees' compensation and remuneration of directors

The Company accrued employees' compensation and remuneration of directors at the rates of no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2019 and 2018 which were approved by the Company's board of directors on March 9, 2020 and March 8, 2019, respectively, were as follows:

Accrual rate

	<b><u>For the Year Ended December 31</u></b>	
	<b>2019</b>	<b>2018</b>
Employees' compensation	1.00%	1.00%
Remuneration of directors	0.37%	0.82%

Amount

	<b><u>For the Year Ended December 31</u></b>	
	<b>2019</b>	<b>2018</b>
Employees' compensation	\$ 14,793	\$ 6,319
Remuneration of directors	5,500	5,200

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

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2018 and 2017.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2020 and 2019 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

g. Gain or loss on foreign currency exchange

	<b><u>For the Year Ended December 31</u></b>	
	<b>2019</b>	<b>2018</b>
Foreign exchange gains	\$ 65,638	\$ 97,064
Foreign exchange losses	<u>(104,024)</u>	<u>(81,569)</u>
	<u>\$ (38,386)</u>	<u>\$ 15,495</u>

## 25. INCOME TAX

### a. Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Current tax		
In respect of the current year	\$ 156,915	\$ 16,908
Income tax on unappropriated earnings	9,795	39,320
Adjustments for prior years	<u>(6,281)</u>	<u>(1,731)</u>
	<u>160,429</u>	<u>54,497</u>
Deferred tax		
In respect of the current year	17,158	19,193
Adjustments for prior years	36	(264)
Tax rates changes	<u>-</u>	<u>6,981</u>
	<u>17,194</u>	<u>25,910</u>
Income tax expense recognized in profit or loss	<u>\$ 177,623</u>	<u>\$ 80,407</u>

A reconciliation of accounting profit and income tax expense was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Profit before tax	<u>\$ 1,458,987</u>	<u>\$ 620,342</u>
Income tax expense calculated at the statutory rate (20%)	\$ 291,797	\$ 124,068
Nondeductible expenses in determining taxable income	4,443	376
Tax-exempt income	(10,587)	(15,089)
Gain on valuation of financial assets	(9,675)	(1,383)
Share of profit or loss of domestic subsidiaries accounted for using the equity method	(102,298)	(72,409)
Income tax on unappropriated earnings	9,795	39,320
Effective of tax rate changes	-	6,981
Adjustments for prior years	(6,245)	(1,995)
Others	<u>393</u>	<u>538</u>
Income tax expense recognized in profit or loss	<u>\$ 177,623</u>	<u>\$ 80,407</u>

The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%, effective in 2018. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings will be 5%.

In July 2019, the President of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. The Company has not deducted the amount of capital expenditure from the unappropriated earnings in 2018 that was reinvested when calculating the tax on unappropriated earnings for the year ended December 2019.

b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
<u>Deferred tax</u>		
Effect of change in tax rate	\$ -	\$ 3,699
In respect of the current period		
Translation of foreign operations	67,970	(6,453)
Remeasurement of defined benefit plans	<u>621</u>	<u>(161)</u>
Total income tax recognized in other comprehensive income (expense)	<u>\$ 68,591</u>	<u>\$ (2,915)</u>

c. Current income tax assets and liabilities

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
<u>Current income tax liabilities</u>		
Income tax payable	<u>\$ 172,500</u>	<u>\$ 33,353</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2019

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for inventory valuation and obsolescence losses	\$ 1,518	\$ 1,087	\$ -	\$ 2,605
Defined benefit obligation	25,637	-	621	26,258
Differences on retirement benefit expenses of defined benefit plans between finance and tax	20,292	(7,421)	-	12,871
Payables for annual leave	4,826	(115)	-	4,711
Unrealized gains on transactions	1,722	(115)	-	1,607
Impairment loss recognized on financial assets at FVTPL	6,095	-	-	6,095
Differences on amortization period of intangible assets between finance and tax	12,578	(4,761)	-	7,817
Differences on depreciation period between finance and tax	785	-	-	785
Deferred revenue	6,000	(6,000)	-	-
Unrealized loss on valuation of financial assets at FVTPL	1,296	(1,080)	-	216
Exchange differences on foreign operations	-	-	60,381	60,381
Unrealized foreign exchange losses	<u>-</u>	<u>1,224</u>	<u>-</u>	<u>1,224</u>
	<u>\$ 80,749</u>	<u>\$ (17,181)</u>	<u>\$ 61,002</u>	<u>\$ 124,570</u>

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Closing Balance
<u>Deferred tax liabilities</u>				
Temporary differences				
Share of profit or loss of overseas subsidiaries accounted for using the equity method	\$ 119,157	\$ 1,430	\$ -	\$ 120,587
Exchange differences on foreign operations	7,589	-	(7,589)	-
Unrealized foreign exchange gains	1,417	(1,417)	-	-
Revaluation increments of land	<u>43,580</u>	<u>-</u>	<u>-</u>	<u>43,580</u>
	<u>\$ 171,743</u>	<u>\$ 13</u>	<u>\$ (7,589)</u>	<u>\$ 164,167</u>

(Concluded)

For the year ended December 31, 2018

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Effect of Change in Tax	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Allowance for inventory valuation and obsolescence losses	\$ 368	\$ 1,085	\$ -	\$ 65	\$ 1,518
Defined benefit obligation	21,929	-	(161)	3,869	25,637
Differences on retirement benefit expenses of defined benefit plans between finance and tax	28,586	(13,339)	-	5,045	20,292
Payables for annual leave	3,866	278	-	682	4,826
Unrealized gains on transactions	1,759	(347)	-	310	1,722
Impairment loss recognized on financial assets at FVTPL	5,181	-	-	914	6,095
Differences on amortization period of intangible assets between finance and tax	8,164	2,973	-	1,441	12,578
Differences on depreciation period between finance and tax	667	-	-	118	785
Deferred revenue	3,790	1,540	-	670	6,000
Unrealized loss on valuation of financial assets at FVTPL	<u>873</u>	<u>269</u>	<u>-</u>	<u>154</u>	<u>1,296</u>
	<u>\$ 75,183</u>	<u>\$ (7,541)</u>	<u>\$ (161)</u>	<u>\$ 13,268</u>	<u>\$ 80,749</u>

Deferred tax liabilities

Temporary differences					
Share of profit or loss of overseas subsidiaries accounted for using the equity method	\$ 92,159	\$ 10,735	\$ -	\$ 16,263	\$ 119,157
Exchange differences on foreign operations	966	-	6,453	170	7,589
Unrealized foreign exchange gains	649	653	-	115	1,417
Revaluation increments of land	<u>43,580</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,580</u>
	<u>\$ 137,354</u>	<u>\$ 11,388</u>	<u>\$ 6,453</u>	<u>\$ 16,548</u>	<u>\$ 171,743</u>

e. Income tax assessments

The income tax returns of the Company through 2017 have been assessed by the tax authorities.

## 26. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	2019	2018
Basic earnings per share	<u>\$ 1.19</u>	<u>\$ 0.50</u>
Diluted earnings per share	<u>\$ 1.19</u>	<u>\$ 0.50</u>

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

### Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	2019	2018
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 1,281,364</u>	<u>\$ 539,935</u>

### Weighted Average Number of Ordinary Shares Outstanding (In Thousands of Shares)

	<u>For the Year Ended December 31</u>	
	2019	2018
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 issue to employees	<u>1,162</u>	<u>690</u>
	<u>1,073,460</u>	<u>1,072,988</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 resolve the number of shares to be distributed to employees at their meeting in the following year.

## 27. CASH FLOW INFORMATION

### a. Non-cash transactions

For the years ended December 31, 2019 and 2018, the Company entered into the following non-cash investing and financing activities:

- 1) As of December 31, 2019 and 2018, the amounts of payables for purchases of equipment were \$75,422 thousand and \$11,835 thousand, respectively.
- 2) As of December 31, 2019 and 2018, the amounts of payables for dividends declared but not issued were \$4,983 thousand and \$6,026 thousand, respectively.

b. Changes in liabilities arising from financing activities

	January 1, 2019	Cash Flows	Non-cash Changes			December 31, 2019
			New Leases	Allocated Finance Costs	Others	
Short-term borrowings	\$ 1,753,000	\$ (1,253,000)	\$ -	\$ -	\$ -	\$ 500,000
Short-term bills payable	199,981	(199,981)	-	-	-	-
Bonds payable (including current portions)	5,992,604	1,995,630	-	3,049	-	7,991,283
Long-term borrowings (including current portions)	1,500,000	450,000	-	-	-	1,950,000
Guarantee deposits received	5,329	532	-	-	-	5,861
Lease liabilities (including current portions)	<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>

	January 1, 2018	Cash Flows	Non-cash Changes		December 31, 2018
			Allocated Finance Costs	Others	
Short-term bills payable	\$ 200,000	\$ 1,553,000	\$ -	\$ -	\$ 1,753,000
Short-term bills payable	-	199,981	-	-	199,981
Bonds payable	5,990,167	-	2,437	-	5,992,604
Long-term borrowings (including current portions)	-	1,500,000	-	-	1,500,000
Guarantee deposits received	<u>5,276</u>	<u>53</u>	<u>-</u>	<u>-</u>	<u>5,329</u>
	<u>\$ 6,195,443</u>	<u>\$ 3,253,034</u>	<u>\$ 2,437</u>	<u>\$ -</u>	<u>\$ 9,450,914</u>

## 28. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it 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 reporting date.

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 INSTRUMENTS

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

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>

December 31, 2018

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Domestic corporate bonds	\$ 5,992,604	\$ _____	\$ 6,030,032	\$ _____	\$ 6,030,032

Expect for the above the management of the Company considers that the carrying amounts of financial assets and financial liabilities recognized in the 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, 2019

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

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 340	\$ -	\$ 340
Domestic listed shares and over-the-counter shares	47,954	-	-	47,954
Mutual funds	932,068	-	-	932,068
Beneficiary certificates	256,399	-	-	256,399
	<u>\$ 1,236,421</u>	<u>\$ 340</u>	<u>\$ _____</u>	<u>\$ 1,236,761</u>

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Equity instrument investments				
Domestic listed shares and over-the-counter shares	\$ 778,743	\$ -	\$ -	\$ 778,743
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>242,758</u>	<u>242,758</u>
	<u>\$ 778,743</u>	<u>\$ -</u>	<u>\$ 242,758</u>	<u>\$ 1,021,501</u>
Financial liabilities at FVTPL				
Derivatives financial liabilities	<u>\$ -</u>	<u>\$ 6,817</u>	<u>\$ -</u>	<u>\$ 6,817</u>
				(Concluded)

There were no transfers between Levels 1 and 2 in the current and prior periods.

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

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
<u>Financial assets at FVTOCI</u>		
Balance at January 1	\$ 242,758	\$ 218,683
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	9,380	38,999
Return of capital	<u>(13,784)</u>	<u>(14,924)</u>
Balance at December 31	<u>\$ 238,354</u>	<u>\$ 242,758</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) Evaluation techniques measured by fair value and assumptions

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 parties, the Company keeps the results close to the market value 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. When other inputs remain unchanged, the fair value will decrease/increase by \$23,835 thousand and \$24,276 thousand, for the years ended December 31, 2019 and 2018, if the discount for lack of marketability increases/decreases by 10%, respectively.

c. Categories of financial instruments

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
<u>Financial assets</u>		
Financial assets at FVTPL		
Financial assets mandatory classified as at FVTPL	\$ 2,173,322	\$ 1,236,761
Financial assets measured at amortized cost (Note 1)	2,606,889	3,755,547
Financial assets at FVTOCI - equity instrument investments	900,398	1,021,501
Refundable deposits	54,581	50,133
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Held for trading	1,807	6,817
Financial liabilities measured at amortized cost (Note 2)	11,771,378	10,686,674
Refundable deposits	5,861	5,329

Note 1: The balance includes loans and receivables measured at amortized cost, which comprise cash and cash equivalents, debt investments, notes and accounts receivable (including related parties) and other receivables (including related parties, except tax refund receivable).

Note 2: The balance includes financial liabilities measured at amortized cost, which comprise short- and long-term loans, short-term bills payable, accounts payable (including related parties), other payables (including related parties) and bonds payable.

d. Financial risk management objectives and policies

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

1) Market risk

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

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

a) Foreign currency risk

The Company had 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 of the derivatives which expose the Company to foreign currency risk 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 USD appreciates/depreciates by 3%, the Company's profit before tax in 2019 will decrease/increase \$7,720 thousand; the profit before tax in 2018 will decrease/increase \$6,512 thousand.

Because 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 the changing market rates.

The carrying amount of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Fair value interest rate risk		
Financial assets	\$ 845,604	\$ 1,818,167
Financial liabilities	9,799,532	6,192,585
Cash flow interest rate risk		
Financial assets	42,865	48,590
Financial liabilities	850,000	3,253,000

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 50 basis point increase or decrease is 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 50 basis point higher/lower and all other variables were held constant, the Company's profit before tax for the years ended December 31, 2019 and 2018 would have decreased/increased by \$4,036 thousand and \$16,022 thousand, respectively.

c) Other price risk

The Company was exposed to equity price risk through its investments in equity securities listed in the ROC 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 analysis below was determined based on the exposure to equity price risk at the end of the reporting period.

If equity prices fluctuates by 5%, the pre-tax profit for the years ended December 31, 2019 and 2018 would have increased/decreased by \$108,630 thousand and \$61,821 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2019 and 2018 would have increased/decreased by \$45,020 thousand and \$51,075 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 exposure to credit risk as a result of the counterparty not fulfilling its obligations leading to a financial loss mainly comes from:

- a) The carrying amount of financial assets recognized in the parent company only 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. The Company provides financial guarantees and endorsements for tariffs and loans of subsidiaries. As of December 31, 2019 and 2018, the amount of the endorsements and guarantees provided by the Company was \$3,919,800 thousand and \$4,027,150 thousand, respectively. However, as expected on the balance sheet date, the subsidiaries have good operating conditions, hence, it is unlikely that the Company will have to pay the endorsement amounts due to the subsidiaries' breach of contract.

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 in 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 to 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 repayment dates. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay.

December 31, 2019

	<b>Weighted Average Interest Rate (%)</b>	<b>On Demand or Less than 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<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:

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

December 31, 2018

	<b>Weighted Average Interest Rate (%)</b>	<b>On Demand or Less than 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities		\$ 1,241,089	\$ -	\$ -
Fixed interest rate liabilities	0.80-1.90	200,000	6,000,000	-
Floating interest rate liabilities	0.89-1.05	<u>1,753,000</u>	<u>1,500,000</u>	<u>-</u>
		<u>\$ 3,194,089</u>	<u>\$ 7,500,000</u>	<u>\$ -</u>

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

The following table details the Company'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, 2019

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

December 31, 2018

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>
<u>Gross settled</u>			
Foreign exchange forward contracts			
Inflows	\$ 454,345	\$ 407,043	\$ 44,210
Outflows	<u>(459,887)</u>	<u>(411,732)</u>	<u>(44,754)</u>
	<u>\$ (5,542)</u>	<u>\$ (4,689)</u>	<u>\$ (544)</u>

c) Financing facilities

The Company relies on bank loans as a significant source of liquidity. As of December 31, 2019 and 2018, the unused amount of bank loan facilities were as follows:

	<u>December 31</u>	
	<b>2019</b>	<b>2018</b>
Bank loan facilities		
Amount unused	<u>\$ 4,634,992</u>	<u>\$ 4,310,891</u>

### 30. TRANSACTIONS WITH RELATED PARTIES

Except for disclosure on other notes, details of transactions between the Company and other related parties are disclosed below.

#### 1) Related parties' names and their relationships

<u>Related Party Name</u>	<u>Relationship with the Company</u>
USIFE Investment Co., Ltd.	Subsidiary
Swanson Plastics Corp. ("SPC")	Subsidiary
Acme Electronics Corp. ("ACME")	Subsidiary
Chong Loong Trading Co., Ltd. ("CLT")	Subsidiary
Swanlake Traders Ltd.	Subsidiary
Union Polymer Int'l Investment Corp. ("UPIIC")	Subsidiary
USI Far East (HK) Co., Ltd. ("USI HK")	Subsidiary
USI Management Consulting Corp. ("UM")	Subsidiary
Thintec Materials Corporation	Subsidiary
Forever Young Company Limited ("Forever Young")	Subsidiary
Swanson Technologies Corporation	Subsidiary
Taiwan United Venture Management Corp. ("TUVVM")	Subsidiary
China General Plastics Corporation ("CGPC")	Subsidiary
Taita Chemical Company, Ltd. ("TTC")	Subsidiary
Asia Polymer Corporation ("APC")	Subsidiary
Taiwan VCM Corporation ("TVCM")	Subsidiary
CGPC Polymer Corporation	Subsidiary
China General Terminal & Distribution Co. ("CGTD")	Subsidiary
INOMA Corporation	Subsidiary
USIG (Shanghai) Co., Ltd. ("USIG")	Subsidiary
Forum Pacific Trading Ltd.	Subsidiary
USI International Corporation ("USI International")	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")	Other related party

#### 2) Sales

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Subsidiary	<u>\$ 512,075</u>	<u>\$ 537,558</u>

The Company sold inventories to subsidiaries in 2019 and 2018, and at the end of 2019 and 2018, the Company's unearned gross margin for SPC was \$236 thousand and \$511 thousand, respectively, which was deferred. The Company's unearned gross margin for USI Trading (Shanghai) was \$606 thousand and \$524 thousand in 2019 and 2018, respectively, which was deferred. The deferred unrealized gain of subsidiaries was \$842 thousand and \$1,035 thousand in 2019 and 2018, respectively.

3) Purchases

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Subsidiary		
APC	\$ 842,867	\$ 670,909
Others	<u>83,956</u>	<u>100,852</u>
	<u>\$ 926,823</u>	<u>\$ 771,761</u>

4) Exports of ethylene

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Subsidiary		
APC	\$ 367,496	\$ 427,616
TVCM	<u>207,324</u>	<u>135,306</u>
	<u>\$ 574,820</u>	<u>\$ 562,922</u>

5) Imports of ethylene

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Subsidiary		
APC	\$ 33,666	\$ 56,490
TVCM	<u>120,934</u>	<u>86,351</u>
	<u>\$ 154,600</u>	<u>\$ 142,841</u>

6) Rental income (classified as other income)

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Subsidiary		
SPC	\$ 7,517	\$ 6,672
CGPC	5,258	5,644
TTC	5,478	5,478
ACME	3,088	2,981
Others	<u>9,554</u>	<u>8,704</u>
	<u>\$ 30,895</u>	<u>\$ 29,479</u>

The Company leased part of the floors of its Neihu office building to subsidiaries, and the rental income was received monthly according to the contract. At the end of the lease period, subsidiaries have no right of first refusal.

7) Management service income (classified as other income)

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Subsidiary		
DEIL	\$ 22,606	\$ 9,445
APC	8,403	5,879
ACME	6,386	4,592
SPC	5,117	3,957
CGPC	4,292	3,785
Others	<u>1,892</u>	<u>4,415</u>
	<u>\$ 48,696</u>	<u>\$ 32,073</u>

The Company, in order to correspond to the demands of management and integrating corporation resources, signed a resource support contract with its subsidiary, UM, on July 2002. UM coordinates the resources of the Company's common services department, and the related fee is calculated and charged by the contract content.

In order to correspond to management demands, the Company signed a management service contract with Dynamic Ever Investment Limited on May 2015, and the related fee is calculated and charged by the contract content.

8) Management service fee-investment (classified as other gains and losses)

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Subsidiary		
TUVM	<u>\$ 542</u>	<u>\$ 542</u>

9) Management service fee-management (classified as general and administrative expenses and research and development expense)

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Subsidiary		
UM	\$ 97,671	\$ 80,912
Others	<u>4,891</u>	<u>4,685</u>
	<u>\$ 102,562</u>	<u>\$ 85,597</u>

10) Rental expenses (classified as operating expense)

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Subsidiary		
APC	\$ 2,546	\$ 2,132
TTC	910	910
Others	<u>-</u>	<u>7</u>
	<u>\$ 3,456</u>	<u>\$ 3,049</u>

11) Commission expenses (classified as selling and marketing expenses)

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Subsidiary USI Trading (Shanghai)	\$ <u>437</u>	\$ <u>656</u>

12) Environmental protection expenses (classified as cost of goods sold)

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Subsidiary	\$ <u>1,360</u>	\$ <u>-</u>

13) Operating storage tank costs (classified as cost of goods sold)

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Subsidiary CGTD	\$ <u>21,243</u>	\$ <u>32,297</u>

14) Donations (classified as general and administrative expenses)

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Subsidiary USIF	\$ <u>3,000</u>	\$ <u>3,000</u>

15) Foreign business trip expenses (classified as operating expense)

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Subsidiary	\$ <u>6</u>	\$ <u>69</u>

16) Other expenses (classified as operating expense)

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Subsidiary	\$ <u>2,442</u>	\$ <u>2,213</u>

17) Revenue from sale of raw materials (classified as other income)

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Subsidiary APC	\$ 149,110	\$ 131,257
TVCM	<u>-</u>	<u>2,120</u>
	\$ <u>149,110</u>	\$ <u>133,377</u>

18) Disposal of functional coatings (classified as other income and losses)

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Subsidiary		
TVCM	\$ 2,925	\$ -
TTC	1,427	-
CGPC	<u>427</u>	<u>-</u>
	<u>\$ 4,779</u>	<u>\$ -</u>

19) Import fees on ethylene inspection income (classified as other income)

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Subsidiary		
CGTD	\$ 672	\$ 456
SPC	<u>-</u>	<u>20</u>
	<u>\$ 672</u>	<u>\$ 476</u>

20) Gains on disposal of property, plant and equipment (classified as other income and loss)

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Subsidiary		
USI HK	<u>\$ 889</u>	<u>\$ 889</u>

The Hong Kong branch sold fixed assets to USI (HK) in August 2005, and the price was \$18,049 thousand (HK\$4,180 thousand). As of December 31, 2019 and 2018, the unrealized profit and loss was \$5,035 thousand and \$5,924 thousand, which was deferred, and the reversal was recognized by estimating the useful life of the equipment.

21) Accounts receivable

<b>Related Party Category/Name</b>	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Subsidiary		
Forever Young	\$ 30,018	\$ 10,796
USI Trading (Shanghai)	27,668	28,604
USI HK	24,937	12,488
SPC	<u>7,127</u>	<u>9,438</u>
	<u>\$ 89,750</u>	<u>\$ 61,326</u>

There was no collateral provided for outstanding related party receivables. There is no bad debt for related parties' accounts receivable in 2019 and 2018.

22) Other receivables

<b>Related Party Category/Name</b>	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Subsidiary		
APC	\$ 160,620	\$ 146,325
TVCM	158,815	171,372
Others	<u>13,527</u>	<u>12,148</u>
	<u>\$ 332,962</u>	<u>\$ 329,845</u>

23) Accounts payable

<b>Related Party Category/Name</b>	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Subsidiary		
APC	\$ 143,791	\$ 158,522
Others	<u>3,604</u>	<u>4,824</u>
	<u>\$ 147,395</u>	<u>\$ 163,346</u>

Outstanding amounts due to related parties had no guarantee provided.

24) Other payables

<b>Related Party Category/Name</b>	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Subsidiary		
CGTD	\$ 6,123	\$ 1,272
UM	5,174	7,671
TVCM	3,546	6,113
APC	1,974	190
Others	<u>1,054</u>	<u>933</u>
	<u>\$ 17,871</u>	<u>\$ 16,179</u>

25) Other unearned revenue (classified as current liabilities)

<b>Related Party Category/Name</b>	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Subsidiary	\$ <u>284</u>	\$ <u>284</u>

26) Endorsements (tariffs and bank loans)

<b>Related Party Category/Name</b>	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Subsidiary		
UPIIC	\$ 3,600,000	\$ 3,700,000
CLT	<u>319,800</u>	<u>327,150</u>
	<u>\$ 3,919,800</u>	<u>\$ 4,027,150</u>

## 27) Compensation of key management personnel

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

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Short-term employee benefits	\$ 40,351	\$ 37,943
Post-employment benefits	<u>324</u>	<u>324</u>
	<u>\$ 40,675</u>	<u>\$ 38,267</u>

Compensation of the directors and other key management personnel depends on individual performance and market trends.

## 31. ASSETS PLEDGED AS COLLATERAL

The following assets were provided as guarantees for tariff of imported raw materials, for outward documentary bill or for financing facilities:

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Time deposits		
Classified as financial assets measured at amortized cost - current	\$ 60,561	\$ 60,500
Classified as other assets - non-current	21,424	21,219
Property, plant and equipment	<u>155,928</u>	<u>157,449</u>
	<u>\$ 237,913</u>	<u>\$ 239,168</u>

## 32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

- a. As of December 31, 2019 and 2018, the Company's unused letters of credit amounted to \$1,554,355 thousand and \$1,662,598 thousand, respectively, and the Company's endorsements and guarantees provided by related parties were \$3,919,800 thousand and \$4,027,150 thousand. Please refer to Notes 29 and 30 for details.
- 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 and the first instance judgment of criminal procedures was reached on May 11, 2018, whereby three employees of CGTD were each sentenced to four years and six months of imprisonment, and CGTD had assisted the employees in appealing against the judgment. The second instance judgment of criminal procedures will be reached on April 24, 2020.

CGTD arrived at an agreement with the Kaohsiung City Government on February 12, 2015, to pledge certificates of bank deposits of \$227,351 thousand, included interest, to the Kaohsiung City Government as collateral for the losses caused by the gas explosion. The Kaohsiung City Government also filed civil procedure requests in succession against LCY Chemical Corp., CGTD and CPC Corporation, Taiwan. Taiwan Power Company applied for provisional attachment against CGTD's property on August 27 and November 26, 2015. Taiwan Water Corporation also applied for provisional attachment against CGTD's property on February 3 and March 2, 2017. At the end of February 27, 2020, the provisionally attached properties were worth \$138,273 thousand.

As for the victims, CGTD, LCY Chemical Corp. and the Kaohsiung City Government signed a tripartite agreement for the compensation of 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 in four separate annual payments by LCY Chemical Corp. LCY Chemical Corp. was in charge of negotiating the compensation with the victims' families and signing the settlement agreement on behalf of the three parties.

As for the seriously injured, CGTD, LCY Chemical Corp. and the Kaohsiung City Government signed a tripartite agreement for the compensation of the 65 seriously injured victims' families on October 25, 2017. 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 27, 2020, 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 \$26,890 thousand and settled for a compensation amount of \$4,019 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 \$3,876,234 thousand. The first-instance judgments of some of the abovementioned civil cases (with a total amount of compensation of approximately \$1,196,808 thousand) have been gradually announced starting from June 22, 2018. The proportion of fault-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 \$388,503 thousand, of which the court ruled an exemption for CGTD in the amount of \$6,194 thousand, but was required to pay \$191,155 thousand, for the estimated portion of compensation that CGTD should pay at the moment according to the judgment of the first instance. CGTD had filed an appeal in those civil cases which were announced but not yet settled and entered into the second-instance trials. In addition, with regard to the abovementioned compensation, CGTD estimated and recognized an amount of \$136,375 thousand based on its fault-based liability proportion in the first-instance judgment. The actual liability of CGTD depends on the future judgments of the remaining civil cases.

### **33. SIGNIFICANT CONTRACTS**

The Company and 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 ethylene as well as seven other products on the Gulei Peninsula in Zhangzhou, Fujian Province, as approved by the Investment Commission of Taiwan's Ministry of Economic Affairs 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.

The Company and APC invested US\$3,131 thousand (approximately \$94,221 thousand) and US\$2,171 thousand (approximately \$65,202 thousand), respectively, to establish Ever Conquest Global Limited in order to invest in Ever Victory Global Limited via the third party, and the shareholding ratio of the joint venture was 31.75%. 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 re-signed the joint venture contract on September 30, 2016 and added a new contractually promised related entity, CTCI Corp.

The Company and APC increased the investment in Ever Conquest Global Limited by US\$37,572 thousand (approximately \$1,200,087 thousand) and US\$23,086 thousand (approximately \$739,424 thousand), respectively, on January 13, 2017. 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 in the Joint Venture increased from 31.75% to 66.4% (qualified as having control) after the capital increase. Dynamic Ever Investments Limited invested RMB576,200 thousand in Gulei Company on April 18, 2017.

The Company and APC increased the investment in Ever Conquest Global Limited by US\$36,643 thousand (approximately \$1,113,427 thousand) and US\$21,013 thousand (approximately \$638,499 thousand), respectively, in July 2017. Through Ever Conquest Global Limited, the Company and APC increased capital of Ever Victory Global Limited and then reinvested in Dynamic Ever Investments Limited. The shareholding ratio in the Joint Venture was 67.9% after the capital increase. Dynamic Ever Investments Limited reinvested RMB576,200 thousand in Gulei Company on August 1, 2017.

The Company and APC increased the investment in Ever Conquest Global Limited by US\$98,922 thousand (approximately \$3,034,601 thousand) and US\$56,970 thousand (approximately \$1,747,780 thousand), respectively, in August 2018. 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% after the capital increase. Dynamic Ever Investments Limited invested RMB1,152,400 thousand in Gulei Company on November 29, 2018.

The Company and APC increased the investment in Ever Conquest Global Limited by US\$35,201 thousand (approximately \$1,109,563 thousand) and US\$20,460 thousand (approximately \$644,801 thousand), respectively, in May 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 78.9% after the capital increase. Dynamic Ever Investments Limited invested RMB576,200 thousand in Gulei Company on June 26, 2019.

The Company and APC increased their investment in Ever Conquest Global Limited by US\$35,201 thousand (approximately \$1,094,082 thousand) and US\$20,460 thousand (approximately \$635,917 thousand), respectively, in August 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 RMB576,200 thousand in Gulei Company on August 15, 2019.

In order to increase Gulei Company’s operating capital, Ever Victory Global Limited and Hong Kong Dor Po Investment Company Limited (“DOR PO”) signed a joint venture contract for an investment in Dynamic Ever Investment Limited on June 5, 2019. According to the contract, DOR PO will invest US\$109,215 thousand in Dynamic Ever Investment Limited in 2019. As of December 31, 2019, DOR PO had invested US\$54,608 thousand and held 10.1% ownership interest in Dynamic Ever Investment Limited.

### 34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's 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: In Thousands, other than the exchange rate**

	<b>December 31, 2019</b>		
	<b>Foreign Currency</b>	<b>Exchange Rate (In Dollars)</b>	<b>Carrying Amount</b>
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 19,716	29.98	\$ 591,084
RMB	209,546	4.30	900,523
Non-monetary items			
Subsidiaries accounted for using the equity method			
USD	292,696	29.98	8,775,017
HKD	33,213	3.85	127,837
Derivative instruments method			
RMB sell	61,400	4.30	732
<u>Foreign currency liabilities</u>			
Monetary items			
USD	11,132	29.98	333,740
JPY	19,655	0.28	5,425
Non-monetary items			
Derivative instruments method			
RMB sell	104,300	4.30	1,807
	<b>December 31, 2018</b>		
	<b>Foreign Currency</b>	<b>Exchange Rate (In Single Dollars)</b>	<b>Carrying Amount</b>
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 16,600	30.72	\$ 509,883
RMB	226,009	4.48	1,011,458
Non-monetary items			
Subsidiaries accounted for using the equity method			
USD	224,679	30.72	6,901,014
HKD	33,727	3.92	132,245
Derivative instruments method			
USD sell	2,340	30.72	122
RMB sell	27,700	4.48	218

(Continued)

	<b>December 31, 2018</b>		
	<b>Foreign Currency</b>	<b>Exchange Rate (In Single Dollars)</b>	<b>Carrying Amount</b>
<u>Foreign currency liabilities</u>			
Monetary items			
USD	\$ 9,534	30.72	\$ 292,829
JPY	1,814	0.28	505
Non-monetary items			
Derivative instruments method			
RMB sell	161,000	4.48	6,817 (Concluded)

For the years ended December 31, 2019 and 2018, realized and unrealized net foreign exchange losses were \$38,386 thousand and \$15,495 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions.

### **35. SEPARATELY DISCLOSED ITEMS**

#### a. Information about significant transactions and investees

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held (excluding investment in subsidiaries). (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (Table 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 December 31, 2019, information about foreign exchange forwards contracts held by the Company and its subsidiaries were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2019</u>			
Sell	RMB/NTD	2020.01.01-2020.03.30	RMB237,700/NTD1,020,283
Sell	USD/MYR	2020.03.31-2020.06.30	USD865/MYR3,626
Sell	USD/NTD	2020.01.03-2020.03.24	USD41,000/NTD1,241,134
Sell	EUR/MYR	2020.03.31-2020.06.30	EUR224/MYR1,041
Buy	JPY/USD	2020.01.06-2020.01.22	JPY40,000/USD368
Buy	NTD/USD	2020.01.13-2020.03.04	NTD285,868/USD9,480

10) Information on investees. (Table 7)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the 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. (Table 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)

**USI CORPORATION**

(Acme Electronics Corporation (ACME))

**FINANCING PROVIDED TO OTHERS****FOR THE YEAR ENDED DECEMBER 31, 2019****(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	Golden Amber Enterprises Ltd.	Other receivables - related parties	Yes	\$ 25,280 (US\$ 800 thousand)	\$ -	\$ -	-	2	\$ -	Business turnover	\$ -	-	-	\$ 500,989	\$ 500,989	
		ACME Electronics (Cayman) Corp.	Other receivables - related parties	Yes	273,960 (US\$ 9,000 thousand)	239,840 (US\$ 8,000 thousand)	179,880 (US\$ 6,000 thousand)	2.8985-3.70663	2	-	Business turnover	-	-	-	500,989	500,989	
		Acme Electronics (Kunshan) Co., Ltd.	Other receivables - related parties	Yes	91,986 (RMB 20,000 thousand)	-	-	-	2	-	Business turnover	-	-	-	500,989	500,989	

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, 2019.

Note 2: The nature of financing provided is 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, 2019.

**USI CORPORATION**  
(Swanson Plastics Corporation (SPC))

**FINANCING PROVIDED TO OTHERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(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	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			
1	Forever Young Company Limited	Swanson International Ltd.	Other receivables - related parties	Yes	\$ 98,118	\$ 93,088	\$ 93,088	-	2	\$ -	Business turnover	\$ -	-	-	\$ 138,624	\$ 207,936	
		A.S. Holding (UK) Limited	Long-term receivables - related parties	Yes	9,445	-	-	-	1	-	-	-	-	-	138,624	207,936	
2	ASK-Swanson (Kunshan) Co., Ltd	Swanson Plastics (Tianjin) Co., Ltd.	Other receivables - related parties	Yes	232,596	184,793	184,793	4.15-4.25	2	-	Business turnover	-	-	-	519,848	519,848	
3	Swanson Plastics (Singapore) Private Limited	Swanson Plastics (India) Private Limited	Other receivables - related parties	Yes	112,180	-	-	-	1	-	-	-	-	-	387,061	387,061	

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 provided is 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, 2019.

**USI CORPORATION**  
(Taita Chemical Company, Ltd. (TTC))

**FINANCING PROVIDED TO OTHERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(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 (Note 4)	Actual Borrowing Amount (Note 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	\$ 859,500 (RMB 200,000 thousand)	\$ 236,363 (RMB 55,000 thousand)	\$ 64,463 (RMB 15,000 thousand)	5.22	2	\$ -	Business turnover	\$ -	-	-	\$ 2,287,806	\$ 2,287,806	

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, 2019, TTC did not loan funds to anyone and has no financing provided to others.

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, 2019, the audited net worth of Taita Chemical (Zhongshan) Co., Ltd. was RMB532,361 thousand.

Note 3: The nature of financing provided is 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, 2019.

## USI CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(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 (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	Note
		Name	Relationship											
0	USI Corporation	Union Polymer Int'l Investment Corp.	Subsidiary which directly held more than 50% of ordinary shares	\$ 11,195,702	\$ 3,700,000	\$ 3,600,000	\$ 1,532,000	\$ -	19.29	\$ 11,195,702	Yes	No	No	
		Chong Loong Trading Co., Ltd.	Subsidiary which directly held more than 50% of ordinary shares	11,195,702	319,800 (US\$ 10,000 thousand) (NT\$ 20,000 thousand)	319,800 (US\$ 10,000 thousand) (NT\$ 20,000 thousand)	77,825	-	1.71	11,195,702	Yes	No	No	

Note 1: Both total endorsements/guarantees provided amounts and the amount of endorsements/guarantees for an individual entity shall not exceed 60% of the Company's net value. The maximum amount of endorsement/guarantees was calculated based on net value as of December 31, 2019.

Note 2: The amount was calculated using the spot exchange rate as of December 31, 2019.

**USI CORPORATION**  
(Acme Electronics Corporation)

**ENDORSEMENTS/GUARANTEES PROVIDED**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(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 (Note 3)	Actual Borrowing Amount (Note 3)	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	Acme Electronics Corporation	Acme Electronics (Kunshan) Co., Ltd.	Subsidiary of ACME (Cayman)	\$ 2,504,944	\$ 368,820 (US\$ 12,000 thousand)	\$ 359,760 (US\$ 12,000 thousand)	\$ 104,930 (US\$ 3,500 thousand)	\$ -	28.72	\$ 2,504,944	No	No	Yes	
		Acme Electronics (Guangzhou) Co., Ltd.	Subsidiary of GAEL	2,504,944	158,000 (US\$ 5,000 thousand)	149,900 (US\$ 5,000 thousand)	-	-	11.97	2,504,944	No	No	Yes	

Note 1: The rate was calculated by the ending balance of equity of the endorser/guarantor as of December 31, 2019.

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 was calculated based on the equity of the endorser/guarantor as of December 31, 2019.

Note 3: The amount was calculated using the spot exchange rate as of December 31, 2019.

**USI CORPORATION**

(Swanson Plastics Corporation (SPC))

**ENDORSEMENTS/GUARANTEES PROVIDED****FOR THE YEAR ENDED DECEMBER 31, 2019**

(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 (Note 2)	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	\$ 6,228,973	\$ 85,658	\$ 53,595	\$ -	\$ -	2.15	\$ 6,228,973	No	No	No	
		Swanson Plastics (Malaysia) Sdn. Bhd.	Sub-subsiary	6,228,973	37,920	35,976	-	-	1.44	6,228,973	No	No	No	
		Swanson Plastics (Kunshan) Co., Ltd.	Sub-subsiary	6,228,973	126,400	119,920	-	-	4.81	6,228,973	No	No	Yes	
		Swanson Technologies Corporation	Subsidiary	6,228,973	142,160	137,948	109,980	-	5.54	6,228,973	No	No	No	
		Swanson Plastic (Tianjin) Co., Ltd.	Sub-subsiary	6,228,973	63,200	59,960	-	-	2.41	6,228,973	No	No	Yes	
		PT. Swanson Plastics Indonesia Ltd.	Subsidiary	6,228,973	63,200	59,960	-	-	2.41	6,228,973	No	No	No	
		Forever Young Company Limited	Subsidiary	6,228,973	2,381,593	1,800,932	17,988	-	72.28	6,228,973	No	No	No	
Swanson Plastics (India) Private Limited	Sub-Subsidiary	6,228,973	91,500	89,940	-	-	3.61	6,228,973	No	No	No			

Note 1: The amount of endorsements/guarantees for an individual entity shall not exceed 250% of SPC's equity as of December 31, 2019.

Note 2: The amount was calculated using the spot exchange rate as of December 31, 2019.

**USI CORPORATION**

(China General Plastics Corporation (CGPC))

**ENDORSEMENTS/GUARANTEES PROVIDED****FOR THE YEAR ENDED DECEMBER 31, 2019**

(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	\$ 8,250,812	\$ 2,899,800	\$ 2,200,000	\$ 14,990	\$ -	26.66	\$ 8,250,812	No	No	No	

Note 1: The ratio was calculated by the ending balance of equity of CGPC as of December 31, 2019.

Note 2: The total amount of guarantee that may be provided by CGPC to any individual entity shall not exceed one hundred percent (100%) of CGPC's net worth.

**USI CORPORATION**

(Taita Chemical Company, Ltd. (TTC))

**ENDORSEMENTS/GUARANTEES PROVIDED****FOR THE YEAR ENDED DECEMBER 31, 2019**

(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 (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 which directly held 100% ordinary shares	\$ 6,449,645	\$ 1,589,340 (US\$ 33,000 thousand) (NT\$ 600,000 thousand)	\$ 1,439,440 (US\$ 28,000 thousand) (NT\$ 600,000 thousand)	\$ 777,082 (US\$ 25,920 thousand)	\$ -	33.48	\$ 6,449,645	No	No	No	
		Taita Chemical (Zhongshan) Co., Ltd.	100% voting shares directly owned by TTC	6,449,645	214,875 (RMB 50,000 thousand)	214,875 (RMB 50,000 thousand)	-	-	5.00	6,449,645	No	No	Yes	
		Taita Chemical (Tianjin) Co., Ltd.	100% voting shares directly owned by TTC	6,449,645	449,700 (US\$ 15,000 thousand)	-	-	-	-	6,449,645	No	No	Yes	

Note 1: The amount was calculated using the spot exchange rate as of December 31, 2019.

Note 2: The ceilings to TTC on the aggregate amounts of endorsements/guarantees permitted shall not exceed 150% of total equity of TTC. The ceilings on the aggregate amounts of endorsements/guarantees permitted shall not exceed 200% of total equity of TTC.

## USI CORPORATION

## MARKETABLE SECURITIES HELD (NOT INCLUDING SUBSIDIARIES AND AFFILIATED COMPANIES)

DECEMBER 31, 2019

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
USI Corporation	<u>Shares</u>							
	CTCI Corporation	-	Financial assets at fair value through other comprehensive income - non-current	15,130,656	\$ 576,478	1.98	\$ 576,478	
	KHL IB Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	15,329,223	235,794	11.90	235,794	
	AU Optronic Corporation	-	Financial assets at fair value through other comprehensive income - non-current	8,514,006	85,566	0.09	85,566	
	Global BioPharma, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	310,000	2,560	0.45	2,560	
	Evergreen Marine Corp.	-	Financial assets at fair value through profit or loss - current	1,753,251	21,740	-	21,740	
	Quanta Computer Inc.	-	Financial assets at fair value through profit or loss - current	500,000	32,150	-	32,150	
	United Renewable Energy Co., Ltd.	-	Financial assets at fair value through profit or loss - current	229,580	1,759	-	1,759	
	G.M.I Technology Inc.	-	Financial assets at fair value through profit or loss - current	1,430,000	23,380	-	23,380	
	ITE Tech. Inc.	-	Financial assets at fair value through profit or loss - current	1,000,000	44,150	-	44,150	
	Teratech Corp.	-	Financial assets at fair value through profit or loss - non-current	110,000	-	-	-	Note 2
	<u>Beneficiary certificates</u>							
	Nomura Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,872,087	63,422	-	63,422	
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	12,866,132	197,663	-	197,663	
	KGI Victory Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,050,909	12,215	-	12,215	
	Eastspring Investments Well Poll Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,622,210	49,467	-	49,467	
	Yuanta De-Bao Money Market Fund	-	Financial assets at fair value through profit or loss - current	6,094,719	73,526	-	73,526	
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	8,415,458	137,760	-	137,760	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	CTBC Hwa Win Money Market Fund	-	Financial assets at fair value through profit or loss - current	7,870,520	\$ 87,065	-	\$ 87,065	
	Franklin Templeton SinoAm Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,857,576	50,417	-	50,417	
	UPAMC James Bond Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,995,555	50,260	-	50,260	
	Hua Nan Phonenix Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,566,633	74,523	-	74,523	
	Taishin Ta-Chong Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,848,863	54,889	-	54,889	
	Capital Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,920,509	47,304	-	47,304	
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss - current	19,933,652	250,987	-	250,987	
	FSITC Money Market Fund	-	Financial assets at fair value through profit or loss - current	275,921	49,417	-	49,417	
	Prudential Financial Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,162,215	50,221	-	50,221	
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	18,384,950	249,745	-	249,745	
	Deutsche Far Eastern DWS Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	596,883	7,009	-	7,009	
	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	16,833,145	250,437	-	250,437	
	<u>Beneficiary certificates (REIT)</u>							
	Fubon No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	7,980,000	110,204	-	110,204	
	Shin Kong No. 1 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	3,000,000	53,400	-	53,400	
	Cathay No. 1 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	4,900,000	86,730	-	86,730	
	Cathay No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	2,500,000	42,750	-	42,750	
Union Polymer Int'l Investment Corp.	<u>Shares</u> Asia Polymer Corporation	Equity-method investee	Financial assets at fair value through other comprehensive income - non-current	20,711,939	327,249	3.74	327,249	
	China General Plastics Corporation	Equity-method investee	Financial assets at fair value through other comprehensive income - non-current	4,053,793	84,319	0.77	84,319	
	Taita Chemical Company, Ltd.	Equity-method investee	Financial assets at fair value through other comprehensive income - non-current	383,520	4,372	0.11	4,372	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Swanlake Traders Ltd.	<u>Shares</u> 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.	<u>Shares</u> AU Optronic Corporation	-	Financial assets at fair value through other comprehensive income - current	1,266,061	12,724	0.01	12,724	
	AU Optronic Corporation	-	Financial assets at fair value through other comprehensive income - non-current	1,266,061	12,724	0.01	12,724	
	Wafer Works Corporation	-	Financial assets at fair value through other comprehensive income - non-current	3,001,655	109,110	0.59	109,110	
	Solargiga Energy Holdings Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	11,876,111	3,703	0.37	3,703	
	Dah Chung Bills Finance Corporation	-	Financial assets at fair value through other comprehensive income - non-current	470,914	6,649	0.10	6,649	
	Swanson Plastics Corp.	Investor company and investee have the same chairman	Financial assets at fair value through other comprehensive income - non-current	629,017	8,882	0.41	8,882	
	USI Optronics Corporation	Investor company and investee have the same chairman	Financial assets at fair value through other comprehensive income - non-current	165,279	448	0.25	448	
	Digimax, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	23,234	-	0.05	-	
	Global BioPharma, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	712,000	5,881	1.03	5,881	
	Silicon Technology Investment (Cayman) Corp.	-	Financial assets at fair value through other comprehensive income - non-current	911,849	44,498	1.77	44,498	
	China General Plastics Corporation	Investor company and investee have the same chairman	Financial assets at fair value through profit or loss - current	472,511	9,828	0.09	9,828	
	Asia Polymer Corporation	Investor company and investee have the same chairman	Financial assets at fair value through profit or loss - current	1,577,809	24,929	0.28	24,929	
	Taita Chemical Company, Ltd.	Investor company and investee have the same chairman	Financial assets at fair value through profit or loss - current	1,163,206	13,261	0.35	13,261	
	Quanta Computer Inc.	-	Financial assets at fair value through profit or loss - current	100,000	6,430	-	6,430	
	Evergreen Marine Corp.	-	Financial assets at fair value through profit or loss - current	584,416	7,247	0.01	7,247	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	ITE Tech. Inc.	-	Financial assets at fair value through profit or loss - current	500,000	\$ 22,075	0.31	\$ 22,075	
	G.M.I Technology Inc.	-	Financial assets at fair value through profit or loss - current	470,000	7,685	0.40	7,685	
	United Renewable Energy Co., Ltd.	-	Financial assets at fair value through profit or loss - current	2,474,681	18,956	0.10	18,956	
	Acme Electronics Corp.	Investor company and investee have the same chairman	Financial assets at fair value through profit or loss - current	500,000	6,125	0.27	6,125	
	Superactive Group Company Limited	-	Financial assets at fair value through profit or loss - current	678,000	545	-	545	
	<u>Beneficiary certificates</u>							
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,360,710	20,686	-	20,686	
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,870,081	30,613	-	30,613	
	Fuh Hwa Money Market	-	Financial assets at fair value through profit or loss - current	4,223,969	61,210	-	61,210	
	Cathay Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	5,151,207	64,322	-	64,322	
	<u>Beneficiary certificates (REIT)</u>							
	Cathay No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	750,000	12,825	-	12,825	
Taiwan United Venture Capital Corp.	<u>Beneficiary certificates</u>							
	Fuh Hwa Money Market	-	Financial assets at fair value through profit or loss - current	3,399,556	49,263	-	49,263	
	<u>Shares</u>							
	Innovation & Infinity Global Corp.	-	Financial assets at fair value through profit or loss - non-current	720,804	-	0.73	-	Note 2
	Teratech Corp.	-	Financial assets at fair value through profit or loss - non-current	90,000	-	0.58	-	Note 2
	United Renewable Energy Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	4,611,242	35,322	0.18	35,322	
	Mitac Holdings Corp.	-	Financial assets at fair value through other comprehensive income - current	1,841,072	53,391	0.17	53,391	
	Chitec Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	381,906	16,178	1.37	16,178	
	Leadwell Cnc Machines Mfg., Corp.	-	Financial assets at fair value through other comprehensive income - non-current	419,753	9,554	0.68	9,554	Note 2

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	Digimax, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	518,898	\$ -	1.18	\$ -	
	Orgchem Technology, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	594,594	8,883	1.09	8,883	
	Hexawave, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	109,109	913	0.27	913	
	Global BioPharma, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	712,000	5,881	1.03	5,881	
	Uranus Chemicals Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	12,610	334	0.03	334	
	Neurosky Inc. Preferred A	-	Financial assets at fair value through other comprehensive income - non-current	10,000,000	-	1.42	-	Note 2
	Neurosky Inc. Preferred B	-	Financial assets at fair value through other comprehensive income - non-current	12,595,523	-	1.78	-	Note 2
	Neurosky Inc. Preferred C	-	Financial assets at fair value through other comprehensive income - non-current	4,532,823	-	0.64	-	Note 2
Taiwan United Venture Management Corp.	<u>Beneficiary certificates</u> Fuh Hwa Money Market	-	Financial assets at fair value through profit or loss - current	91,730	1,329	-	1,329	
Inoma Corporation	<u>Beneficiary certificates</u> Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	908,375	12,340	-	12,340	
USI Optronics Corporation	<u>Beneficiary certificates</u> Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,016,620	15,125	-	15,125	
	Taishin Ta-Chong Money Market Fund	-	Financial assets at fair value through profit or loss - current	496,715	7,084	-	7,084	
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,703,082	23,135	-	23,135	
	Yuanta De-Bao Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,412,688	17,042	-	17,042	
USI Management Consulting Corp.	<u>Beneficiary certificates</u> Eastspring Investments Well Pool Money Market Fund	-	Financial assets at fair value through profit or loss - current	733,563	10,018	-	10,018	
	Fuh Hwa Money Market	-	Financial assets at fair value through profit or loss - current	1,035,561	15,006	-	15,006	
	Fuh Hwa You Li Money Market	-	Financial assets at fair value through profit or loss - current	1,922,284	26,000	-	26,000	
Thintec Materials Corporation	<u>Beneficiary certificates</u> Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	930,329	12,638	-	12,638	

(Continued)

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.

(Concluded)

## USI CORPORATION

(China General Plastics Corporation (CGPC))

## MARKETABLE SECURITIES HELD (NOT INCLUDING SUBSIDIARIES AND AFFILIATED COMPANIES)

DECEMBER 31, 2019

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
China General Plastics Corporation	<u>Closed-end fund beneficiary certificates</u> Cathay No. 1 Real Estate Investment Trust	-	Financial assets at fair value through profit or loss - current	4,268,000	\$ 75,543	-	\$ 75,543	1
	Fubon No. 2 Real Estate Investment Trust	-	Financial assets at fair value through profit or loss - current	4,980,000	68,774	-	68,774	1
	Shin Kong No. 1 Real Estate Investment Trust	-	Financial assets at fair value through profit or loss - current	3,000,000	53,400	-	53,400	1
	Cathay No. 2 Real Estate Investment Trust	-	Financial assets at fair value through profit or loss - current	2,500,000	42,750	-	42,750	1
	<u>Open-end fund beneficiary certificates</u> Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	6,722,102	100,009	-	100,009	1
	Taishin Ta-Chong Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,244,236	32,005	-	32,005	1
	UPAMC James Bond Money Market Fund	-	Financial assets at fair value through profit or loss - current	596,011	10,000	-	10,000	1
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	325,457	5,000	-	5,000	1
	<u>Ordinary shares</u> KHL IB Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	7,664,611	117,882	5.95	117,882	1
	Taiwan VCM Corporation (TVCM)	<u>Open-end fund beneficiary certificates</u> Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,016,929	30,007	-	30,007
<u>Ordinary shares</u> 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	121,611	1,921	0.02	1,921	1

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
CGPC Polymer Corporation	<u>Open-end fund beneficiary certificates</u> Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	12,751,358	\$ 189,709	-	\$ 189,709	1
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	8,813,848	119,729	-	119,729	1
	Capital Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,574,758	41,704	-	41,704	1
CGPC (BVI) Holding Co., Ltd.	<u>Shares</u> Teratech Corporation - ordinary shares	-	Financial assets at fair value through profit or loss - non-current	112,000	-	0.67	-	1 and 3
	Sohoware, Inc. - preference shares	-	Financial assets at fair value through profit or loss - non-current	100,000	-	-	-	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, 2019, 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.

(Concluded)

## USI CORPORATION

(Taita Chemical Company, Ltd. (TTC))

## MARKETABLE SECURITIES HELD (NOT INCLUDING SUBSIDIARIES AND AFFILIATED COMPANIES)

DECEMBER 31, 2019

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Taita Chemical Company, Ltd.	<u>Ordinary shares</u> USI Corporation	Parent company	Financial assets at fair value through other comprehensive income - non-current	15,109,901	\$ 209,272	1.27	\$ 209,272	1
	Harbinger Venture Capital	-	Financial assets at fair value through other comprehensive income - non-current	990	27	0.50	27	3 and 5
	<u>Beneficiary securities</u> Cathay No. 1 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	4,900,000	86,730	-	86,730	1
	Cathay No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	2,500,000	42,750	-	42,750	1
	Shin Kong No. 1 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	4,000,000	71,200	-	71,200	1
	Fubon No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	6,580,000	90,869	-	90,869	1
	<u>Beneficiary certificates</u> Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	806,582	12,000	-	12,000	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 (US\$ - thousand)	2.22	6 (US\$ - thousand)	3 and 5
	Teratech Corporation - ordinary shares	-	Financial assets at fair value through profit or loss - non-current	112,000	-	0.72	-	4
	Sohoware Inc. - preference shares	-	Financial assets at fair value through profit or loss - non-current	100,000	-	-	-	4

Note 1: Fair value was based on closing price of the Taiwan Stock Exchange as of December 31, 2019.

Note 2: Fair value is calculated based on the net asset value as of December 31, 2019.

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.

(Continued)

Note 4: As of December 31, 2019, TTC evaluated the fair value of equity instruments as \$0.

Note 5: The investee, Harbinger Venture Capital and Budworth Investment Ltd., announced a reduction of capital by returning cash in January 2019, and TTC received \$505 thousand and \$3,322 thousand according to its ownership percentage, respectively.

Note 6: Please refer to Tables 7-4 and 8-4 for detailed information on subsidiaries and associates.

(Concluded)

**USI CORPORATION**  
(Asia Polymer Corporation)

**MARKETABLE SECURITIES HELD (NOT INCLUDING SUBSIDIARIES AND AFFILIATED COMPANIES)**  
**DECEMBER 31, 2019**  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Asia Polymer Corporation	<u>Ordinary shares</u>							
	Harbinger Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income - non-current	2,377	\$ 66	1.20	\$ 66	
	Riselink Venture Capital	-	Financial assets at fair value through other comprehensive income - non-current	131,587	1,947	1.67	1,947	
	KHL IB Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	15,329,223	235,763	11.90	235,763	
	USI Corporation	Ultimate parent company	Financial assets at fair value through other comprehensive income - non-current	101,355,673	1,403,776	8.53	1,403,776	
	CTCI Corporation	-	Financial assets at fair value through other comprehensive income - non-current	14,446,107	550,397	1.89	550,397	
	AU Optronic Corporation	-	Financial assets at fair value through other comprehensive income - non-current	9,618,516	96,666	0.10	96,666	
	Wafer Works Corporation	-	Financial assets at fair value through other comprehensive income - non-current	2,017,946	73,352	0.39	73,352	
	United Renewable Energy Co., Ltd.	-	Financial assets at fair value through profit or loss - current	229,580	1,758	0.01	1,758	
	Evergreen Marine Corp.	-	Financial assets at fair value through profit or loss - current	1,753,251	21,740	0.04	21,740	
	Quanta Computer Inc.	-	Financial assets at fair value through profit or loss - current	500,000	32,150	0.01	32,150	
	ITE Tech. Inc.	-	Financial assets at fair value through profit or loss - current	1,000,000	44,150	0.62	44,150	
	G.M.I. Technology Inc.	-	Financial assets at fair value through profit or loss - current	1,430,000	23,381	1.21	23,381	
	<u>Beneficiary securities</u>							
	Cathay No. 1 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	4,901,000	86,748	-	86,748	
	Cathay No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	2,500,000	42,750	-	42,750	
	Shin Kong No. 1 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	2,000,000	35,600	-	35,600	
	Fubon No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	4,980,000	68,774	-	68,774	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	<u>Beneficiary certificates</u>							
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss - current	19,951,815	\$ 251,215	-	\$ 251,215	
	Capital Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,093,667	50,108	-	50,108	
	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	16,818,904	250,225	-	250,225	
	Nomura Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,056,580	50,064	-	50,064	
	Prudential Financial Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,183,308	50,556	-	50,556	
	UPAMC James Bond Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,986,943	50,116	-	50,116	
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	18,356,835	249,363	-	249,363	
	CTBC Hwa Win Money Market Fund	-	Financial assets at fair value through profit or loss - current	14,112,664	156,117	-	156,117	
	Taishin Ta-Chong Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,832,822	54,661	-	54,661	
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,921,720	64,198	-	64,198	
	FSITC Money Market Fund	-	Financial assets at fair value through profit or loss - current	957,942	171,567	-	171,567	
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	12,624,735	193,954	-	193,954	
	Yuanta De-Bao Money Market Fund	-	Financial assets at fair value through profit or loss - current	6,239,913	75,278	-	75,278	
	Fubon Chi-Hsiang Money Market Fund	-	Financial assets at fair value through profit or loss - current	8,705,147	137,057	-	137,057	
	Eastspring Investments Well Pool Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,678,120	50,230	-	50,230	
	Hua Nan Kirin Money Market	-	Financial assets at fair value through profit or loss - current	4,414,970	53,055	-	53,055	
	Hua Nan Phoenix Money Market	-	Financial assets at fair value through profit or loss - current	5,276,352	86,105	-	86,105	
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	7,109,737	108,086	-	108,086	
	Shin Kong Chi-Shi Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,930,774	61,097	-	61,097	
	SinoPac TWD Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,510,418	35,081	-	35,081	
	Fuh Hwa Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,219,296	30,018	-	30,018	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
APC (BVI) Holding Co., Ltd.	<u>Shares</u> Budworth Investment Ltd. - ordinary shares	-	Financial assets at fair value through other comprehensive income - non-current	40,467	\$ 15	4.45	\$ 15	
	Silicon Technology Investment (Cayman) Corp. - preference shares	-	Financial assets at fair value through other comprehensive income - non-current	1,139,776	55,620	2.19	55,620	
	NeuroSky, Inc. - series D preference shares	-	Financial assets at fair value through other comprehensive income - non-current	2,397,364	-	0.37	-	Note 1
	Solargiga Energy Holdings Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	15,863,333	4,946	0.49	4,946	
	Teratech Corp. - ordinary shares	-	Financial assets at fair value through profit or loss - non-current	112,000	-	0.67	-	Note 1
	TGF Linux Communication, Inc. - preference shares	-	Financial assets at fair value through profit or loss - non-current	300,000	-	-	-	Note 1
	Sohoware, Inc. - preference shares	-	Financial assets at fair value through profit or loss - non-current	450,000	-	-	-	Note 1
	Boldworks, Inc. - preference shares	-	Financial assets at fair value through profit or loss - non-current	689,266	-	-	-	Note 1
APC Investment Corporation	<u>Ordinary shares</u> USI Corporation	Ultimate parent company	Financial assets at fair value through profit or loss - current	44,808	620	-	620	
	Evergreen Marine Corp.	-	Financial assets at fair value through profit or loss - current	584,416	7,247	0.01	7,247	
	Quanta Computer Inc.	-	Financial assets at fair value through profit or loss - current	100,000	6,430	-	6,430	
	ITE Tech. Inc.	-	Financial assets at fair value through profit or loss - current	500,000	22,075	0.31	22,075	
	G.M.I. Technology Inc.	-	Financial assets at fair value through profit or loss - current	465,000	7,603	0.39	7,603	
	<u>Beneficiary securities</u> Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	714,986	10,870	-	10,870	
	Cathay Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	499,525	6,237	-	6,237	
	<u>Ordinary shares</u> United Renewable Energy Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	1,133,531	8,683	0.05	8,683	

Note 1: As of December 31, 2019, APC evaluated the fair value of equity instruments as \$0.

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

(Concluded)

**USI CORPORATION**  
(China General Terminal & Distribution Co.)

**MARKETABLE SECURITIES HELD (NOT INCLUDING SUBSIDIARIES AND AFFILIATED COMPANIES)**  
**DECEMBER 31, 2019**  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
China General Terminal & Distribution Co.	<u>Shares</u> Asia Polymer Corporation	Equity-method investor	Financial assets at fair value through other comprehensive income - non-current	4,939,760	\$ 78,048	0.89	\$ 78,048	Note 2
	China General Plastics Corporation	Equity-method investor	Financial assets at fair value through other comprehensive income - non-current	2,667,382	55,482	0.51	55,482	Note 1
	Taita Chemical Company, Ltd.	Equity-method investor	Financial assets at fair value through other comprehensive income - non-current	1,915,033	21,831	0.57	21,831	Note 1
	China Steel Corporation	-	Financial assets at fair value through profit or loss - current	499,552	11,939	-	11,939	Note 3

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

Note 2: Part of 2,907,349 shares was provided to Taiwan Power Company as a provisional attachment.

Note 3: Part of 257,000 shares was provided to Taiwan Water Corporation as a provisional attachment.

## USI 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, 2019  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance (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 (Loss) on Disposal	Number of Shares	Amount
USI Corporation	<u>Beneficiary certificates</u> Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	15,428,541	\$ 208,100	26,156,381	\$ 354,300	23,199,972	\$ 314,383	\$ 313,200	\$ 1,183	18,384,950	\$ 249,200
	FSITC Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	280,738	50,000	1,749,710	312,500	1,754,527	313,696	313,100	596	275,921	49,400
Ever Conquest Global Limited	<u>Ordinary shares</u> Ever Conquest Global Limited	Investment accounted for using the equity method	-	Subsidiary	176,268,000	5,408,533	70,402,000	2,203,645	-	-	-	-	246,670,000	7,298,350
	<u>Ordinary shares</u> Ever Victory Global Limited	Investment accounted for using the equity method	-	Subsidiary	279,508,000	8,576,305	111,322,000	3,484,364	-	-	-	-	390,830,000	11,563,685
Ever Victory Global Limited	<u>Ordinary shares</u> Dynamic Ever Investments Limited	Investment accounted for using the equity method	-	Subsidiary	360,577,000	11,046,947	127,709,000	3,997,273	-	-	-	-	488,286,000	14,432,823
Dynamic Ever Investments Limited	<u>Ordinary shares</u> Fujian Gulei Petrochemical Co., Ltd.	Investment accounted for using the equity method	-	Joint venture	(Note 3)	10,338,945	(Note 3)	5,161,581	-	-	-	-	(Note 3)	14,867,168

Note 1: The ending balance includes the original investment amount, the share of profit (loss) of investee and other related adjustments.

Note 2: The amount as of December 31, 2019 was calculated at the original investment cost.

Note 3: There are zero shares of the limited company.

**USI CORPORATION**

(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, 2019****(In Thousands of New Taiwan Dollars)**

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 (Loss) on Disposal	Number of Shares	Amount
China General Plastics Corporation	<u>Beneficiary certificates</u>													
	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	3,702,173	\$ 50,000	68,792,370	\$ 932,000	72,494,543	\$ 982,269	\$ 982,000	\$ 269	-	\$ -
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	3,143,272	46,500	58,683,532	871,000	55,104,702	817,674	817,500	174	6,722,102	100,000
	FSITC Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	1,803,106	322,000	1,803,106	322,062	322,000	62	-	-
	Capital Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	22,969,194	371,000	22,969,194	371,053	371,000	53	-	-
	UPAMC James Bond Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	24,995,972	418,500	24,399,961	408,618	408,500	118	596,011	10,000
Taiwan VCM Corporation	<u>Beneficiary certificates</u>													
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	12,193,440	180,000	28,986,408	430,000	39,162,919	580,560	580,000	560	2,016,929	30,000
CGPC Polymer Corporation	<u>Beneficiary certificates</u>													
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	3,355,891	49,500	77,153,336	1,145,000	67,757,869	1,005,531	1,004,899	632	12,751,358	189,601
	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	5,670,905	76,500	90,014,633	1,220,200	86,871,690	1,177,616	1,177,000	616	8,813,848	119,700

Note: The amount as of December 31, 2019 was calculated at the original investment cost.

**USI CORPORATION**  
(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, 2019**  
(In Thousands of New Taiwan Dollars)

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 (Loss) on Disposal	Number of Shares	Amount
Taita Chemical Company, Ltd.	Open-end fund beneficiary certificates													
	UPAMC James Bond Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	\$ -	21,619,782	\$ 362,000	21,619,782	\$ 362,046	\$ 362,000	\$ 46	-	\$ -
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	3,379,863	50,000	54,801,603	813,000	57,374,884	851,113	851,000	113	806,582	12,000
	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	41,838,136	567,000	41,838,136	567,099	567,000	99	-	-

Note: The amount as of December 31, 2019 was calculated at the original investment cost.

**USI CORPORATION**  
(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, 2019  
(In Thousands of New Taiwan Dollars)**

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance		
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Asia Polymer Corporation	<u>Ordinary shares</u> Ever Conquest Global Limited	Investment accounted for using the equity method	-	Equity method investee	103,240,000	\$ 3,167,773	40,920,000	\$ 1,280,719	-	\$ -	\$ -	\$ -	144,160,000	\$ 4,265,335 (Note 1)
	<u>Fund</u> Fubon Chi-Hsiang Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	3,192,114	50,000	30,613,974	481,000	25,100,941	394,451	394,000	451	8,705,147	137,057 (Note 2)
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	7,165,538	106,000	25,720,547	381,600	16,067,180	238,720	238,000	720	16,818,904	250,225 (Note 3)

Note 1: The ending balance includes the original investment amount, the share of profit (loss) of investees and other related adjustments.

Note 2: The amount of ending balance \$137,056 thousand includes investment cost \$137,000 thousand and unrealized valuation gain \$57 thousand.

Note 3: The amount of ending balance \$250,225 thousand includes investment cost \$249,600 thousand and unrealized valuation gain \$625 thousand.

## USI CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer/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	\$ 842,867	10.75	Payments within 60 days after purchasing on credit	No significant difference	No significant difference	\$ (143,791)	(15.68)	
	Asia Polymer Corporation	Subsidiary	Sale	(149,135)	(1.36)	Within 60 days after selling on credit	No significant difference	No significant difference	-	-	
	Forever Young Company Limited	Subsidiary	Sale	(173,265)	(1.58)	Within 60 days after selling on credit	No significant difference	No significant difference	30,018	2.15	
	USI Far East (HK) Co., Ltd.	Subsidiary	Sale	(157,522)	(1.44)	Within 60 days after selling on credit	No significant difference	No significant difference	24,937	2.72	
	USI Trading (Shanghai) Co., Ltd.	Subsidiary	Sale	(129,430)	(1.18)	Within 60 days after selling on credit	No significant difference	No significant difference	27,668	1.79	
USI Far East (HK) Co., Ltd.	USI Corporation	Parent company	Purchase	157,522	2.01	Payments within 60 days after purchasing on credit	No significant difference	No significant difference	(24,937)	(1.99)	
USI Trading (Shanghai) Co., Ltd.	USI Corporation	Parent company	Purchase	129,430	1.65	Payments within 60 days after purchasing on credit	No significant difference	No significant difference	(27,668)	(3.02)	

**USI CORPORATION**  
(Acme Electronics Corporation)

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2019**  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer/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	
Acme Electronics Corporation	Acme Electronics (Guangzhou) Co., Ltd.	Subsidiary of GAEL	Purchase (includes processing fees)	\$ 361,551	61	55 days	No significant difference	No significant difference	\$ (115,276)	(70)	
Acme Electronics (Guangzhou) Co., Ltd.	Acme Electronics Corporation	Subsidiary of GAEL	Sale (includes processing fees)	(361,551)	(41)	55 days	No significant difference	No significant difference	115,276	47	
Acme Electronics Corporation	Acme Electronics (Guangzhou) Co., Ltd.	Subsidiary of GAEL	Sale	(106,741)	(11)	55 days	No significant difference	No significant difference	24,634	10	
Acme Electronics (Guangzhou) Co., Ltd.	Acme Electronics Corporation	Subsidiary of GAEL	Purchase	106,741	75	55 days	No significant difference	No significant difference	(24,634)	(77)	

**USI CORPORATION**  
(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, 2019**  
(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) Private Limited	Swanson Plastics (Malaysia) Sdn. Bhd.	Subsidiary	Purchase	\$ 258,608	79	90 days	No significant difference	No significant difference	Accounts payable to related parties	\$ (12,786)	(72)	
Forever Young Company Limited	USI Corporation	Ultimate parent company	Purchase	174,114	13	75 days	No significant difference	No significant difference	Accounts payable to related parties	(28,450)	(14)	
	Swanson Plastics (Kunshan) Co., Ltd.	Have the same ultimate parent company	Sale	(400,281)	(30)	90 days	No significant difference	No significant difference	Accounts receivable from related parties	58,981	36	
	Swanson Plastics (Malaysia) Sdn. Bhd.	Have the same ultimate parent company	Purchase	210,471	16	90 days	No significant difference	No significant difference	Accounts payable to related parties	(11,750)	(6)	
	Swanson Plastics (Malaysia) Sdn. Bhd.	Have the same ultimate parent company	Sale	(458,643)	(34)	90 days	No significant difference	No significant difference	Accounts receivable from related parties	39,511	24	
	PT. Swanson Plastics Indonesia	Have the same ultimate parent company	Sale	(213,998)	(16)	90 days	No significant difference	No significant difference	Accounts receivable from related parties	38,244	24	
Swanson Plastics (Kunshan) Co., Ltd.	Forever Young Company Limited	Have the same ultimate parent company	Purchase	400,281	39	90 days	No significant difference	No significant difference	Accounts payable to related parties	(58,981)	(41)	
	ASK-Swanson (Kunshan) Co., Ltd.	Have the same ultimate parent company	Sale	(114,618)	(9)	60 days	No significant difference	No significant difference	Accounts receivable from related parties	31,793	10	
Swanson Plastics (Malaysia) Sdn. Bhd.	Forever Yong Company Limited	Have the same ultimate parent company	Sale	(210,471)	(19)	90 days	No significant difference	No significant difference	Accounts receivable from related parties	11,750	8	
	Forever Yong Company Limited	Have the same ultimate parent company	Purchase	458,643	50	90 days	No significant difference	No significant difference	Accounts payable to related parties	(39,511)	(50)	
	Swanson Plastics (Singapore) Private Limited	Parent company	Sale	(258,608)	(24)	90 days	No significant difference	No significant difference	Accounts receivable from related parties	12,786	9	
ASK-Swanson (Kunshan) Co., Ltd.	Swanson Plastics (Kunshan) Co., Ltd.	Have the same ultimate parent company	Purchase	114,618	43	60 days	No significant difference	No significant difference	Accounts payable to related parties	(31,793)	(88)	

(Continued)

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	
PT. Swanson Plastics Indonesia	Forever Young Company Limited	Have the same ultimate parent company	Purchase	\$ 213,998	65	90 days	No significant difference	No significant difference	Accounts payable to related parties \$ (38,244)	(63)	

(Concluded)

**USI CORPORATION**  
(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, 2019**  
(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	\$ 4,551,682	74	45 days	No significant difference	No significant difference	Accounts payable to related parties	\$ (866,364)	(77)	
	CGPC America Corporation	Subsidiary	Sale	(407,159)	(5)	90 days	No significant difference	No significant difference	Accounts receivable from related parties	108,648	12	
Taiwan VCM Corporation	China General Plastics Corporation	Parent company	Sale	(4,551,682)	(46)	45 days	No significant difference	No significant difference	Accounts receivable from related parties	866,364	49	
	CGPC Polymer Corporation	Fellow subsidiary	Sale	(4,396,295)	(45)	45 days	No significant difference	No significant difference	Accounts receivable from related parties	744,328	42	
CGPC Polymer Corporation	Taiwan VCM Corporation	Fellow subsidiary	Purchase	4,396,295	96	45 days	No significant difference	No significant difference	Accounts payable to related parties	(744,328)	(96)	
CGPC America Corporation	China General Plastics Corporation	Parent company	Purchase	407,159	85	90 days	No significant difference	No significant difference	Accounts payable to related parties	(108,648)	(97)	

**USI CORPORATION**  
(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, 2019**  
(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	\$ (828,965) (US\$ 26,819 thousand)	(6.78)	30 days	No significant difference	No significant difference	Accounts receivable from related parties	\$ 57,615 (US\$ 1,922 thousand)	3.91	
Taita Chemical (Zhongshan) Co., Ltd.	Taita Chemical Company, Ltd.	Sub-subsidiary	Purchase	828,965 (US\$ 26,819 thousand)	6.78	30 days	No significant difference	No significant difference	Accounts payable to related parties	(57,615) (US\$ 1,922 thousand)	3.91	

**USI CORPORATION**  
(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, 2019**  
(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	
Asia Polymer Corporation	USI Corporation	Ultimate parent company	Sale	\$ (842,692)	(12.41)	60 days	No significant difference	No significant difference	Accounts receivable from related parties \$ 147,057	19.60	
USI Trading (Shanghai) Co., Ltd.	USI Corporation	Ultimate parent company	Sale	(411)	(0.01)	60 days	No significant difference	No significant difference	Accounts receivable from related parties -	-	
Asia Polymer Corporation	USI Corporation	Ultimate parent company	Purchase	153,099	3.88	30 days	No significant difference	No significant difference	Accounts payable to related parties (12,940)	(6.93)	
USI Trading (Shanghai) Co., Ltd.	USI Corporation	Ultimate parent company	Purchase	130,255	3.30	30 days	No significant difference	No significant difference	Accounts payable to related parties (27,668)	(14.81)	

**USI CORPORATION**

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

**DECEMBER 31, 2019**

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

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate (%)	Overdue		Amounts Received in Subsequent Period (Note 2)	Allowance for Impairment Loss	
					Amount	Actions Taken			
USI Corporation	Taiwan VCM Corporation	Subsidiary of the Company	Other receivables - related parties	\$ 158,815	-	\$ -	-	\$ 158,815	Note 1
	Asia Polymer Corporation	Subsidiary of the Company	Other receivables - related parties	160,620	-	-	-	160,620	Note 1

Note 1: An allowance for impairment loss is not needed after assessment.

Note 2: The subsequent refers to the period from January 1, 2020 to March 5, 2020.

**USI CORPORATION**  
(Acme Electronics Corporation)

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL**  
**DECEMBER 31, 2019**  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate (%)	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Acme Electronics Corporation	ACME Electronics (Cayman) Corp	Subsidiary of ACME	Other receivables - related parties \$ 188,686	-	\$ -	-	\$ 61,676	Note
Acme Electronics (Guangzhou) Co., Ltd.	Acme Electronics Corporation	Subsidiary of GAEL	Accounts receivable - related parties 115,276	2.22	-	-	69,307	Note

Note: An allowance for impairment loss is not needed after assessment.

**USI CORPORATION**  
 (Swanson Plastics Corporation (SWANSON))

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL**  
**DECEMBER 31, 2019**  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate (%)	Overdue		Amounts Received in Subsequent Period (Note 2)	Allowance for Impairment Loss
					Amount	Actions Taken		
API-Swanson (Kunshan) Co., Ltd.	Swanson Plastics (Tianjin) Co., Ltd.	Fellow subsidiary	Other receivable - related parties 185,574 (RMB43,182 thousand)	-	\$ -	-	\$ -	Note 1

Note 1: An allowance for impairment loss is not needed after assessment.

Note 2: The subsequent period refers to the period between January 1, 2020 and March 4, 2020.

**USI CORPORATION**  
(China General Plastics Corporation)

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL**  
**DECEMBER 31, 2019**  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Financial Statement Account and 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>\$ 108,648</u>	3.88	\$ -	-	\$ 48,615	Note 1
Taiwan VCM Corporation	China General Plastics Corporation	Parent company	Accounts receivable from related parties <u>\$ 866,364</u>	5.55	-	-	866,364	Note 1
	CGPC Polymer Corporation	Fellow subsidiary	Accounts receivable from related parties <u>\$ 744,328</u>	5.78	-	-	744,328	Note 1

Note 1: An allowance for impairment loss is not needed after assessment.

Note 2: The subsequent period is between January 1, 2020 and February 20, 2020.

**USI CORPORATION**  
(Taita Chemical Company, Ltd.)

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2019  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Financial Statement Account and 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 \$ 279,325 (US\$ 9,317 thousand) (Note 1)	-	\$ -	-	\$ -	\$ -

Note 1: The total amount of other receivables of Taita Chemical Co., Ltd. from selling raw materials to Taita Chemical (Tianjin) Co., Ltd.

Note 2: There was no amount received as of March 5, 2020.

**USI CORPORATION**  
(Asia Polymer Corporation (APC))

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL**  
**DECEMBER 31, 2019**  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate (%)	Overdue		Amounts Received in Subsequent Period (Note 2)	Allowance for Impairment Loss	
					Amount	Actions Taken			
Asia Polymer Corporation	USI Corporation	Ultimate parent company	Accounts receivable - related parties	\$ 147,057	5.38	\$ -	-	\$ 147,057	Note 1
			Other receivables - related parties	1,974	-	-	-	1,974	Note 1
USI Trading (Shanghai) Co., Ltd.	USI Corporation	Ultimate parent company	Other receivables - related parties	39	-	-	-	39	Note 1

Note 1: An allowance for impairment loss is not needed after assessment.

Note 2: The subsequent period is between January 1, 2020 to March 5, 2020.

## USI CORPORATION

INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2019	December 31, 2018	Number of Shares	%	Carrying Amount			
USI Corporation	USIFE Investment Co., Ltd.	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Investment (focus on "product, transportation, storage, building, bank, securities investment and trading industry")	\$ 550,000	\$ 550,000	87,250,800	100.00	\$ 708,349	\$ 744	\$ 744	Subsidiary
	Swanlake Traders Ltd.	Citco Building, Wickhamo Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	Trading and investment	728,439	728,439	30,000,000	100.00	1,337,991	26,046	26,046	Subsidiary
	USI Far East (HK) Co., Ltd.	6/F., Caltex House, 258 Hennessy Road, Hong Kong	Trading and investment	63,482	63,482	159,999	100.00	127,837	(2,013)	(2,013)	Subsidiary
	Union Polymer Int'l Investment Corp.	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Investment (focus on "product and service industry")	3,490,255	3,490,255	565,276,555	100.00	5,981,789	556,838	545,334	Subsidiary
	Taiwan United Venture Capital Corp.	10F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Venture capital (focus on "high technology industry")	471,800	471,800	32,900,000	70.00	169,325	(1,930)	(1,351)	Subsidiary
	Chong Loong Trading Co., Ltd.	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Engaging in import and export trade	28,323	28,323	4,358,183	99.93	54,115	10,485	10,633	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	1,006,054	130,740	56,245	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	321,749	(103,610)	(27,916)	Subsidiary
	INOMA Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Engaging in optical products and fireproof materials	250,354	250,354	9,126,786	93.18	27,310	(18,214)	(16,971)	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	(576)	1,140	1,140	Subsidiary (Note 1)
	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	125,030	635	635	Subsidiary
	Thintec Materials Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Reinforced plastic products manufacturing	36,250	36,250	1,825,000	30.42	4,399	(54)	(16)	Subsidiary
	Ever Conquest Global Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Investment	7,645,980	5,442,335	246,670,000	63.11	7,298,350	(27,751)	(17,522)	Subsidiary
	USI Optronics Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Manufacture and marketing of sapphire crystal	330,000	330,000	33,000,000	50.85	101,188	(110,824)	(56,350)	Subsidiary
Ever Conquest Global Limited	Ever Victory Global Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Investment	11,717,083 (US\$ 390,830 thousand)	8,379,650 (US\$ 279,508 thousand)	390,830,000	80.01	11,563,685 (US\$ 385,713 thousand)	(34,165) (US\$ -1,100 thousand)		Subsidiary
Ever Victory Global Limited	Dynamic Ever Investments Limited	Room 1902, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong	Investment	14,638,814 (US\$ 488,286 thousand)	10,810,098 (US\$ 360,577 thousand)	488,286,000	89.94	14,432,823 (US\$ 481,415 thousand)	(38,406) (US\$ -1,237 thousand)		Sub-subsiidiary
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	122,562,945	36.67	1,789,850	397,977		Sub-subsiidiary
	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	179,330,846	32.25	3,808,600	821,021		Sub-subsiidiary
	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	127,537,351	24.20	2,126,331	642,677		Sub-subsiidiary
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	121,885	(103,610)		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	(14,049)	(14,527)		Sub-subsiidiary
	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	15,647	1,221		Sub-subsiidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2019	December 31, 2018	Number of Shares	%	Carrying Amount			
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	\$ 21,465	900,000	15.00	\$ 2,169	\$ (54)		Subsidiary
Chong Loong Trading Co., Ltd.	Forum Pacific Trading Ltd.	British Virgin Islands	Engaging in import and export trade	6,596 (US\$ 220 thousand)	6,596 (US\$ 220 thousand)	220,000	100.00	27,807	(2,974) (US\$ -96 thousand)		Sub-subsiidiary
Swanlake Traders Ltd.	ACME Electronics (Cayman) Corp.	Ugland House P.O. Box 309 George Town, Grand Cayman, Cayman Islands	Reinvestment	106,056 (US\$ 3,538 thousand)	106,056 (US\$ 3,538 thousand)	5,609,231	11.23	134,250 (US\$ 4,478 thousand)	(54,215) (US\$ -1,763 thousand)		Sub-subsiidiary

Note 1: The Company gained control over USI Management Consulting Corp. and recognized the investment gain (loss) using the equity method, but reclassified to other non-current liabilities if there was an accounting credit.

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

(Concluded)

**USI CORPORATION**  
 (Acme Electronics Corporation)

**INFORMATION ON INVESTEEES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note 1)		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2019	December 31, 2018	Number of Shares	%	Carrying Amount			
Acme Electronics Corporation	ACME Electronics (Cayman) Corp.	Ugland House P.O. Box 309 George Town, Grand Cayman, Cayman Islands	Investment	\$ 605,182 (US\$ 18,336 thousand)	\$ 605,182 (US\$ 18,336 thousand)	25,621,692	51.27	\$ 613,214	\$ (54,215) (US\$ -1,763 thousand)	(\$ 26,154) (US\$ -851 thousand)	
	Golden Amber Enterprises Limited	CITCO Building, Wickhams Cay Road Town, Tortola, British Virgin Islands	Investment	669,072 (US\$ 20,800 thousand)	638,676 (US\$ 19,800 thousand)	20,800,000	100.00	805,262	(4,372)	(4,372)	
	ACME Electronics (BVI) Corp.	CITCO Building, Wickhams Cay P.O. Box 662, Road Town, Tortola, British Virgin Islands	Investment	23,923 (US\$ 730 thousand)	23,923 (US\$ 730 thousand)	730,000	100.00	423	(57) (US\$ -2 thousand)	(57) (US\$ -2 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	67,655	(110,824)	(37,676)	
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	US\$ 11,891 thousand	US\$ 11,891 thousand	42,600,000	100.00	US\$ 20,619 thousand	US\$ 727 thousand (MYR 3,134 thousand)	US\$ 727 thousand (MYR 3,134 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 86,231 thousand	MYR 3,217 thousand	MYR 3,217 thousand	

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

Note 2: Information on investments in mainland China is provided in Table 8-1.

**USI CORPORATION**  
 (Swanson Plastics Corporation)

**INFORMATION ON INVESTEEES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2019 (Note 2)	December 31, 2018 (Note 2)	Number of Shares (In Thousand)	%	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	\$ 1,918,974	\$ 77,727	\$ 77,727	Note 3
	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	69,296	9,236	9,255	
	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	1,455,527	132,709	132,709	Note 3
	Curtana Company Ltd.	Flatb 6/F Caltex House 258 Hennessy Road Wanchai, Hong Kong	Investment	4,850	4,850	1,600	100	6,502	(35)	(35)	
	Swanson Technologies Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (ROC)	EVA packaging film and production, planting, development and sales of agri-technologies	140,000	140,000	14,000	70	(65,560)	(14,527)	(10,169)	
	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	7,137	41,884	419	
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	197,670 (US\$ 6,593 thousand)	197,670 (US\$ 6,593 thousand)	20,000	100	616,384 (US\$ 20,560 thousand)	111,581 (RM 14,953 thousand)		
	Swanson Plastics (India) Private Ltd.	PLOT No. 2, GDDIDC. Honda, Bhuipal Sattari-403 506, Goa-India	Production and marketing of plastic products	494,995 (US\$ 16,511 thousand)	223,676 (US\$ 7,461 thousand)	107,351	100	325,164 (US\$ 10,846 thousand)	(34,871) (INR -79,441 thousand)		
	PT. Swanson Plastics Indonesia	Ngoro Industrial Park Blok D2-3 Ds. Lolawang Kec. Ngoro Kab. Mojokerto	Production and marketing of plastic products	774,684 (US\$ 25,840 thousand)	774,684 (US\$ 25,840 thousand)	25,840	99	706,621 (US\$ 23,570 thousand)	41,884 (IDR 19,211,791 thousand)		
Swanson International Ltd.	A.S. Holdings (UK) Limited	United Kingdom	Investment	212,681 (US\$ 7,094 thousand)	212,681 (US\$ 7,094 thousand)	-	100	519,844 (US\$ 17,340 thousand)	27,959 (US\$ 904 thousand)		Notes 1 and 3

Note 1: There are zero shares of the limited company.

Note 2: The original investment amount and carrying amount were calculated using the spot exchange rate as of December 31, 2019.

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

**USI CORPORATION**  
(China General Plastics Corporation)

**INFORMATION ON INVESTEEES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Nature of Activities	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of Investee	Share of Profit (Loss)	Note
				December 31, 2019	December 31, 2018	Number of Shares	%	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	222,609,751	87.22	\$ 3,126,135	\$ 432,735	\$ 411,811	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	931,227	41,361	41,361	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	346,472	5,872	5,872	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	18,667,465	33.33	257,584	79,638	26,546	Associate accounted for using the equity method
	CGPC America Corporation	1181 California Ave., Suite 235 Corona, CA 92881 U.S. A.	Marketing of PVC second - and third-time processed products	648,931	648,931	100	100.00	195,272	(2,418)	(2,418)	Subsidiary
	Krystal Star International Corporation	Citco Building, Wickhams Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	Marketing of PVC second - and third-time processed products	-	283,502	-	-	-	1,280	1,280	Subsidiary (Note 1)
	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	21,739	(103,610)	(1,800)	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	15,000	600,000	10.00	1,446	(54)	(6)	Associate accounted for using the equity method (Note 2)

Note 1: Krystal Star International Corporation was dissolved in December, 2019. CGPC collected repayment for shares \$78,556 thousand and recognized profit \$2,549 thousand in July, 2019.

Note 2: On April 12, the board of director of TMC resolved to dissolve from May 25, 2019. As of December 31, 2019, the dissolution procedures have not yet been completed.

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

**USI CORPORATION**  
 (Taita Chemical Company, Ltd.)

**INFORMATION ON INVESTEEES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note (Note 1)
				December 31, 2019	December 31, 2018	Number of Shares	%	Carrying Amount			
Taita Chemical Co., Ltd.	Taita (BVI) Holding Co., Ltd.	British Virgin Islands	Reinvestment	\$ 1,850,905 (US\$ 61,738 thousand)	\$ 1,850,905 (US\$ 61,738 thousand)	61,738,000	100.00	\$ 1,454,115 (US\$ 48,499 thousand)	\$ 87,285 (US\$ 2,824 thousand)	\$ 87,285 (US\$ 2,824 thousand)	Subsidiary
	China General Plastics Corporation	Taipei	Manufacture and marketing of PVC plastic cloth and three-time processed products	65,365	65,365	10,043,760	1.98	163,528	642,678	12,738	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	18,667,463	33.33	257,584	79,638	26,546	Investments accounted for using the equity method
	Acme Electronics Corporation	Taipei	Manufacture and marketing of manganese-zinc and ferrite core	44,771	44,771	4,445,019	2.43	30,423	(103,610)	(2,519)	Investments accounted for using the equity method
	Thintec Materials Corporation	Taipei	Manufacture and marketing of reinforced plastic products	15,000	15,000	600,000	10.00	1,446	(54)	(6)	Investments accounted for using the equity method
Taita (BVI) Holding Co., Ltd.	ACME Electronics (Cayman) Corporation	British Cayman Islands	Reinvestment	50,967 (US\$ 1,700 thousand)	50,967 (US\$ 1,700 thousand)	2,695,619	5.39	64,516 (US\$ 2,152 thousand)	(54,215) (US\$ -1,763 thousand)	-	Investments accounted for using the equity method

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

Note 2: Investments in mainland China are included in Table 8-4.

**USI CORPORATION**  
 (Asia Polymer Corporation)

**INFORMATION ON INVESTEEES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2019	December 31, 2018	Number of Shares	%	Carrying Amount			
Asia Polymer Corporation	APC (BVI) Holding Co., Ltd.	British Virgin Islands	Reinvestment	\$ 412,969 (US\$ 13,774,806)	\$ 412,969 (US\$ 13,774,806)	11,342,594	100.00	\$ 491,974	\$ 5,658	\$ 5,658	Subsidiary
	APC Investment Corporation	Taipei, Taiwan	Investment	200,000	200,000	20,000,000	100.00	95,236	(1,588)	(1,588)	Subsidiary
	USI International Corp.	British Virgin Islands	Reinvestment	83,944 (US\$ 2,800,000)	83,944 (US\$ 2,800,000)	2,800,000	70.00	132,742	8,490	5,943	Subsidiary
	China General Plastics Corporation	Taipei, Taiwan	Manufacture and marketing of PVC plastic cloth and three-time processed products	247,412	247,412	42,527,153	8.07	665,776	642,678	51,859	Investments accounted for using the equity method
	China General Terminal & Distribution Corporation	Taipei, Taiwan	Warehousing and transportation of petro chemical raw materials	41,082	41,082	18,667,464	33.33	257,584	79,638	26,546	Investments accounted for using the equity method
	Swanson Plastics Corporation	Taipei, Taiwan	Manufacture and marketing of stretch film, diaper film, embossed film, heavy-duty sacks	75,242	75,242	12,266,779	7.95	198,065	130,740	11,018	Investments accounted for using the equity method
	Acme Electronics Corporation	Taipei, Taiwan	Manufacture and marketing of manganese-zinc and ferrite core	61,348	61,348	6,056,623	3.31	41,454	(103,610)	(3,433)	Investments accounted for using the equity method
	Taiwan United Venture Capital Corp.	Taipei, Taiwan	Investment in high technology businesses	52,791	52,791	3,913,533	8.33	20,142	(1,930)	(161)	Investments accounted for using the equity method
	Thintec Materials Corporation	Taipei, Taiwan	Manufacture and marketing of reinforced plastic products	36,250	36,250	1,825,000	30.42	4,399	(54)	(16)	Investments accounted for using the equity method
	USI Optronics Corporation	Taipei, Taiwan	Manufacture and marketing of sapphire products	59,725	59,725	5,972,464	9.20	18,313	(110,824)	(10,198)	Investments accounted for using the equity method
APC (BVI) Holding Co., Ltd.	Ever Conquest Global Ltd.	British Virgin Islands	Reinvestment	4,321,917 (US\$ 144,160 thousand)	3,095,135 (US\$ 103,240 thousand)	144,160,000	36.89	4,265,335	(27,823)	(10,228)	Investments accounted for using the equity method
	ACME Electronics (Cayman) Corp.	British Cayman Islands	Reinvestment	157,242 (US\$ 5,245 thousand)	157,242 (US\$ 5,245 thousand)	8,316,450	16.64	199,043	(54,215)	-	Investments accounted for using the equity method
APC Investment Corporation	USI International Corp.	British Virgin Islands	Reinvestment	35,976 (US\$ 1,200 thousand)	35,976 (US\$ 1,200 thousand)	1,200,000	30.00	56,890	8,490	-	Investments accounted for using the equity method
	Acme Electronics Corporation	Taipei, Taiwan	Manufacture and marketing of manganese-zinc and ferrite core	14,889	14,889	1,884,548	1.03	12,898	(103,610)	-	Investments accounted for using the equity method
Ever Conquest Global Ltd.	Swanson Technologies Corporation	Taipei, Taiwan	Manufacture and marketing of EVA film	30,000	30,000	3,000,000	15.00	(14,049)	(14,527)	-	Investments accounted for using the equity method
	Ever Victory Global Ltd.	British Virgin Islands	Reinvestment	11,717,083 (US\$ 390,830 thousand)	8,379,650 (US\$ 279,508 thousand)	390,830,000	80.01	11,563,685 (US\$ 385,713 thousand)	(34,165) (US\$ -1,110 thousand)	-	Investments accounted for using the equity method
Ever Victory Global Ltd.	Dynamic Ever Investments Ltd.	Hong Kong	Reinvestment	14,638,814 (US\$ 488,286 thousand)	10,810,098 (US\$ 360,577 thousand)	488,286,000	89.94	14,432,823 (US\$ 481,415 thousand)	(38,406) (US\$ -1,237 thousand)	-	Investments accounted for using the equity method

Note: Investments in mainland China are included in Table 8-5.

## USI CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019 (Note 6)	Investment Flows (Note 6)		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019 (Note 6)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 7)	Carrying Amount as of December 31, 2019 (Note 7)	Accumulated Repatriation of Investment Income as of December 31, 2019
					Outflow	Inflow						
Acme Electronics (Kunshan) Co., Ltd.	Manufacture and marketing of manganese-zinc soft ferrite core	\$ 921,136 (US\$ 30,725 thousand)	Note 1	\$ 84,469 (US\$ 2,818 thousand)	\$ -	\$ -	\$ 84,469 (US\$ 2,818 thousand)	\$ (48,338) (US\$ -1,566 thousand)	11.23	\$ (5,426) (US\$ -176 thousand)	\$ 85,916 (US\$ 2,866 thousand)	\$ -
Usig (Shanghai) Co., Ltd.	Importing and distributing various chemical raw materials and products	149,900 (US\$ 5,000 thousand)	Note 2	149,900 (US\$ 5,000 thousand)	-	-	149,900 (US\$ 5,000 thousand)	634 (US\$ 18 thousand)	100.00	634 (US\$ 18 thousand)	125,031 (US\$ 4,170 thousand)	-
Fujian Gulei Petrochemical Co., Ltd. ("Gulei")	Manufacture of crude oil and petroleum products	29,714,634 (RMB 6,914,400 thousand)	Note 3	4,912,686 (US\$ 163,865 thousand)	1,912,424 (US\$ 63,790 thousand)	-	6,825,110 (US\$ 227,655 thousand)	(24,683) (US\$ -829 thousand)	22.71	(4,936) (US\$ -165 thousand)	6,752,668 (US\$ 225,239 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$7,238,085 (US\$241,430 thousand)	\$7,898,816 (US\$263,470 thousand) (Note 5)	\$ - (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 (63.11%), then via Ever Victory Global Limited (80.11%), and finally via Dynamic Ever Investments Limited (89.94%).

Note 4: As the Company has obtained the certificate of being qualified for operating headquarters issued by the Industrial Development Bureau, MOEA No. 10620405860 on March 14, 2017, 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: As included in the certificate of being qualified for operating headquarters issued by the Industrial Development Bureau, MOEA No. 10500116380 on September 1, 2016 and No. 10500234240 on December 29, 2016, the Company was able to wire transfer US\$248,025 thousands to Gulei.

Note 6: The amount was calculated using the spot exchange rate as of December 31, 2019.

Note 7: Except for Gulei, whose financial statements were audited by KPMG and adjusted according to the TIFRS, the financial statements of ACME Electronics (Kunshan) Co., Ltd. and USIG (Shanghai) Co., Ltd. were calculated by the CPA of the ROC parent company.

## USI CORPORATION

(Acme Electronics Corporation (ACME))

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2019

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

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019 (Note 5)	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019 (Note 5)	Net Income (Loss) of the Investee (Note 6)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 4 and 6)	Carrying Amount as of December 31, 2019 (Note 7)	Accumulated Repatriation of Investment Income as of December 31, 2019
					Outflow	Inflow						
Acme Electronics (Kunshan) Co., Ltd.	Manufacture and marketing of manganese-zinc soft ferrite core	US\$ 30,725 thousand	(Note 2)	\$ 374,188 (US\$ 11,144 thousand)	\$ -	\$ -	\$ 374,188 (US\$ 11,144 thousand)	\$ (48,338) (RMB -10,744 thousand)	51.27	\$ (24,785) (RMB -5,509 thousand)	\$ 392,447 (RMB 91,326 thousand)	\$ -
Acme Electronics (Guang-Zhou) Co., Ltd.	Manufacture and marketing of manganese-zinc soft ferrite core	US\$ 19,200 thousand	(Note 2)	619,676 (US\$ 19,200 thousand)	-	-	619,676 (US\$ 19,200 thousand)	(3,145) (RMB -839 thousand)	100.00	(3,145) (RMB -839 thousand)	802,767 (RMB 186,799 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$909,713 (US\$30,344 thousand) (Notes 3 and 7)	\$1,098,257 (US\$36,633 thousand) (Notes 3 and 7)	\$ - (Note 2)

Note 1: ACME reinvested in the China area via another investment area.

Note 2: According to 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 pursuant to the "Principle of Investment or Technical Cooperation 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, 2019 to December 31, 2019.

Note 7: The amount was calculated using the spot exchange rate on December 31, 2019.

**USI CORPORATION**  
(Swanson Plastics Corporation)

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2019**  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2019	Accumulated Repatriation of Investment Income as of December 31, 2019
					Outflow	Inflow						
Swanson Plastics (Kunshan) Co., Ltd.	Production, sales and development of multi-functional film, optical film, etc.	\$ 398,434 (US\$ 13,290 thousand)	Indirect investment via Swanson (BVI) International Ltd.	\$ 223,930	\$ -	\$ -	\$ 223,930	\$ 104,750 (US\$ 3,389 thousand)	100	\$ 104,750 (US\$ 3,389 thousand)	\$ 1,028,742 (US\$ 34,314 thousand)	\$ -
ASK-Swanson (Kunshan) Co., Ltd.	Management of PE release film and other release products	272,818 (US\$ 9,100 thousand)	Indirect investment A.S. Holdings (UK) Limited via Swanson International Ltd.	193,447	-	-	193,447	27,959 (US\$ 904 thousand)	100	27,959 (US\$ 904 thousand)	519,844 (US\$ 17,340 thousand)	-
Swanson Plastics (Tianjin) Co., Ltd.	Production, sales and development of multi-functional film, optical film, etc.	320,786 (US\$ 10,700 thousand)	Indirect investment it via Swanson (Singapore) Private Ltd.	170,754	-	-	170,754	(50,208) (US\$ -1,624 thousand)	100	(50,208) (US\$ -1,624 thousand)	134,318 (US\$ 4,480 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$588,131	\$982,917 (US\$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, 2019.

Note 2: According to the certificate of being qualified for operating headquarters issued by the Industrial Development Bureau, MOEA No. 10620415720, the upper limit on investment in mainland China pursuant to the "Principle of Investment or Technical Cooperation in Mainland China" is not applicable, and the effective period is from 2017 to 2020.

**USI CORPORATION**  
(China General Plastics Corporation (CGPC))

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2019**  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Nature of Activities	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019 (Note 1)	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019 (Note 1)	Net Income (Loss) of Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 5)	Carrying Amount as of December 31, 2019 (Note 1)	Accumulated Repatriation of Investment Income as of December 31, 2019
					Outflow	Inflow						
Continental General Plastics (ZhongShan) Co., Ltd. ("CGPC (ZS)") (Note 4)	Manufacture and marketing of PVC leather and third-time processed products	\$ 599,600 (US\$ 20,000 thousand)	Investment through CGPC (BVI) Holding Co., Ltd.	\$ 599,600 (US\$ 20,000 thousand)	\$ -	\$ -	\$ 599,600 (US\$ 20,000 thousand)	\$ 4,246 (US\$ 137 thousand)	100.00	\$ 4,246 (US\$ 137 thousand)	\$ 257,984 (US\$ 8,605 thousand)	\$ -
CGPC Consumer Products Corporation ("CGPC (CP)") (Note 4)	Manufacture and marketing of PVC leather and third-time processed products	44,970 (US\$ 1,500 thousand)	Investment through CGPC (BVI) Holding Co., Ltd.	44,970 (US\$ 1,500 thousand)	-	-	44,970 (US\$ 1,500 thousand)	(71) (US\$ -2 thousand)	100.00	(71) (US\$ -2 thousand)	13,308 (US\$ 444 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2019 (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)
\$811,918 (US\$27,082 thousand)	\$1,028,164 (US\$34,295 thousand)	\$ -

Note 1: The amount was calculated using the spot exchange rate as of December 31, 2019.

Note 2: As the CGPC obtained the certificate of qualification of operating headquarters issued by the Industrial Development Bureau No. 10620424930 on September 22, 2017, 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 \$20,506 thousand (US\$684 thousand), the investment amount of Union (ZS) of \$26,922 thousand (US\$898 thousand) and the investment amount of Continental General Plastics (SanHe) Co., Ltd. of \$119,920 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 2011. As of December 31, 2019, the dissolution procedures have not yet been completed.

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

## USI CORPORATION

(Taita Chemical Company, Ltd. (TTC))

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2019

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

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019	Net Income (Loss) of the Investee (Note 5)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 5)	Carrying Amount as of December 31, 2019 (Note 5)	Accumulated Repatriation of Investment Income as of December 31, 2019
					Outflow	Inflow						
Taita Chemical (Zhongshan) Co., Ltd. ("TAITA (ZS)")	Production and marketing of polystyrene derivatives	\$ 1,386,575 (US\$ 46,250 thousand) (Note 1)	Investment through a holding company registered in a third region	\$ 1,289,140 (US\$ 43,000 thousand)	\$ -	\$ -	\$ 1,289,140 (US\$ 43,000 thousand)	\$ 287,687 (US\$ 9,316 thousand)	100.00	\$ 287,687 (US\$ 9,316 thousand)	\$ 2,287,806 (US\$ 76,311 thousand)	\$ -
Taita Chemical (Tianjin) Co., Ltd. ("TAITA (TJ)")	Producing and marketing of polystyrene derivatives	819,953 (US\$ 27,350 thousand) (Note 2)	Investment through a holding company registered in a third region	779,480 (US\$ 26,000 thousand)	-	-	779,480 (US\$ 26,000 thousand)	(168,683) (US\$ -5,465 thousand)	100.00	(168,683) (US\$ -5,465 thousand)	(121,241) (US\$ -4,044 thousand)	-
ACME Electronics (Kunshan) Co., Ltd. ("ACME (KS)")	Manufacturing and marketing of manganese-zinc soft ferrite core	921,136 (US\$ 30,725 thousand)	Investment through a holding company registered in a third region	40,593 (US\$ 1,354 thousand)	-	-	40,593 (US\$ 1,354 thousand)	(48,338) (US\$ -1,566 thousand)	5.39	(2,608) (US\$ -85 thousand)	41,288 (US\$ 1,377 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$2,109,243 (US\$70,354 thousand)	\$2,273,003 (US\$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 company.

**USI CORPORATION**  
(Asia Polymer Corporation (APC))

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Main Businesses and Products	Paid-in Capital (Note 3)	Method and Medium of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019	Net Income (Loss) of Investee (Note 3)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of December 31, 2019 (Note 4)	Accumulated Repatriation of Investment Income as of December 31, 2019
					Outflow	Inflow						
ACME Electronics (Kunshan) Co., Ltd.	Manufacture and marketing of manganese-zinc soft ferrite core	\$ 921,136 (US\$ 30,725 thousand)	(2) ACME Electronics (Cayman) Corp.	\$ 125,238 (US\$ 4,177 thousand)	\$ -	\$ -	\$ 125,238 (US\$ 4,177 thousand)	B\$ (48,338)	16.64	\$ (8,045)	\$ 127,383	\$ -
USI Trading (Shanghai) Co., Ltd.	Management of chemical products, equipment, and plastic products; wholesale of electronic materials, commission agency services and related supporting import and export services	74,950 (US\$ 2,500 thousand)	(2) APC (BVI) Holding Co., Ltd.	91,007 (US\$ 3,036 thousand)	-	-	91,007 (US\$ 3,036 thousand)	B 11,336	100.00	11,336	106,849	-
Fujian Gulei Petrochemical Co., Ltd.	Manufacture of crude oil and petroleum products	29,714,634 (RMB 6,914,400 thousand)	(2) Dynamic Ever Investments Ltd.	2,877,978 (US\$ 95,997 thousand)	1,111,565 (US\$ 37,077 thousand)	-	3,989,543 (US\$ 133,073 thousand)	A (24,780)	13.27	(2,863)	3,945,775	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$4,350,295 (US\$145,107 thousand) (Note 5)	\$4,838,221 (US\$161,382 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 (36.89%), then via Ever Victory Global Ltd. (80.01%), and finally via Dynamic Ever Investments Ltd. (89.94%).

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

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

Note 4: The amount was calculated using the exchange rate as at December 31, 2019.

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. 10820423710 on September 10, 2019, the upper limit on investments in mainland China pursuant to the "Principle of Investment or Technical Cooperation in Mainland China" is not applicable.

## USI CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES  
DECEMBER 31, 2019

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

Investee Company	Financial Statement Account	Amount	%	Unit Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized Gains or Losses	Note
					Payment Terms	Compared to General Transactions	Financial Statement Account and Ending Balance	% of Total		
USI Far East (HK) Co., Ltd.	Sales revenue	\$ 157,522	1.44	No significant difference	Within 60 days after selling on credit	No significant difference	Accounts receivable \$ 24,937	1.79	\$ -	-
USI Trading (Shanghai) Co., Ltd.	Sales revenue	129,430	1.18	No significant difference	Within 60 days after selling on credit	No significant difference	Accounts receivable 27,668	1.99	-	-
	Commission expenses	437	-	-	-	-	-	-	-	-
	Other payables to related parties	38	-	-	-	-	-	-	-	-
Dynamic Ever Investments Limited	Management services revenue	22,606	-	-	-	-	-	-	-	-
	Other income	323	-	-	-	-	-	-	-	-
	Other receivables to related parties	5,109	-	-	-	-	-	-	-	-

**USI CORPORATION**  
(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, 2019**  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Financial Statement Account	Amount	%	Unit Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized Gains or Losses	Note
					Payment Terms	Compared to General Transactions	Financial Statement Account and Ending Balance	% of Total		
USI Trading (Shanghai) Co., Ltd.	Sales revenue	\$ 113,478	1.67	No significant difference	Within 90 days after selling on credit	No significant difference	Accounts receivable \$ 27,988	3.74	\$ -	-
	Commission expenses	508	-	-	-	-	-	-	-	-
	Non-operating income and expense - rental income	1,559	-	-	-	-	-	-	-	-
	Management service fee	129	-	-	-	-	-	-	-	-
	Other payables to related parties	340	-	-	-	-	-	-	-	-
	Other receivable to related parties	7,780	-	-	-	-	-	-	-	-

# USI CORPORATION

## THE CONTENTS OF SCHEDULES OF MAJOR ACCOUNTING ITEMS

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**USI CORPORATION****SCHEDULE OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2019****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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<b>Item</b>	<b>Description</b>	<b>Amount</b>
Cash		
Petty cash		\$ <u>520</u>
Cash in bank		
Checking accounts		4,318
Deposit account		15,950
Foreign currency deposits	US\$860,729.82 (Note) RMB251,117.91 (Note) JPY66,560.00 (Note) EUR378.25 (Note)	<u>26,914</u>
		<u>47,182</u>
Cash equivalents		
Reverse repurchase agreement collateralized by bonds	Interest rates 0.58%-0.61%, expired by January 2020	160,277
Time deposits	Interest rates 0.60%-1.50%, includes US\$3,060,000 and RMB2,700,000 (Note) maturity in January to March 2020	<u>603,342</u>
		<u>\$ 811,321</u>

Note: US\$1 at exchange rate of 29.980.

RMB1 at exchange rate of 4.298.

JPY1 at exchange rate of 0.276.

EUR1 at exchange rate of 33.590.

USI CORPORATION

SCHEDULE OF FINANCIAL INSTRUMENTS AT FVTPL - CURRENT  
DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars, Except Par Value and Unit Price in New Taiwan Dollars)

Item	Description	Shares/Unit	Par Value	Amount	Rate	Acquisition Cost	Fair Value		Changes Attributable to Changes in Credit Risk	Note
							Unit Price	Amount		
Financial assets mandatorily at FVTPL - non-derivative financial assets										
Mutual funds and beneficiary securities										
Nomura Taiwan Money Market Fund		3,872,087	\$10	\$ 38,721		\$ 63,400	16.3791	\$ 63,422	\$ -	
FSITC Taiwan Money Market Fund		12,866,132	10	128,661		196,700	15.3630	197,663	-	
KGI Victory Money Market Fund		1,050,909	10	10,509		12,200	11.6233	12,215	-	
Eastspring Investments Well Pool Money Market Fund		3,622,210	10	36,222		49,200	13.6564	49,467	-	
Yuanta De-Bao Money Market Fund		6,094,719	10	60,947		73,500	12.0639	73,526	-	
Yunta De-Li Money Market Fund		8,415,458	10	84,155		137,000	16.3699	137,760	-	
CTBC HWA Win Money Market Fund		7,870,520	10	78,705		86,900	11.0622	87,065	-	
Franklin Templeton SinoAm Money Market Fund		4,857,576	10	48,576		50,000	10.3791	50,417	-	
UPAMC James Bond Money Market Bond		2,995,555	10	29,956		50,000	16.7782	50,260	-	
Hua Nan Phoenix Money Market Fund		4,566,633	10	45,666		74,500	16.3191	74,523	-	
Taishin Ta-Chong Money Market Fund		3,848,863	10	38,489		54,800	14.2612	54,889	-	
Capital Money Market Fund		2,920,509	10	29,205		47,100	16.1971	47,304	-	
Mega Diamond Money Market Fund		19,933,652	10	199,337		249,700	12.5911	250,987	-	
FSITC Money Market Fund		275,921	10	2,759		49,400	179.1000	49,417	-	
Prudential Financial Money Market Fund		3,162,215	10	31,622		50,000	15.8817	50,221	-	
Taishin 1699 Money Market Fund		18,384,950	10	183,849		249,200	13.5842	249,745	-	
Deutsche Far Eastern DWS Taiwan Money Market Fund		596,883	10	5,969		7,000	11.7429	7,009	-	
Jin Sun Money Market Fund		16,833,145	10	168,331		249,200	14.8776	250,437	-	
Fubon No. 2 Real Estate Investment Trust Fund		7,980,000	10	79,800		79,960	13.8100	110,204	-	
Shin Kong No. 1 Real Estate Investment Trust Fund		3,000,000	10	30,000		30,000	17.8000	53,400	-	
Cathay No. 2 Real Estate Investment Trust Fund		2,500,000	10	25,000		25,000	17.1000	42,750	-	
Cathay No. 1 Real Estate Investment Trust Fund		4,900,000	10	49,000		49,557	17.7000	86,730	-	
				<u>1,405,479</u>		<u>1,934,317</u>		<u>2,049,411</u>	-	
Domestic listed shares and over-the-counter shares										
Evergreen Marine Corp.		1,753,251	10	17,533		27,240	12.4000	21,740	-	
ITE Tech. Inc.		1,000,000	10	10,000		44,188	44.1500	44,150	-	
Quanta Computer Inc.		500,000	10	5,000		30,705	64.3000	32,150	-	
G.M.I. Technology Inc.		1,430,000	10	14,300		24,404	16.3500	23,380	-	
United Renewable Energy Co., Ltd.		229,580	10	2,296		5,340	7.6600	1,759	-	
				<u>49,129</u>		<u>131,877</u>		<u>123,179</u>	-	
				<u>\$ 1,454,608</u>		<u>\$ 2,066,194</u>		<u>\$ 2,172,590</u>	<u>\$ -</u>	
Financial assets mandatorily at FVTPL - derivative financial assets										
Foreign exchange forward contracts										
								<u>\$ 732</u>	<u>\$ -</u>	
Financial liabilities held for trading - derivative financial liabilities										
Foreign exchange forward contracts										
								<u>\$ 1,807</u>	<u>\$ -</u>	

**USI CORPORATION****SCHEDULE OF NOTES RECEIVABLE, NET****DECEMBER 31, 2019****(In Thousands of New Taiwan Dollars)**

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<b>Client Name</b>	<b>Description</b>	<b>Amount</b>	<b>Note</b>
Operating - unrelated parties			
Tex Year Industries Inc.	Unexpired	\$ 54,099	
Taiwan First Li-Bond Co., Ltd.	Unexpired	18,884	
Others (Note)	Unexpired	<u>943</u>	
		<u>\$ 73,926</u>	

Note: The amount of individual client included in others does not exceed 5% of the account balance.

**USI CORPORATION****SCHEDULE OF ACCOUNTS RECEIVABLE, NET****DECEMBER 31, 2019****(In Thousands of New Taiwan Dollars)**

<b>Client Name</b>	<b>Description</b>	<b>Amount</b>	<b>Note</b>
Unrelated parties			
First Group	Payment	\$ 626,441	
Sveck Photovoltaic New Material Co., Ltd.	Payment	233,627	
Far Eastern Group	Payment	77,226	
Tex Year Group	Payment	75,578	
Others (Note)	Payment	<u>219,135</u>	
		1,232,007	
Less: Allowance for impairment loss		<u>(2,651)</u>	
		<u>1,229,356</u>	
Related parties			
Forever Young Company Limited	Payment	30,018	
USI Trading (Shanghai) Co., Ltd.	Payment	27,668	
USI Far East (HK) Co., Ltd.	Payment	24,937	
Swanson Plastics Corp.	Payment	<u>7,127</u>	
		<u>89,750</u>	
		<u>\$ 1,319,106</u>	

Note: The amount of individual client included in others does not exceed 5% of the account balance.

**USI CORPORATION****SCHEDULE OF INVENTORIES****DECEMBER 31, 2019****(In Thousands of New Taiwan Dollars)**

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Name	Description	Amount		Note
		Cost	Net Realizable Value (Note)	
Finished goods		\$ 860,993	\$ 914,366	
Work in progress		31,571	25,909	
Raw materials		60,782	60,062	
Supplies		<u>108,976</u>	<u>108,257</u>	
		1,062,322	<u>\$ 1,108,594</u>	
Less: Allowance for impairment loss		<u>(13,027)</u>		
		<u>\$ 1,049,295</u>		

Note: The net realizable value is the balance of the estimated selling price under normal circumstances minus the estimated cost of completion and the estimated cost of completing the sale.

**USI CORPORATION****SCHEDULE OF PREPAYMENTS****DECEMBER 31, 2019****(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Description</b>	<b>Amount</b>	<b>Note</b>
Supplies		\$ 136,052	
Prepaid expenses		18,459	
Prepayment for purchases		<u>3,800</u>	
		<u>\$ 158,311</u>	

**USI CORPORATION**

**SCHEDULE OF CHANGES IN FINANCIAL ASSETS AT FVTOCI - NON-CURRENT  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Name of Marketable Securities	Balance, January 1, 2019		Increases in the Current Year		Decreases in the Current Year		Balance, December 31, 2019		Collateral	Note
	Number of Shares	Fair Value	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Fair Value		
Domestic listed shares										
AU Optronics Corporation	8,514,006	\$ 104,722	-	\$ -	-	\$ 19,156	8,514,006	\$ 85,566	No	Note 1
CTCI Corporation	15,180,656	674,021	-	-	50,000	97,543	15,130,656	576,478	No	Note 2
Domestic unlisted shares										
KHLIB Venture Capital Co., Ltd.	16,707,600	240,042	-	9,536	1,378,377	13,784	15,329,223	235,794	No	Note 3
Global Bio Pharma, Inc.	310,000	<u>2,716</u>	-	<u>-</u>	-	<u>156</u>	310,000	<u>2,560</u>	No	Note 1
		<u>\$ 1,021,501</u>		<u>\$ 9,536</u>		<u>\$ 130,639</u>		<u>\$ 900,398</u>		

Note 1: Decreases in the current year are due to fair value adjustments.

Note 2: Decreases in the number of shares and amounts in the current year was due to sale of shares held and fair value adjustments.

Note 3: Increases in the amounts in the current year were due to fair value adjustments, and decreases in the number of shares and amounts in the current year were due to the reduction of capital in cash.

USI CORPORATION

SCHEDULE OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2019

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

Investees	Balance, January 1, 2019		Increases in the Current Year		Decreases in the Current Year		Share of Profit (Loss) of Subsidiaries Accounted for the Equity Method	Balance, December 31, 2019			Net Assets Value	Note	Collateral
	Number of Shares	Amount	Number of Shares	Using	Number of Shares	Amount		Number of Shares	Ownership (%)	Amount			
USI Investment Co., Ltd.	87,250,800	\$ 690,217	-	\$ 23,410	-	\$ 6,022	\$ 744	87,250,800	100.00	\$ 708,349	\$ 709,893	Note 1	No
Swanlake Traders Ltd.	30,000,000	1,349,147	-	-	-	37,202	26,046	30,000,000	100.00	1,337,991	1,351,637	Note 2	No
USI Far East (HK) Co., Ltd.	159,999	132,245	-	-	-	2,395	(2,013)	159,999	100.00	127,837	127,837	Note 3	No
Union Polymer Int'l Investment Corp.	521,440,500	5,464,646	43,836,055	54,209	-	82,400	545,334	565,276,555	100.00	5,981,789	6,509,282	Note 4	No
Taiwan United Venture Capital Corp.	32,900,000	183,773	-	-	-	13,097	(1,351)	32,900,000	70.00	169,325	169,325	Note 5	No
Chong Loong Trading Co., Ltd.	3,758,195	44,013	599,988	-	-	530	10,632	4,358,183	99.93	54,115	54,115	Note 6	No
Swanson Plastics Corp.	62,616,299	997,613	-	29	-	47,833	56,245	62,616,299	40.58	1,006,054	1,011,031	Note 7	No
Acme Electronics Corp.	49,250,733	361,415	-	95	-	11,845	(27,916)	49,250,733	26.91	321,749	337,089	Note 8	No
Inoma Electronics Corp.	9,126,786	44,282	-	-	-	-	(16,972)	9,126,786	93.18	27,310	27,310		No
USI Management Consulting Corp.	671,400	(1,310)	-	-	-	406	1,140	671,400	100.00	(576)	(576)	Note 9	No
Cypress Epoch Limited	5,000,000	129,688	-	-	-	5,293	635	5,000,000	100.00	125,030	125,030	Note 10	No
Thintec Materials Corp.	1,825,000	4,415	-	-	-	-	(16)	1,825,000	30.42	4,399	4,399		No
Ever Conquest Global Limited	176,268,000	5,408,533	70,402,000	2,206,352	-	299,013	(17,522)	246,670,000	63.11	7,298,350	7,298,350	Note 11	No
USI Optronics Company	33,000,000	157,537	-	-	-	-	(56,349)	33,000,000	50.85	101,188	101,188		No
		14,966,214		\$ 2,284,095		\$ 506,036	\$ 518,637			17,262,910	\$ 17,825,910		
Add credit balance of investment accounted for using the equity method classified as non-current liabilities		1,310								576			
		\$ 14,967,524								\$ 17,263,486			

Note 1: Increases in the current year are due to the capital surplus of \$36 thousand and the transfer of accumulated profit to retained earnings upon the disposal of financial assets at FVTOCI in the amount of \$23,374 thousand, recognized based on the ownership percentage.

Decreases in the current year are due to the recognition based on the ownership percentage of:

- a. Exchange differences on translating the financial statements of foreign operations in the amount of \$3,679 thousand;
- b. Retained earnings in the amount of \$26 thousand;
- c. Unrealized loss on financial assets measured at FVTOCI in the amount of \$943 thousand; and
- d. Loss on remeasurement of defined benefit plans in the amount of \$1,374 thousand.

Note 2: Decreases in the current year are due to the recognition based on the ownership percentage of:

- a. Exchange differences on translating the financial statements of foreign operations in the amount of \$33,916 thousand;
- b. Retained earnings in the amount of \$64 thousand; and
- c. Unrealized loss on financial assets measured at FVTOCI in the amount of \$3,222 thousand.

Note 3: Decreases in the current year are due to exchange differences on translating the financial statements of foreign operations in the amount of \$2,395 thousand, recognized based on the ownership percentage.

(Continued)

Note 4: Increases in the current year are due to the recognition based on the ownership percentage of:

- a. Capital surplus in the amount of \$1,832 thousand;
- b. Gains on remeasurement of defined benefit plans in the amount of \$3,759 thousand;
- c. Unrealized gain on financial assets measured at FVTOCI in the amount of \$27,638 thousand;
- d. Transfer of accumulated profit to retained earnings of \$9,481 thousand on the disposal of financial assets at FVTOCI; and
- e. Adjustment of cash dividends received due to the shares of the Company held by its subsidiaries to capital surplus - treasury share transactions of \$11,499 thousand.

Decreases in the current year are due to exchange differences on translating the financial statements of foreign operations in the amount of \$78,901 thousand and retained earnings in the amount of \$3,499 thousand, recognized based on the ownership percentage.

Note 5: Decreases in the current year are due to the transfer of accumulated loss to retained earnings upon the disposal of financial assets at FVTOCI in the amount of \$3,113 thousand and unrealized loss on financial assets measured at FVTOCI in the amount of \$9,984 thousand, recognized based on the ownership percentage.

Note 6: Decreases in the current year are due to exchange differences on translating foreign operations in the amount of \$530 thousand, recognized based on the ownership percentage.

Note 7: Increases in the current year are due to the recognition of capital surplus in the amount of \$29 thousand, recognized based on the ownership percentage.

Decreases in the current year are due to the recognition based on the ownership percentage of:

- a. Exchange differences on translating the financial statements of foreign operations in the amount of \$28,562 thousand;
- b. Retained earnings in the amount of \$59 thousand;
- c. Loss on remeasurement of defined benefit plans in the amount of \$2,306 thousand; and
- d. Cash dividends received from investees in the amount of \$16,906 thousand.

Note 8: Increases in the current year are due to the recognition of capital surplus in the amount of \$95 thousand based on the ownership percentage.

Decreases in the current year are due to the recognition based on the ownership percentage of:

- a. Exchange differences on translating foreign operations in the amount of \$11,015 thousand;
- b. Retained earnings in the amount of \$79 thousand; and
- c. Loss on remeasurement of defined benefit plans in the amount of \$751 thousand.

Note 9: Decreases in the current year are due to the recognition of loss on remeasurement of defined benefit plans in the amount of \$406 thousand based on the ownership percentage.

Note 10: Decreases in the current year are due to the recognition of exchange differences on translating the financial statements of foreign operations in the amount of \$5,293 thousand based on the ownership percentage.

Note 11: Increases in the current year are due to the recognition of paid-in capital in the amount of \$2,203,645 thousand and capital surplus in the amount of \$2,707 thousand based on the ownership percentage.

Decreases in the current year are due to the recognition of exchange differences on translating the financial statements of foreign operations in the amount of \$298,243 thousand and retained earnings in the amount of \$770 thousand, based on the ownership percentage.

(Concluded)

**USI CORPORATION****SCHEDULE OF CHANGES IN RIGHT-OF-USE ASSETS****DECEMBER 31, 2019****(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Balance, January 1, 2019</b>	<b>Increase in the Current Year</b>	<b>Decrease in the Current Year</b>	<b>Balance, December 31, 2019</b>	<b>Note</b>
Buildings	<u>\$ 23,441</u>	<u>\$ 114</u>	<u>\$ -</u>	<u>\$ 23,555</u>	

**USI CORPORATION**

**SCHEDULE OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS  
DECEMBER 31, 2019**

**(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Balance, January 1, 2019</b>	<b>Increase in the Current Year</b>	<b>Decrease in the Current Year</b>	<b>Balance, December 31, 2019</b>	<b>Note</b>
Buildings	<u>\$ -</u>	<u>\$ 4,787</u>	<u>\$ -</u>	<u>\$ 4,787</u>	

**USI CORPORATION**

**SCHEDULE OF OTHER NON-CURRENT ASSETS**

**DECEMBER 31, 2019**

**(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Description</b>	<b>Amount</b>	<b>Note</b>
Prepayments for construction		\$ 38,712	
Refundable deposits		54,581	
Long-term prepaid expenses		<u>68,372</u>	
		<u>\$ 161,665</u>	

**USI CORPORATION**

**SCHEDULE OF SHORT-TERM LOANS**

**DECEMBER 31, 2019**

**(In Thousands of New Taiwan Dollars)**

---

<b>Type</b>	<b>Range of Interest Rates (%)</b>	<b>Balance, December 31, 2019</b>	<b>Contract Period</b>	<b>Loan Commitments</b>	<b>Collateral</b>
Unsecured loans					
Mizuho Bank	0.85	\$ 150,000	2019.08.25-2020.01.03	\$ 299,800	No
HSBC Bank (Taiwan) Limited	0.83	<u>350,000</u>	2018.03.01-2020.02.29	<u>419,720</u>	No
		<u>\$ 500,000</u>		<u>\$ 719,520</u>	

**USI CORPORATION****SCHEDULE OF ACCOUNTS PAYABLE****DECEMBER 31, 2019****(In Thousands of New Taiwan Dollars)**

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<b>Vendor Name</b>	<b>Description</b>	<b>Amount</b>	<b>Note</b>
Unrelated parties			
CPC Corporation (Note 1)	Payment	\$ 342,995	
Mitsubishi Corporation	Payment	144,444	
Marubeni Corporation	Payment	80,587	
Mitsui & Co., Ltd.	Payment	73,751	
Dairen Chemical Corporation	Payment	68,389	
Others (Note 2)	Payment	<u>59,246</u>	
		<u>769,412</u>	
Related parties			
Asia Polymer Corporation	Payment	143,791	
Swanson Plastics Corp.	Payment	2,878	
Taita Chemical Company, Ltd.	Payment	<u>726</u>	
		<u>147,395</u>	
		<u>\$ 916,807</u>	

Note 1: Bank deposit of \$54,000 thousand has been provided as a collateral.

Note 2: The amount of individual vendor included in other does not exceed 5% of the account balance.

**USI CORPORATION**

**SCHEDULE OF OTHER CURRENT LIABILITIES**

**DECEMBER 31, 2019**

**(In Thousands of New Taiwan Dollars)**

---

<b>Item</b>	<b>Description</b>	<b>Amount</b>	<b>Note</b>
Contract liabilities		\$ 64,503	
Receipts under custody		2,068	
Other		<u>498</u>	
		<u>\$ 67,069</u>	

**USI CORPORATION**

**SCHEDULE OF BONDS PAYABLE**

**DECEMBER 31, 2019**

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

Bonds Name	Trustee	Issuance Date	Interest Payment Date	Coupon Rate (%)	Amount					Repayment	Collateral	Note
					Total Amount	Repayment Paid	Balance, December 31, 2019	Unamortized Premiums (Discounts)	Carrying Value			
Unsecured corporate bonds 104-1A	Mega International Commercial Bank Trust Department	2015.02.12	On 02.12 annually	1.55	\$ 1,000,000	\$ -	\$ 1,000,000	\$ (44)	\$ 999,956	5-year maturity, due for repayment	No	
Unsecured corporate bonds 104-1B	Mega International Commercial Bank Trust Department	2015.02.12	On 02.12 annually	1.90	1,000,000	-	1,000,000	(578)	999,422	7-year maturity, due for repayment	No	
Unsecured corporate bonds 105-1	Taipei Fubon Commercial Bank Trust Department	2016.10.28	On 10.28 annually	0.80	2,000,000	-	2,000,000	(1,692)	1,998,308	5-year maturity, due for repayment	No	
Unsecured corporate bonds 106-1	Taipei Fubon Commercial Bank Trust Department	2017.10.27	On 10.27 annually	1.10	2,000,000	-	2,000,000	(2,615)	1,997,385	5-year maturity, due for repayment	No	
Unsecured corporate bonds 108-1	Taipei Fubon Commercial Bank Trust Department	2019.04.26	On 04.26 annually	0.98	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>	<u>(3,788)</u>	<u>1,996,212</u>	5-year maturity, due for repayment	No	
					8,000,000	-	8,000,000	(8,717)	7,991,283			
Less: Current portions					<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>	<u>(44)</u>	<u>999,956</u>			
					<u>\$ 7,000,000</u>	<u>\$ -</u>	<u>\$ 7,000,000</u>	<u>\$ (8,673)</u>	<u>\$ 6,991,327</u>			

**USI CORPORATION**

**SCHEDULE OF LONG-TERM LOANS**

**DECEMBER 31, 2019**

**(In Thousands of New Taiwan Dollars)**

Type	Contract Period and Repayment	Coupon Rate (%)	Amount			Collateral
			Current	Non-current	Total	
Taipei Fubon Commercial Bank Co., Ltd.	2019.12.12-2022.12.12, due for repayment	1.00	\$ -	\$ 500,000	\$ 500,000	-
HSBC Bank (Taiwan) Limited	2019.06.30-2022.06.30, due for repayment	0.98	-	500,000	500,000	-
Yuanta Bank	2018.09.11-2021.09.11, due for repayment	1.05	-	150,000	150,000	-
Bank of China Limited	2018.12.03-2021.12.03, due for repayment	1.04	-	500,000	500,000	-
Entie Commercial Bank, Ltd.	2019.09.10-2022.09.10, due for repayment	1.05	-	300,000	300,000	-
			<u>\$ -</u>	<u>\$ 1,950,000</u>	<u>\$ 1,950,000</u>	

**USI CORPORATION****SCHEDULE OF LEASE LIABILITIES****DECEMBER 31, 2019****(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Description</b>	<b>Contract Period</b>	<b>Discount Rate (%)</b>	<b>Amount</b>	<b>Note</b>
Buildings		2014.05.01- 2026.12.31	1.16	\$ 208,249	
Less: Current portions				<u>30,732</u>	
				<u>\$ 177,517</u>	

**USI CORPORATION**

**SCHEDULE OF OTHER NON-CURRENT LIABILITIES**

**DECEMBER 31, 2019**

**(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Description</b>	<b>Amount</b>	<b>Note</b>
Deferred revenue		\$ 5,876	
Guarantee deposits received		<u>5,861</u>	
		<u>\$ 11,737</u>	

**USI CORPORATION****SCHEDULE OF OPERATING REVENUE****FOR THE YEAR ENDED DECEMBER 31, 2019****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Unit (Ton)	Amount	Note
Finished goods			
LDPE			
Domestic	5,341	\$ 261,455	
Export	<u>1,810</u>	<u>80,879</u>	
	<u>7,151</u>	<u>342,334</u>	
EVA			
Domestic	19,531	970,774	
Export	<u>125,252</u>	<u>5,936,283</u>	
	<u>144,783</u>	<u>6,907,057</u>	
HDPE			
Domestic	68,903	2,440,644	
Export	<u>27,130</u>	<u>982,986</u>	
	<u>96,033</u>	<u>3,423,630</u>	
LLDPE			
Domestic	7,897	271,477	
Export	<u>499</u>	<u>18,633</u>	
	<u>8,396</u>	<u>290,110</u>	
GLOBS	<u>1</u>	<u>3,340</u>	
	<u>256,364</u>	<u>\$ 10,966,471</u>	

**USI CORPORATION****SCHEDULE OF OPERATING COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Amount</b>
Raw materials	
Balance, beginning of year	\$ 244,294
Purchased	6,469,911
Disposal	(148,562)
Balance, end of year	<u>(60,782)</u>
	6,504,861
Indirect supplies	489,198
Direct labor	167,288
Manufacturing expense (Schedule 20-1)	<u>1,272,238</u>
Manufacturing cost	8,433,585
Work in process	
Balance, beginning of year	54,819
Balance, end of year	<u>(31,571)</u>
Cost of finished goods	8,456,833
Finished goods	
Balance, beginning of year	1,005,829
Purchased	842,692
Balance, end of year	(860,993)
Idle capacity loss	135,371
Finished goods classified as packaging materials	(670)
Inventory write-downs	<u>5,435</u>
	<u>\$ 9,584,497</u>

**USI CORPORATION**

**SCHEDULE OF MANUFACTURING EXPENSE  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(In Thousands of New Taiwan Dollars)**

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<b>Items</b>	<b>Amount</b>
Electricity fee	\$ 553,481
Indirect labor	204,161
Depreciation	459,443
Others (Note)	<u>55,153</u>
	<u>\$ 1,272,238</u>

Note: The amount of individual item included in others does not exceed 5% of the total amount.

**USI CORPORATION****SCHEDULE OF OPERATING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Selling and Marketing Expenses</b>	<b>General and Administrative Expenses</b>	<b>Research and Development Expenses</b>	<b>Total</b>
Salary and bonus	\$ 30,959	\$ 110,078	\$ 62,050	\$ 203,087
Transportation fees	180,824	45	87	180,956
Professional service expenses	-	10,331	2,770	13,101
Management service expenses	-	94,010	8,552	102,562
R&D testing expenses	-	-	75,048	75,048
Export charge expenses	14,696	-	-	14,696
Others (Note)	<u>20,648</u>	<u>39,940</u>	<u>29,409</u>	<u>89,997</u>
	<u>\$ 247,127</u>	<u>\$ 254,404</u>	<u>\$ 177,916</u>	<u>\$ 679,447</u>

Note: The amount of individual item included in others does not exceed 5% of the total amount.

**USI CORPORATION**

**SCHEDULE OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018  
(In Thousands of New Taiwan Dollars)**

	2019				2018			
	Classified as Operating Cost	Classified as Operating Expenses	Classified as Non-operating Income and Expenses	Total	Classified as Operating Cost	Classified as Operating Expenses	Classified as Non-operating Income and Expenses	Total
Employee benefit expenses (Note)								
Salaries and bonuses	\$ 340,336	\$ 157,217	\$ -	\$ 497,553	\$ 291,447	\$ 175,373	\$ 401	\$ 467,221
Labor and health insurance	31,050	13,996	-	45,046	29,373	16,691	27	46,091
Pension	18,553	8,210	-	26,763	18,677	10,736	17	29,430
Directors' remuneration	-	12,048	-	12,048	-	12,003	-	12,003
Other employees' benefit	4,474	11,615	-	16,089	5,085	6,737	-	11,822
	<u>\$ 394,413</u>	<u>\$ 203,086</u>	<u>\$ -</u>	<u>\$ 597,499</u>	<u>\$ 344,582</u>	<u>\$ 221,540</u>	<u>\$ 445</u>	<u>\$ 566,567</u>
Depreciation	<u>\$ 459,443</u>	<u>\$ 18,278</u>	<u>\$ 27,177</u>	<u>\$ 504,898</u>	<u>\$ 407,766</u>	<u>\$ 10,481</u>	<u>\$ 1,133</u>	<u>\$ 419,380</u>
Amortization	<u>\$ 12,457</u>	<u>\$ 344</u>	<u>\$ -</u>	<u>\$ 12,801</u>	<u>\$ 5,345</u>	<u>\$ 1,755</u>	<u>\$ 4,472</u>	<u>\$ 11,572</u>

Note 1: As of December 31, 2019 and 2018, the Company had 486 and 503 employees, respectively, of which 7 were directors not concurrently serving as employees for both years.

Note 2: The average employee benefits expense for 2019 and 2018 were \$1,222 thousand and \$1,118 thousand, respectively. The average salary expenses for 2019 and 2018 were \$1,039 thousand and \$942 thousand, respectively; average salary expenses increased by 10.30% in 2019 compared to the previous year.