

Stock Code: 1304

USI Corporation

**2019 Annual Report**

USI Corporation Website: <https://www.usife.com.tw>

Annual Report Query Website: <http://mops.twse.com.tw>

Date of Publication: April 30, 2020

I. Spokesperson of the Company:

Name: Wu, Ming-Tsung

Position: Vice President, Sales Department

Telephone No.: +886-2-2627-4745

E-mail Address: mtwu@csl.usife.com.tw

Acting Spokesperson of the Company:

Name: Kan, Ling

Position: Group Controller

Telephone No.: +886-2-8751-6888 extension 3795

E-mail Address: ekan@tpe.usife.com.tw

II. Head Office, Branch Offices and Plants:

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

III. Stock Transfer Agent:

Name: Stock Affairs Department, USI Corporation

Address: 6th Floor, No. 17, Lane 120, Section 1, Neihu Road, Neihu District, Taipei City

Joint Stock Affairs Website: <https://www.usig.com.tw/USIGStockHome.aspx>

Telephone No.: +886-2-2650-3773

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

Name: CPAs Chuang, Pi-Yu and Kuo, Cheng-Hung

Name of Accounting Firm: Deloitte & Touche

Address: 20th Floor, No. 100, Songren Road, 110 Taipei City

Website: <https://www2.deloitte.com/tw>

Telephone No.: +886-2-2725-9988

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

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

## Table of Contents

	Pages
Chapter 1. Letter to Shareholders	1
Chapter 2. Company Profile	
I. Date of Founding	5
II. Company History	5
Chapter 3. Corporate Governance Report	
I. Organization System	9
II. Details of Directors, General Manager, Deputy General Manager, Senior Managers, and Heads of Departments and Branches	13
III. Remuneration Paid to Directors (Including Independent Directors), Supervisors, General Manager, and Deputy Manager During the Most Recent Fiscal Year	23
IV. Implementation of Corporate Governance	33
V. Information of CPA Fees	102
VI. Information of Replacement of CPAs	103
VII. The Company's Directors, General Manager, Managerial Officers in Charge of Finance or Accounting Who Has Served in a CPA's Accounting Firm or Its Affiliated Companies in the Most Recent Fiscal Year Shall Disclose Their Names, Positions and the Period of Employment in CPA's Accounting Firm or Its Affiliated Companies	104
VIII. Equity Transfer or Changes in Equity Pledged by the Company's Directors, Managerial Officers, or Shareholders with Shareholding Percentage Exceeding Ten (10) Percent in the Most Recent Fiscal Year up to the Publication Date of this Annual Report	104
IX. Information of the Top 10 Shareholders in Terms of Number of Shares Held, Who Are Related Parties or Each Other's Spouses and Relatives within the Second Degree of Kinship	106
X. Number of Shares Held by the Company, Its Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Investment Companies in the Same Investment Companies, and the Combined Calculation of Shareholding Percentages	107
Chapter 4. Funding Status	
I. Capital and Shares	108
II. Issuance of Corporate Bonds	115
III. Issuance of Preferred Shares	117
IV. Issuance of Global Depository Receipts	117
V. Issuance of Employee Stock Options	117
VI. Issuance of New Restricted Employee Shares	117
VII. Status of New Share Issuance in Connection with Mergers and Acquisitions	117
VIII. Implementation of Capital Utilization Plan	117
Chapter 5. Operations Overview	
I. Business Content	118
II. Market, Production, and Sales Overview	137
III. Average Years of Service, Average Age, and Distribution of Academic Qualifications of Employees in the Most Recent Two Fiscal Years up to the Publication Date of this Annual Report	165
IV. Information of Environmental Protection Expenditures	165
V. Labor-management Relations	177

	VI. Important Contracts	191
Chapter 6.	Financial Summary	
	I. Condensed Balance Sheet, Statement of Comprehensive Income, as well as Name and Audit Opinions of CPAs in the Most Recent Five Years	203
	II. Financial Analysis in the Most Recent Five Fiscal Years	207
	III. Audit Committee's Review Report of the Most Recent Annual Financial Report	211
	IV. Financial Statements in the Most Recent Fiscal Year	212
	V. The Company's Parent Company-only Financial Statements Audited by CPAs in the Most Recent Fiscal Year	362
	VI. Any Financial Difficulties Experienced by the Company and Its Affiliated Companies during the Most Recent Year up to the Publication Date of this Annual Report, as well as the Impact of the Aforesaid Difficulties on the Financial Position of the Company Shall be Listed	489
Chapter 7.	Review and Analysis of Financial Position and Performance and Associated Risks	
	I. Financial Position	490
	II. Financial Performance	491
	III. Cash Flows	492
	IV. Material Expenditure and Its Impact on the Company's Financial Operations in the Most Recent Fiscal Year	493
	V. Investment Policies, Profit/loss Analysis, Improvement Plans in the Most Recent Fiscal Year, and Investment Plans for the Coming Fiscal Year	493
	VI. Risk Analysis and Evaluation	494
	VII. Other Important Matters	515
Chapter 8.	Special Notes	
	I. Information of Affiliated Companies	518
	(I) Consolidated Business Report of Affiliated Companies	518
	(II) Consolidated Financial Statements of Affiliated Companies	539
	II. Private Placement of Securities in the Most Recent Fiscal Year up to the Publication Date of this Annual Report	540
	III. Holding or Disposal of the Company's Shares by Subsidiaries in the Most Recent Fiscal Year up to the Publication Date of this Annual Report	540
	IV. Other Necessary Supplementary Notes to be Included	540
	V. Any Event which has a Material Impact on Shareholders' Rights and Interests or the Company's Securities as Prescribed in Subparagraph 2, Paragraph 2, Article 36 of the Securities and Exchange Act, that Have Occurred in the Most Recent Fiscal Year up to the Publication Date of this Annual Report Shall be Indicated Individually.	540



## Chapter 1. Letter to Shareholders

Dear Shareholders,

Looking back at 2019, the Company's consolidated revenue for the year was NT\$55.7 billion, a decrease of NT\$5.2 billion compared to the previous year, with a budget achieving rate of 90%. The Company's consolidated profit before tax was NT\$3.36 billion, an increase of NT\$840 million from last year. The consolidated net profit after tax was NT\$2.55 billion, with the budget achieving rate of 211%, and the consolidated net profit after tax attributed to owners of the Company was NT\$1.28 billion.

The Company's operating performance in 2019 was as follows:

### **Sales and marketing:**

As for the operating conditions this year, because of the general declining trend of ethylene prices, machine failure at EVA plants, and frequent preventive maintenance, the supply of EVA in the market was tight, and the price of EVA was fluctuating at a high level throughout the year, which widened the price differences between EVA and ethylene and greatly improved overall profitability of EVA compared with last year. On the PE side, the oversupply in the market has intensified due to the continuous increase of new production capacity in the US. In addition, with the impact of the China-US trade war, the overall downstream demand was weak, and the price competition was fierce, which has squeezed the profit of PE. The Company's total PE/EVA sales volume reached 373 thousand tons, an increase of 12 thousand tons from last year. Profits improved from last year as raw material costs fell. In terms of ABS/PS products, ABS is still affected by the US-China war trade, affecting market demand and narrowing the spread; GPS products witnessed good profits, so the Company has continued to strengthen the sales to increase profits. The EPS was affected by the price competition from manufacturers in China, which impacted the overall export. As for SAN, an excellent spread was still maintained, so the overall sales of SAN were increased and profitability still maintained; the total sales volume was 430,000 tons, a decrease of 4,000 tons from last year. The new VCM capacity in Asia has been released, making supply relatively sufficient. However, due to the relative increase in raw material costs, the price difference from PVC has decreased from the previous year. The supply of PVC was tight due to the annual preventive maintenance at large plants and the conservative production due to environmental safety inspections in China; India's import grew because of the partial cancellation of anti-dumping duties and the promotion of economic revitalization policies, which in turn enabled the Bangladesh market and Southeast Asian countries to benefit from increased demand for import arising from transfer of supply chains due to the US-China trade war. However, due to the weakening demand for PVC in Europe and the US, a large quantity of PVC was exported to South Asia at a low price, causing the market price to decline. Therefore, although the Company's revenue grew, its profit declined significantly. After deducting the amount of VCM used for the production of PVC powder, the Company exported 39,000 tons of VCM, a decrease of 21% from the previous year. After deducting the amount of PVC powder used for the production of self-produced downstream processed

products, the Company exported 383,000 tons of PVC powder, an increase of 7% from the previous year. In terms of chemical products, due to the continued low prices of sodium hydroxide and the poor market condition for the electronics industry, the annual output of chemical products was 63 thousand tons (calculated at 100% concentration) and the sales volume was 58 thousand tons, a decrease of 7% from the previous year. On the self-made processed product of PVC powder, building materials products had grown due to the release of government public construction projects and the booming of the housing market. The rubber cloth products were in the midst of a tense US-China trade relationship, and the orders of downstream clients were in decline. Low-priced bids from Mainland China, Mexico, India, and Southeast Asian countries and tariff barriers have affected sales. The ferrite core business continued to strengthen the sales of cloud server power supplies and automotive electronic products, but due to the impact of the China-US trade war, revenue has declined, but the Company has continued to promote lean projects, automation (jidoka), informatization, and technology advancement projects, and has witnessed initial results; however, the ferrite core business was still suffering a loss. The sales volume of these products this year was 7,000 tons, a decrease of 13% from the previous year.

#### **Production Management:**

The annual production volume of PE/EVA was 372,000 tons. The annual production volume of ABS/PS was 445,000 tons. The annual production volume of VCM and PVC powder were 448,000 tons and 410,000 tons, respectively. The annual production volume of ferrite cores was 7,000 tons. Continuously improve the production process, upgrade old equipment to improve production efficiency and quality, and build a raw material recovery system to reduce raw material consumption rate. The Company will continue to implement lean production and introduce automated equipment, and adopt information production systems to streamline, automate and digitalize the production and increase overall productivity. At the same time, the Company continued to pay serious attention to and strictly implement workplace safety and environmental protection, as well as strengthen predictive maintenance measures to ensure the safety of every plant and operating environments.

#### **Corporate Social Responsibility:**

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

#### **Research and Development:**

The Company continued to optimize the process of the cyclic block copolymer production plant for optical grade materials. In the process, it continued to optimize the process of the optical grade



material cyclic block copolymer. For product application and development, microplates and cuvettes for biomedical testing, eyeglass frames, and special packaging materials, have been successfully verified and introduced by clients. High-VA EVA raw materials have been successfully mass-produced and introduced into market applications, including ink, shoe material foam, and wires and cables; the Company has begun to receive orders and ship out products. The Company developed six-side seal products, port boards, and other glass wool insulation products and strengthened the development of non-auto parts on the front of cubic printing. Continued on the path of the electronics industry, and actively developed power supply for cloud server, communication-related products, and automotive electronics. In terms of the power supply for cloud server, due to the Internet of Things (IoT) and 5G mobile broadband services, as well as the artificial intelligence (AI) technology and application, the demand for computing servers has increased significantly, and the need for communication-related products has grown steadily. In the field of automotive electronics, because of the rise of the electric vehicle market, the Company has focused on the development of automotive power supplies, automotive keyless sensor antenna rods, sensors (such as reversing radars/tire pressure detectors), chargers, and Internet of Vehicles. After years of efforts, it continued to witness growth in this field.

**Comprehensive annual operating performance:**

As for the operating condition this year, although the sales volume of the products for the petrochemical industry decreased, the profit increased because of the decrease in raw material costs and the expansion of product spreads. The consolidated net operating income from the Company's businesses was NT\$ 2.93 billion, an increase of 52% from the previous year, of which the budget achieving rate was 129%. The net consolidated non-operating income included dividend income and income from the government's compensation amounted to NT\$430 million.

**Overview of 2020 Operational Plan and Strategic Planning for Future Development:**

Looking forward to 2020, due to the escalation of the COVID-19 pandemic and the decrease in the operational rate in the downstream businesses, the demand from the downstream businesses was affected and still required observation. In view of the market expectation that the global economic conditions will remain conservative in 2020, the Company will strive to seek stable sources of low-priced ethylene, reduce production costs, improve product quality, strengthen the development of markets outside Mainland China to diversify risks, continue to develop differentiated products, and strengthen the research and development of new products and new technologies, so as to create a sustainable operation and development of the Company. In 2020, the Company will increase the proportion of direct clients and strengthen export sales, increase the sales volume of injection-grade PS products with better profitability, continuously develop the markets with a lower market share for EPS, and increase the sales volume of general-grade products with better profitability as the main goals. It will also continue to maintain the inventory of raw materials and finished goods at a low quantity level, with the aim of maximizing production and sales volume as well as profitability. Furthermore, for glass wool, the Company will continue to

strengthen the sales of fireproof cotton products while continuing to increase the proportion of exports to Australia, New Zealand, and South Africa to boost the overall profit. In cubic printing, the Company will focus on the development of non-automotive parts. The low inventory levels in the beginning of 2020, a high PVC demand in emerging markets, as well as the implementation of enhanced environmental audit and reduction of production using calcium carbide method in Mainland China will facilitate the positive development of the PVC/VCM market. Meanwhile, the Company obtained the operation permission of PVC/VCM new production capacity, replaced equipment, installed PVC automatic packaging machines, and built automated storage systems to enhance overall operational efficiency, while reducing energy consumption and promoting process safety management (PSM) to ensure safe operation. It has also actively developed high value-added and differentiated new products. It is hoped that the highest profit can be obtained through the overall planning of the industry chain. It is expected to achieve an annual sales volume of 370,000 tons for PE/EVA products, 550,000 tons for the Vinyl series and the downstream processed products, and 425,000 tons for ABS/PS products throughout the whole year. The electronics industry is still full of opportunities, and we look forward to emerging from the low point and creating better profits through the reinforced competitiveness in our ferrite core businesses and active development of new businesses. Moreover, SiC high-purity powder is widely used in semiconductor and optoelectronic processing equipment for its excellent high-temperature resistance and corrosion resistance. The Company has made some progress and will actively invest in the SiC ceramic applications, to get prepared for a new challenge. In addition to its commitment to developing high value-added products, the Company also continuously strives to ensure product quality and service advantage, make good use of vertical integration, actively engage in active management and enhance product competitiveness to enable the sustainable development and growth of the Company.

I want to express my utmost gratitude to all our beloved shareholders for your continuous support and encouragement for the Company. I wish everyone good health and all the best.

Chairman Wu, Quintin



General Manager Wang, Ke Shun





## Chapter 2. Company Profile

### I. Date of Founding

The Company was founded on May 26, 1965.

### II. Company history:

1. The Company's current capital is NT\$11.9 billion, with over 80,000 shareholders and 400 employees. Since 1972, the Company has been listed on the Taiwan Stock Exchange.
2. The main business of the Company is to design, develop, manufacture and sell polyethylene plastic pellets. The Company's head office and factory are located in Renwu District, Kaohsiung. Polyethylene produced by the Company can be classified as the following: Low-Density Polyethylene (LDPE), Ethylene Vinyl Acetate (EVA), High-Density Polyethylene (HDPE) and Linear Low-Density Polyethylene (LLDPE). Polyethylene plastic pellets are processed by downstream manufacturers to produce a wide range of plastic products for everyday use.
3. At the beginning of our founding, the Company was a wholly-owned subsidiary of National Distillers and Chemical Corporation (NDCC) from the United States of America. The Company built Taiwan's first ever LDPE plant in the Kaohsiung area, where production started in May 1968. After consecutive expansions and the addition of EVA production lines, the current production capacity of the plant stands at 150,000 metric tons per annum.
4. In July 1980, the Company merged with United Polymers Corporation and added the production and sale of HDPE, thus having an annual production capacity of 80,000 metric tons.
5. In December 1989, the Company's LLDPE plant was completed. In addition to LLDPE, the plant was also designed to produce HDPE. The annual production capacity of the second plant stands at approximately 130,000 metric tons.
6. The primary raw material for the Company's product is ethylene, which is supplied by the third, fourth and fifth naphtha cracking plants owned by CPC Corporation.
7. On November 15, 1982, NDCC sold all its shares in the Company (approximately 43% of the total shares issued) to a Hong Kong company, Shing Lee Enterprise Limited.
8. The Company set up a research and development (R&D) division, which serves as an independent R&D center. Due to its outstanding performance, the Company was awarded the top prize in the consumer petrochemical category during the 4th National Industrial Innovation Award organized by the Ministry of Economic Affairs on December 18, 1995.
9. Since March 1, 1997, the Company participated in the management of China General Plastics Corporation (CGPC) via indirect investment, thereby expanding our scope of business and creating the synergistic effect of resource integration. Furthermore, the Company is also actively diversifying our investments in various sectors, including

- electronics, materials, finance, venture capital, and others, to enhance our profitability.
10. In September 1997, CGPC subscribed to NT\$800 million worth of new shares issued by Taiwan VCM Corporation (TVCM), thus achieving an actual shareholding ratio of 87.22% in the company.
  11. In March 1998, our plant successfully obtained its ISO 14001 certification. On March 10, 1999, the Company won the Outstanding Plant Award in the 1998 Pollution Control Assessment by the Environmental Protection Administration under the Executive Yuan. The Company's mission is to provide excellent products and services and satisfy customer needs. Through total quality management, as well as environmental, safety and health management, the Company is committed to enhancing operating performance to gain a competitive advantage.
  12. In May 2000, Taita Chemical Company (TTC) completed the first EPS production line at its Zhongshan plant in Mainland China. The second production line was completed in October within the same year and went into production smoothly.
  13. In June 2000, Acme Electronics Corporation (ACME) established Acme Electronics (Cayman) Corp. in the Cayman Islands, with a shareholding ratio of 21.05%, and invested in Acme Electronics (Kunshan) Co., Ltd. through Acme Electronics (Cayman) Corp.
  14. In July 2000, Acme Electronics (Kunshan) Co., Ltd. successfully obtained a business license and began the construction of its plant. The plant went into production in July 2001.
  15. In March 2001, the Company successfully obtained its OHSAS 18001 certification.
  16. In May 2001, the trial run for the new GPS/IPS NOVA production process was completed at TTC's Cianjhen plant with an annual production capacity of 100,000 metric tons, and the plant went into production smoothly.
  17. USI Management Consulting Corporation (UM), which was founded in 2001, is responsible for implementing a common platform for the Group's administration, industrial relations, management policy, tax administration, procurement, customs administration, information engineering, finance and accounting operations in order to enhance the synergistic effect of resource integration through common service functions in our group.
  18. In December 2002, the Company converted our ISO 9002 certification to ISO 9001 certification.
  19. In response to the promotion of the use of electronic systems by the Industrial Development Bureau, the Company set up an e-service system for the petrochemical industry in 2003.
  20. In October 2004, the third EPS production line at TTC's Zhongshan plant in Mainland China was completed, thus increasing its production capacity to 150,000 tons.
  21. In November 2004, Acme Electronics Corporation invested 100% in Acme Electronics (Guangzhou) Co., Ltd. via a company established in a third region, namely Golden



Amber Enterprises Ltd.

22. In September 2005, TTC completed the construction of its EPS plant in Tianjin, Mainland China. A production trial run was also completed in October in the same year. Its production capacity is 100,000 metric tons.
23. In March 2006, the Company invested in USI Trading (Shanghai) Co., Ltd. via Swanlake Traders Ltd. This company was then transferred to Asia Polymer Corporation (APC) on October 19, 2016.
24. In March 2008, ACME presented the outcome of the New Leading Sapphire Product Development Guidance Program.
25. In the third quarter of 2008, TTC completed the debottlenecking project at its Cianjhen plant, and its Zhongshan plant in Mainland China, thus increasing the production capacity at each plant to 66,000 tons and 180,000 tons respectively.
26. In May 2009, CGPC established a wholly-owned subsidiary known as CGPC Polymer Corporation, with a registered capital of NT\$800 million. A PVC powder plant with an annual production capacity of 170,000 tons was built in Linyuan Industrial Park, Kaohsiung. The plant officially began operations in February 2012.
27. In December 2009, ACME acquired Acme Components (Malaysia) Sdn. Bhd. via Acme Electronics (Cayman) Corp.
28. In 2010, the Company engaged in capital increase by earnings and issued 120 new shares for every one thousand shares owned, thus issuing 92,568,379 shares in total. The Company's paid-in capital after the capital increase was NT\$8,639,715,000.
29. In June 2010, the Company won the Excellence Award in the 2009 Excellent Unit for the Promotion of Labor Health and Safety organized by the Ministry of Labor under the Executive Yuan.
30. In October 2010, ACME divested its Sapphire business and transferred this business to its wholly-owned subsidiary, USI Optronics Corporation to implement organization restructuring and specialization, thereby enhancing competitiveness and operating performance.
31. In 2011, the Company engaged in capital increase by earnings and issued 150 new shares for every one thousand shares owned, thus issuing 129,595,731 shares in total. The Company's paid-in capital after the capital increase was NT\$9,935,673,000.
32. In June 2011, the Company won the Excellence Award in the 2010 Excellent Unit for the Promotion of Labor Health and Safety organized by the Ministry of Labor under the Executive Yuan.
33. In December 2011, the Company's Board of Directors decided to invest NT\$ 3.1 billion to build an EVA production line with an annual production capacity of 40,000 to 45,000 tons at the Kaohsiung plant. The production line went into production in 2016.
34. In December 2011, APC's Board of Directors decided to invest NT\$ 3.1 billion to build an EVA production line with an annual production capacity of 40,000 to 45,000 tons at its Linyuan plant. The production line went into production in 2016.

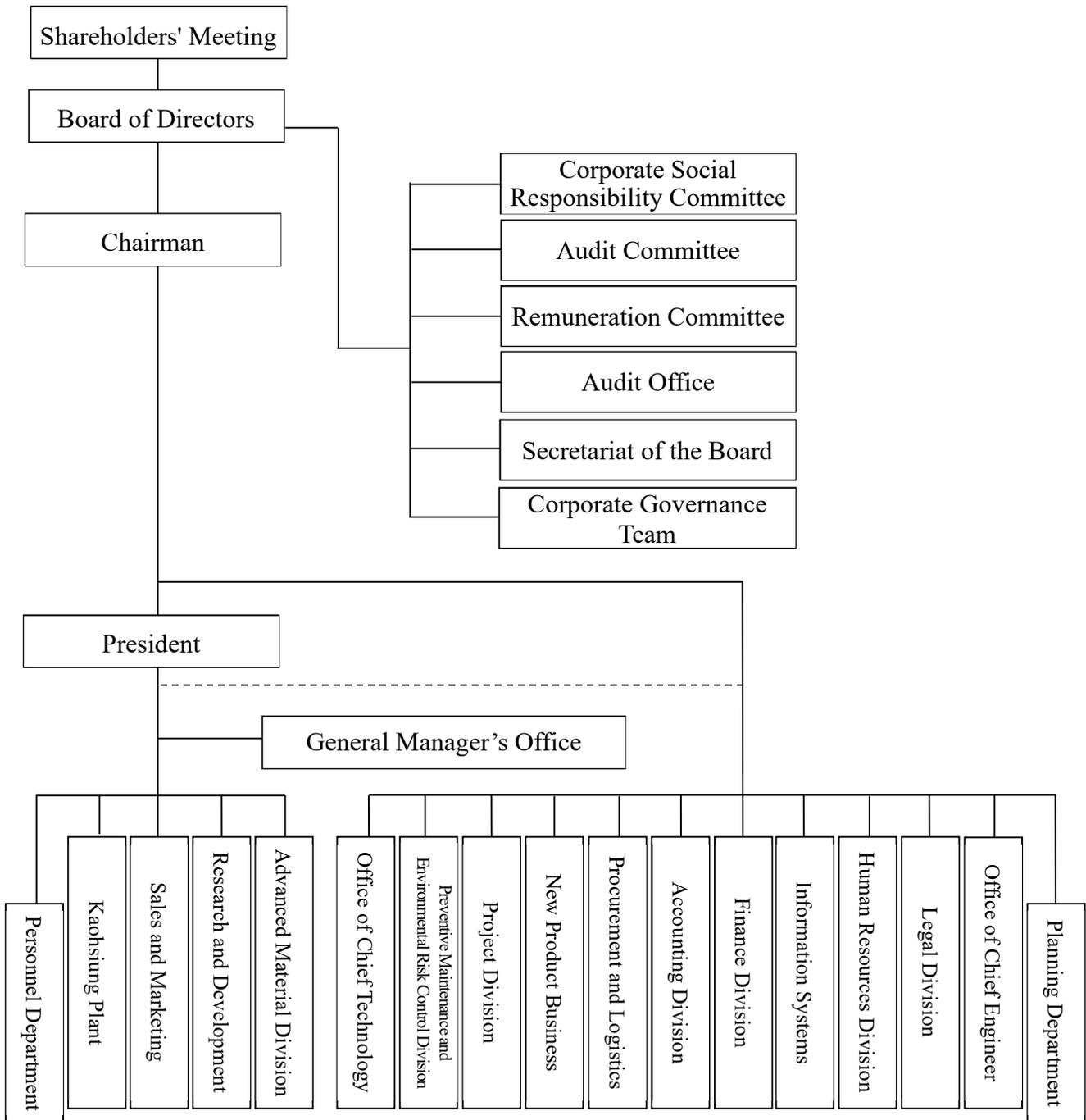
35. In 2012, the Company engaged in capital increase from earnings and issued 150 new shares for every one thousand shares owned, thus issuing 149,035,091 ordinary shares in total. The Company's paid-in capital after the capital increase reached NT\$11,426,024 thousand.
36. In March 2013, the Company's Board of Directors decided to invest NT\$2.7 billion in building a cyclic block copolymer production plant.
37. In November 2013, the Company's Board of Directors decided to indirectly invest in and establish USIG (Shanghai) Co., Ltd. in Shanghai, Mainland China via its wholly-owned subsidiary, Cypress Epoch Limited.
38. In February 2014, the Company's Board of Directors decided to invest indirectly in the production of petrochemical-related products in Gulei Petrochemical Industrial Park located in Zhangzhou City, Fujian, Mainland China via the investment by a company established in a third region.
39. In March 2014, the Company's Board of Directors decided to establish INOMA Corporation via a joint venture.
40. On August 30, 2016, the Ministry of Economic Affairs approved the change of the Company's registered address to No. 330, Fengren Road, Renwu District, Kaohsiung City.
41. 41. In November 2016, the Company indirectly invested in the establishment of Fujian Gulei Petrochemical Co., Ltd. for the production of petrochemical-related products at Gulei Petrochemical Park located in Zhangzhou, Fujian, China.
42. In 2017, the Company engaged in capital increase by earnings and issued 20 new shares for every one thousand shares owned, thus issuing 22,852,047 ordinary shares in total. The Company's paid-in capital after the capital increase was NT\$11,654,544,000.
43. In 2018, the Company engaged in capital increase by earnings and issued 20 new shares for every one thousand shares owned, thus issuing 23,309,088 ordinary shares in total. The Company's paid-in capital after the capital increase was NT\$11,887,635,000.



## Chapter 3. Corporate Governance Report

### I. Organization System

#### (I) Organization Chart: As of April 30, 2020



## (II) Responsibilities and Functions of Major Departments

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



Department	Main Responsibilities
Human Resources Division	<ol style="list-style-type: none"> <li>1. Plan human resources strategies and systems.</li> <li>2. Plan training and organizational development strategies.</li> <li>3. Plan and handle salary and benefits.</li> <li>4. Provide employee services and handle general affairs.</li> </ol>
Legal Division	Provide legal advice, review legal documents, and handle legal cases and other relevant legal matters.
Office of Chief Engineer	<ol style="list-style-type: none"> <li>1. Assist, participate or be in charge of the construction of new plants.</li> <li>2. Assist, participate or be in charge of equipment or partial process improvement.</li> <li>3. Integrate engineering personnel and engineering specifications.</li> </ol>
Project Division	Plan, prepare, supervise, and implement plant construction for overseas investment projects.
New Product Business Division	<ol style="list-style-type: none"> <li>1. Assist in formulating marketing strategies for new businesses, and establish appropriate business models.</li> <li>2. Responsible for developing new products or acquiring new customers in order to increase revenue.</li> <li>3. Integrate Company resources and generate synergy so as to successfully develop new businesses.</li> </ol>
Preventive Equipment Maintenance and Environmental Risk Control Division	<ol style="list-style-type: none"> <li>1. Assist in establishing preventive maintenance systems at all plants</li> <li>2. Improve and enhance existing equipment and conduct equipment fault management and prevention.</li> <li>3. Environment risk management planning and technical supervision</li> <li>4. Plan and promote compliance with laws related to energy conservation and carbon reduction, and establish related systems.</li> <li>5. Promote the management of the Group's sustainability key performance indicators and implement CSR information and data analyses.</li> </ol>
Planning Department	<ol style="list-style-type: none"> <li>1. Develop and propose product trees, according to markets for current products and products to be invested in the future, as well as the technical strengths and weaknesses of such products, for future planning and development.</li> <li>2. Analyze industrial and macroeconomic conditions.</li> <li>3. Investigate and analyze upstream industries and future competitors.</li> </ol>
Audit Office	<ol style="list-style-type: none"> <li>1. Implement internal audits and improve work flows.</li> <li>2. Evaluate the soundness and reasonableness of the Company's internal control system, as well as the effectiveness of their implementations at all departments and divisions.</li> </ol>
Board of Directors Secretariat of the Board	<ol style="list-style-type: none"> <li>1. Plan and handle matters related to Board of Directors' meetings.</li> <li>2. Handle matters related to Shareholders' meetings such as convening, various announcements and reporting associated with such meetings, preparing handbooks and tracking information regarding shareholders presence in accordance with the law.</li> <li>3. Assist in promoting and handling decrees issued by the competent authority.</li> </ol>
Remuneration Committee	1. The Committee evaluates the remuneration policy and system of the Directors and managers objectively and make suggestions to the Board of Directors accordingly for policy-making reference

Department	Main Responsibilities
	2. The Committee adopts a comprehensive remuneration management system to encourage managerial officers to perform their duties for business operations, improve management performance, core competitiveness, and short, mid, and long-term profitability and create value for shareholders
Audit Committee	<ol style="list-style-type: none"> <li>1. Establishment, amendment, and evaluation of the effectiveness of internal control systems</li> <li>2. Stipulate or amend the procedures for acquiring or disposing of assets, derivatives trading, lending funds to others, and making endorsements or guarantees to others</li> <li>3. Asset transactions or derivatives trading of a material nature</li> <li>4. Loaning of funds, endorsements, or provision of guarantees of a material nature</li> <li>5. Appointment, dismissal, and compensation of CPAs.</li> <li>6. Audit of annual financial reports.</li> <li>7. Other material matters as may be required by the Company or by the competent authority</li> </ol>
Corporate Social Responsibility Committee	<ol style="list-style-type: none"> <li>1. Review and establish the CSR Policy</li> <li>2. Review the operations of the CSR Committee</li> <li>3. Review the Company's corporate social responsibility policy, goals, and action plans. Instruct and follow up on the progress of various action plans and performance improvements</li> <li>4. Supervise the preparation of the corporate sustainability report.</li> <li>5. Review and storage of other information related to CSR</li> </ol>
Corporate Governance Team	<ol style="list-style-type: none"> <li>1. Assist the Directors in performing duties, provide necessary materials, and organize continuing education.</li> <li>2. Handle procedures for Board of Directors meetings and shareholders' meetings and confirm compliance for resolutions.</li> <li>3. Maintain investor relations</li> <li>4. Update the Company's website from time to time to enable investors to understand the Company's financial, business, and corporate governance information in order to protect shareholders' interests.</li> </ol>

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

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

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

As of April 14, 2020: Unit: Shares

Title (Note 1)	Nationality or Place of Registration	Name	Gender	Date Elected (Appointed)	Term	Date First Elected (Note 2)	Shares Held when Elected		Shares Currently Held		Shares Held by Spouse and Minors		Shares Held in the Name of Other Persons		Education and work experience (Note 3)	Current Position Held in the Company and Other Companies	Managerial Officers, Directors or Supervisors Who Are Spouses or Relatives within the Second Degree of Kinship			Notes
							Number of Shares	Shares holding %	Number of Shares	Shares holding %	Number of Shares	Shares holding %	Number of Shares	Shares holding %			Title	Name	Relationship	
Chairman and Chief Executive Officer	Hong Kong	Shing Lee Enterprise (Hong Kong) Limited	-	2017.06.08	3 years	1982.12.02	288,834,000	25.28%	173,776,546	14.62%	-	-	0	0%	Chairman, USI	(Note 7)	Director	Yu, Ching-Shou	In-law	(Note 4)
	Taiwan (R.O.C.)	Representative: Wu, Quintin	Male			1982.12.02 (Note 5)	-	-	113,122	0.01%	-	-	0	0%						
Director	Hong Kong	Shing Lee Enterprise (Hong Kong) Limited	-	2017.06.08	3 years	1982.12.02	288,834,000	25.28%	173,776,546	14.62%	-	-	0	0%	Bachelor of Engineering, Kyushu University (Japan)	Chairman, Shing Lee Enterprise (Hong Kong) Limited Director: Union Polymer Int'l Investment Corp and Forum Pacific Inc.	Chairman	Wu, Quintin	In-law	
	Hong Kong	Representative: Yu, Ching-Shou	Male			1982.12.02	-	-	0	0%	12,500,000	1.05%	0	0%						
Director	Hong Kong	Shing Lee Enterprise (Hong Kong) Limited	-	2017.06.08	3 years	1982.12.02	288,834,000	25.28%	173,776,546	14.62%	-	-	0	0%	(Note 8)	Director: INOMA Corporation	None	None	None	
	Taiwan (R.O.C.)	Representative: Kao, Che-I	Male			2017.06.08	-	-	0	0%	0	0%	0	0%						
Director	Hong Kong	Shing Lee Enterprise (Hong Kong) Limited	-	2017.06.08	3 years	1982.12.02	288,834,000	25.28%	173,776,546	14.62%	-	-	0	0%	Bachelor of Electrical Engineering, National Taiwan University (Taiwan); General Manager at Taiwan VCM Corporation; General Manager at Asia Polymer Corporation; General Manager at USI Corporation	Supervisor: Taiwan VCM Corporation	None	None	None	
	Taiwan (R.O.C.)	Representative: Huang, Kuang-Che	Male			2008.06.13	-	-	157,185	0.01%	0	0%	0	0%						



Title (Note 1)	Nationality or Place of Registration	Name	Gender	Date Elected (Appointed)	Term	Date First Elected (Note 2)	Shares Held when Elected		Shares Currently Held		Shares Held by Spouse and Minors		Shares Held in the Name of Other Persons		Education and work experience (Note 3)	Current Position Held in the Company and Other Companies	Managerial Officers, Directors or Supervisors Who Are Spouses or Relatives within the Second Degree of Kinship			Notes
							Number of Shares	Shares holding %	Number of Shares	Shares holding %	Number of Shares	Shares holding %	Number of Shares	Shares holding %			Title	Name	Relationship	
Director	Hong Kong	Shing Lee Enterprise (Hong Kong) Limited	-	2017.06.08	3 years	1982.12.02	288,834,000	25.28%	173,776,546	14.62%	-	-	0	0%	(Note 9)	(Note 10)	None	None	None	
	Taiwan (R.O.C.)	Representative: Chang, Chi-Chung	Male			2008.06.13	-	-	0	0%	0	0%	0	0%						
Director and President	Hong Kong	Shing Lee Enterprise (Hong Kong) Limited	-	2018.04.25	2 years 1 month	1982.12.02	288,834,000	25.28%	173,776,546	14.62%	-	-	0	0%	(Note 11)	(Note 12)	None	None	None	
	Taiwan (R.O.C.)	Representative: Wang, Ke-Shun	Male			2018.04.25	-	-	90,704	0.01%	0	0%	0	0%						
Independent Director	Taiwan (R.O.C.)	Chen, Chung	Male	2017.06.08	3 years	2014.06.06	0	0%	0	0%	0	0%	0	0%	(Note 13)	Director: Lien Hwa Industrial Corporation and Union Petrochemical Corporation Independent Director: TransGlobe Life Insurance Inc. Chairman, Appacus Foundation	None	None	None	
Independent Director	Taiwan (R.O.C.)	Tu, Tzu-Chun (Note 6)	Male	2019.06.12	1 years	2019.06.12	0	0%	0	0%	0	0%	0	0%	(Note 14)	(Note 15)	None	None	None	
Independent Director	Taiwan (R.O.C.)	Hai, Ying-Chun	Male	2019.06.08	3 years	2014.06.06	0	0%	0	0%	0	0%	0	0%	(Note 16)	(Note 17)	None	None	None	
Independent Director	Taiwan (R.O.C.)	Tsai, Li-Hsing (Note 6)	Male	2017.06.08	-	2014.06.06	0	0%	0	0%	0	0%	0	0%	(Note 18)	(Note 19)	None	None	None	

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

Note 2: Any disruption of duty as a director or supervisor after the date they are elected should be included in a separate note.

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

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

Based on the overall operation, the Company's Chairman serving as the CEO concurrently is to tap into his excellent business vision. With his participation in the Company's operations in person, the Company can implement the business decisions consistently and improve the operating efficiency. More than half of the current members of the Company's Board of Directors do not serve as employees or managerial officers concurrently, which is audited and certified by Deloitte & Touche. The Company has also established an Audit Committee, a Remuneration Committee, a Corporate Social Responsibility Committee, and a Corporate Governance Team to strengthen corporate governance, and to reduce operational risks continuously through a rigorous internal control mechanism.

Note 5: From February 17, 1992 to May 18, 1993, institutional shareholder Shing Lee Enterprise (Hong Kong) Limited experienced a disruption of duty as a Director because the representative of the company was replaced.

Note 6: Mr. Tu, Tzu-Chun was elected on June 12, 2019 to succeed Mr. Tsai, Li-Hsing, who resigned as an Independent Director on March 19, as an Independent Director. The information of Mr. Tsai, Li-Hsing was disclosed until the date of resignation.

- Note 7: Chairman: CGPC, APC, TTC, Acme Electronics Corporation, Union Polymer Int'l Investment Corp, USI Optronics Corporation, Swanson Plastics Corporation, Swanson Plastics Corporation, Chong Loong Trading Co., Ltd., USI Investment, CGPCPOL, APC Investment, Taiwan United Venture Capital Corporation, USI Management Consulting, Taiwan United Venture Management Corporation, Acme (Cayman), USI Education Foundation, and Fujian Gulei Petrochemical.  
 Director: Taiwan VCM Corporation, INOMA Corporation, USI (Hong Kong), Swanlake, USI International, Acme Components (Malaysia), Forever Young, Curtana, Swanson (Singapore), Swanson (Malaysia), Swanson International, Swanson (India), Swanson Plastics Corporation (Kunshan), Golden Amber Enterprises, Acme (BVI), Acme Electronics Corporation (Kunshan), Acme Electronics Corporation (Guangzhou), Forum Pacific, Taita (BVI), APC (BVI), CGPC (BVI), CGPC America, AS Holdings (UK), ASK-Swanson, Acme Ferrite, Swanson Plastics Corporation (Tianjin), Cypress Epoch, Ever Conquest Global, Ever Victory Global, Dynamic Ever Investments, CIS (Shanghai), PT. Swanson Plastics Indonesia, Yutao Investment, Dasheng Ventures, Dasheng Yiyi Ventures, and CTCI Group  
 General Manager: Union Polymer International Investment Corp. and USI Management Consulting  
 Chief Executive Officer: APC, CGPC, TTC, ACME, and USI Optronics Corporation.  
 Executive Director: Chinese National Federation of Industries
- Note 8: Department of Chemical Engineering, National Taiwan University; PhD in Chemical Engineering, Perdue University; Chief Scientist, Dow Chemical; Senior Consultant and Expert, Industrial Technology Research Institute (Chairman Office); Senior Advisor, Chi Lin Technology Co., Ltd.
- Note 9: PhD in Chemical Engineering, Massachusetts Institute of Technology; Vice President of Operations, Powerchip Semiconductor; Vice President of Operations, Vanguard International Semiconductor Corporation; General Manager of USI.
- Note 10: Director: SPC (Kunshan), Cypress Epoch, Ever Victory Global, USIG (Shanghai), and Fujian Gulei Petrochemical
- Note 11: Master of Business Administration, Andrews University, Michigan (U.S.A.); Bachelor of Chemistry, National Tsing Hua University (Taiwan); and General Manager, China Petrochemical Development Corporation
- Note 12: Chairman: USIG (Shanghai) Co., Ltd.  
 Director: Cypress Epoch Limited, Dynamic Ever Investments Ltd., Ever Victory Global Limited, Forum Pacific Trading Ltd., Swanlake Traders Ltd., USI (Hong Kong), UM, CGPC, Chong Loong Trading Co., Ltd., TUVIC, INOMA, USIT (Shanghai), Union Polymer Int'l Investment Corp, Swanson Technologies Corporation, USI Education Foundation, Ever Conquest Global Ltd., and USII  
 Supervisor: Fujian Gulei Petrochemical  
 General Manager: USI, USIG (Shanghai), and CL
- Note 13: Masters of Law, National Taiwan University (Taiwan); Visiting Scholar, Goethe University Frankfurt (Germany); Senior Advisor to the President, Office of the President (Taiwan); Chair Professor at School of Law and School of Business, Soochow University (Taiwan); President of the Executive Yuan, Taiwan (R.O.C.); Vice President of the Executive Yuan, Taiwan (R.O.C.); Chairman of the Financial Supervisory Commission under the Executive Yuan, Taiwan (R.O.C.); Chairman of the Taiwan Stock Exchange; Deputy Minister of Finance, Taiwan (R.O.C.); Director General of Financial Supervisory Commission, Ministry of Finance, Taiwan (R.O.C.); Director General of Insurance Bureau, Ministry of Finance, Taiwan (R.O.C.); and Chairman of Taiwan Cooperative Bank.
- Note 14: Ph.D., School Forestry and Resource Conservation, National Taiwan University; Minister of Economic Affairs, Chairman of National Development Council; Vice Premier, Executive Yuan.
- Note 15: Consultant, Institute of Taiwan Electrical and Electronics Manufacturers' Association; Highest Consultant, Taiwan Transportation Vehicle Manufacturers Association, and Adjunct Associate Professor, Department of Business Administration, Soochow University.  
 Independent Director: Macronix International Co., Ltd. and CDIB Capital Group
- Note 16: Master of International Management Studies, University of Texas at Dallas, U.S.A., Vice Chairman and CEO, Delta Electronics, Inc., and President of GE Capital Taiwan.
- Note 17: Chairman, Delta Electronics, and Chairman, Business Strategy Management Committee  
 Director: Delta Electronics Power (Dongguan), Delta Electronics (Shanghai) Co., Limited, Delta Networks, Inc., Delta Capital Co., Ltd., Cyntec Co., Ltd., and CTCI
- Note 18: PhD and Material Science and Engineering, Cornell University (U.S.A.); General Manager and Chief Executive Officer, Taiwan Semiconductor Manufacturing Company; Chairman and Chief Executive Officer, TSMC Solid State Lighting; Chairman and Chief Executive Officer, TSMC Solar; and Chairman and Chief Executive Officer, Chunghwa Telecom Co., Ltd.
- Note 19: Chairman: Richtek Technology Corporation  
 Director: MediaTek Inc. and Lam Research Corporation  
 Chief Executive Officer: MediaTek Inc.



## 2. Major shareholders of institutional shareholders

April 14, 2020

Name of corporate shareholder (Note 1)	Major Shareholders of Institutional Shareholders (Note 2)	
Shing Lee Enterprise (Hong Kong) Limited	XANADU INTERNATIONAL. CO.,LTD.	27.27%
	SILVER HERO VENTURES LTD.	18.18%
	SOCIAL LUCKY INT'L INVESTMENT LTD.	18.18%
	RICH GRADE HOLDINGS LTD.	18.18%
	ASIA DYNAMIC OVERSEAS LTD.	10.61%
	BEST PERSPECTIVE OVERSEAS LTD.	7.58%

Note 1. For Directors whose representatives are institutional shareholders, the name of these representatives should be filled.

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

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

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

April 14, 2020

Name of Institutions (Note 1)	Major Shareholders of Institutions (Note 2)	
SILVER HERO VENTURES LTD.	WU, JEFFREY	90%
SOCIAL LUCKY INT'L INVESTMENT LTD.	WU, I-KUANG	100%
ASIA DYNAMIC OVERSEAS LTD.	SEAQUEST VENTURES INC.	100%
BEST PERSPECTIVE OVERSEAS LIMITED	SEAQUEST VENTURES INC.	100%
XANADU INTERNATIONAL CO., LTD.	WU, BILL	50%
	WU SHUNG, HUI-CHENG	50%
RICH GRADE HOLDINGS LTD.	WU, CHIAO-FENG	50%
	CHANG, CHING-JEN	50%

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

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

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



4. Information of members of the Board of Directors

April 30, 2020

Criteria	Does the individual have over 5 years of professional experience and the following professional qualifications?			Independence criteria (Note 2)												Number of other public companies in which the individual is concurrently serving as an independent director	
	Serve as an instructor or higher positions in a private or public college or university in the field of business, law, finance, accounting, or other departments relevant to the business of the Company	Serve as a judge, prosecutor, lawyer, certified public accountant or other professional or technical specialists who have passed the relevant national examinations and successfully obtained certificates in professions necessary for the business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12		
Wu, Quintin			✓			✓						✓		✓			0
Yu, Ching-Shou			✓	✓					✓			✓	✓		✓		0
Kao, Che-I			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Huang, Kuang-Che			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Chang, Chi-Chung			✓	✓		✓	✓	✓	✓			✓	✓	✓	✓		0
Wang, Ke-Shun			✓			✓		✓						✓	✓		0
Chen, Chung	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Tu, Tzu-Chun	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Hai, Ying-Chun			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note 1. Adjust the number of rows where necessary.

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

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the company or any of its affiliates (however, if an independent director is engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with this Act or local laws and regulations, this requirement shall not apply).
- (3) Not a natural person shareholder who holds one (1) percent or more of total shares issued by the Company or is ranked top 10 in terms of number of shares held, including shares held in the name of the person's spouse, minor children, or in the name of others
- (4) Not a managerial officer listed in (1) or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship listed in (2) and (3).
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the company or of a corporate shareholder that ranks among the top five in shareholdings (however, if the independent director is engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with this Act or local laws and regulations, this requirement shall not apply).
- (6) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person (however, if the independent director is engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with this Act or local laws and regulations, this requirement shall not apply).
- (7) Not a director (or a managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses (however, if the independent director is engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with this Act or local laws

- and regulations, this requirement shall not apply).
- (8) Not a director, supervisor, manager, or shareholder holding 5% or more of the shares of a specific company or institution which has a financial or business relationship with the Company (however, if a specific company or institution holds more than 20% and no more than 50% of the total issued shares of the Company and if the independent director is engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with this Act or local laws and regulations, this requirement shall not apply).
  - (9) Not a professional individual who is an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution, or a spouse thereof, that provides commercial, legal, financial, accounting services or consultation to the Company or its affiliated companies, or those made an accumulated profit of less than NT\$500,00 over the last 2 years; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act ,or relevant laws or regulations.
  - (10) Not a spouse or a relative within the second degree of kinship with any director.
  - (11) Where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.
  - (12) Where the person is not elected in the capacity of the government, an institution, or a representative thereof as provided in Article 27 of the Company Act

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

As of April 14, 2020; Unit: Shares

Title (Note 1)	Nationality	Name	Gender	Date Elected (Appointed)	Shares Held		Spouse & Minor Shareholding		Shares Held in the Name of Other Persons		Education and Work Experiences (Note 2)	Other Positions Held in Other Companies	Managerial Officers who are Spouses or Within Second Degrees of Kinship			Notes
					Number of Shares	Shares holding %	Number of Shares	Shares holding %	Number of Shares	Shares holding %			Title	Name	Relationship	
Chief Executive Officer	Taiwan (R.O.C.)	Wu, Quintin	Male	2007.3.22	113,122	0.01%	-	-	0	0%	Chairman, USI	(Note 4)	None	None	None	(Note 3)
President	Taiwan (R.O.C.)	Wang, Ke-Shun	Male	2017.10.1	90,704	0.01%	0	0%	0	0%	Master of Business Administration, Andrews University, Michigan (U.S.A.); Bachelor of Chemistry, National Tsing Hua University (Taiwan); and General Manager, China Petrochemical Development Corporation	(Note 5)	None	None	None	
Vice President	Taiwan (R.O.C.)	Liu, Han-Tai	Male	2009.9.8	0	0%	-	-	0	0%	PhD in Chemical Engineering, Pennsylvania State University (U.S.A.)	Director: Taita Chemical Co., Ltd., Swanson, Thintec Materials Corporation, Taiwan VCM Corporation, CGPC, INOMA, Ever Victory Global Ltd., Dynamic Ever	None	None	None	



Title (Note 1)	Nationality	Name	Gender	Date Elected (Appointed)	Shares Held		Spouse & Minor Shareholding		Shares Held in the Name of Other Persons		Education and Work Experiences (Note 2)	Other Positions Held in Other Companies	Managerial Officers who are Spouses or Within Second Degrees of Kinship			Notes
					Number of Shares	Shares holding %	Number of Shares	Shares holding %	Number of Shares	Shares holding %			Title	Name	Relationship	
												Investments Ltd., CGPC (Zhongshan) Supervisor: CGTD				
Senior Manager	Taiwan (R.O.C.)	Wu, Ming-Tsung	Male	2016.1.21	9	0%	0	0%	0	0%	Master in Chemical Engineering, National Taiwan University	Director: USIT (Shanghai) Senior Manager: APC	None	None	None	
Corporate Governance Officer	Taiwan (R.O.C.)	Chen, Yung-Chih	Male	2019.5.13	0	0%	0	0%	0	0%	(Note 6)	(Note 7)	None	None	None	
Financial Officer	Taiwan (R.O.C.)	Yang, Wen-Li	Male	2018.12.6	0	0%	0	0%	0	0%	(Note 8)	None	None	None	None	
Accounting Officer	Taiwan (R.O.C.)	Kuo, Chuan-Hua	Female	2015.9.1	0	0%	0	0%	0	0%	Master of Accounting, Tamkang University (Taiwan)	Accounting Officer: Union Polymer Int'l Investment Corp, Thintec Materials Corporation, and UM	None	None	None	

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

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

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

Based on the overall operation, the Company's Chairman serving as the CEO concurrently is to tap into his excellent business vision. With his participation in the Company's operations in person, the Company can implement the business decisions consistently and improve the operating efficiency. More than half of the current members of the Company's Board of Directors do not serve as employees or managerial officers concurrently, which is audited and certified by Deloitte & Touche. The Company has also established an Audit Committee, a Remuneration Committee, a Corporate Social Responsibility Committee, and a Corporate Governance Team to strengthen corporate governance, and to reduce operational risks continuously through a rigorous internal control mechanism.

Note 4: Chairman: CGPC, Asia Polymer Corporation, Taita Chemical Company Limited, Acme Electronics Corporation, United Polymers Corporation, USI Optronics Corporation, Swanson Plastics Corporation, Swanson Technologies Corporation, Chong Loong Trading Co., Ltd., USI Investment Co., Ltd., CGPC Polymer Corporation, Asia Polymer Investment Corporation, Taiwan United Venture Capital Corporation, USI Management Consulting Corporation, Taiwan United Venture Management Corporation, Thintec Materials Corporation, Acme Electronics (Cayman) Corporation, USI Education Foundation and Fujian Gulei Petrochemical.

Director: Taiwan VCM Corporation, INOMA Corporation, USI (Hong Kong), Swanlake, USI International Corporation, Acme Components (Malaysia) Sdn. Bhd., Forever Young Co., Ltd., Curtana Co., Ltd., Swanson Plastics (Singapore) Pte. Ltd., Swanson Plastics (Malaysia) Sdn. Bhd., Swanson International, Swanson Plastics (India), Swanson Plastics (Kunshan) Co., Ltd., Golden Amber Enterprises, ACME Electronics (BVI) Corporation, Acme Electronics (Kunshan) Co., Ltd., Acme Electronics (Guangzhou) Co., Ltd., Forum Pacific Trading Ltd., Taita (BVI) Holding Co., APC (BVI) Holding Co. Ltd., CGPC (BVI) Holding Co., Ltd., CGPC America Corporation, Krystal Star International Corporation, A.S. Holdings (UK) Limited, ASK-Swanson (Kunshan) Co., Ltd., Acme Ferrite Products Sdn. Bhd., Swanson Plastics (Tianjin) Co., Ltd., Cypress Epoch Limited, Ever Conquest Global Limited, Ever Victory Global Limited, Dynamic Ever Investments Limited, USIG (Shanghai) Co., Ltd., PT. Swanson Plastics Indonesia, Emerald Investment Corporation, KHL Venture Capital Co., Ltd., KHL IB Venture Capital Co., Ltd. and CTCI Group.

General Manager: Union Polymer International Investment Corp. and UM

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

Executive Director: Chinese National Federation of Industries

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

Director: Cypress Epoch Limited, Dynamic Ever Investments Limited, Ever Victory Global Limited, Forum Pacific Trading Ltd., Swanlake Traders Ltd., USI (Hong Kong) Co., Ltd., USI Management Consulting Corp., Chong Loong Trading Co., Ltd., Taiwan United Venture Capital Corp., INOMA Corporation, USI Trading (Shanghai) Co., Ltd., Union Polymer International Investment Corp., Swanson Technologies Corporation, and USI Education Foundation.

Supervisor: Fujian Gulei Petrochemical

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

Note 6: M.A, National Taiwan University; S.J.D, University of Munich, Judge and Prosecutor License, and Attorney License; Head of Legal Affairs Department/Legal Advisor, LITE-ON Technology; Arbitrator, Chinese Arbitration Association Taipei; Professional Member, European Chamber of Commerce Taiwan; Attorney, Winkler Partners.

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

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

Supervisor: Taiwan United Venture Capital Corporation, Taiwan United Venture Management Corporation, and Cerebra Technologies Co., Ltd.

Note 8: Bachelor of Business Administration, Chung Yuan Christian University; Master of Accountancy and Information Systems, Cleveland State University; Senior Vice President, Chief Financial Officer, and Spokesperson, Apex Medical Corp.; Executive Assistant to CEO of Primax Electronics Ltd. and Vice President of US subsidiary/assistant to Group Chairman/CFO of Business Department/Head Office Spokesperson/Investor Relations Manager; Senior Accounting/Finance Manager of Equus Computer Systems, Inc. in the United States.



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

Based on the overall operation, the Company's Chairman serving as the CEO concurrently is to tap into his excellent business vision. With his participation in the Company's operations in person, the Company can implement the business decisions consistently and improve the operating efficiency.

More than half of the current members of the Company's Board of Directors do not serve as employees or managerial officers concurrently, which is audited and certified by Deloitte & Touche. The Company has also established an Audit Committee, a Remuneration Committee, a Corporate Social Responsibility Committee, and a Corporate Governance Team to strengthen corporate governance, and to reduce operational risks continuously through a rigorous internal control mechanism.

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

- I. If the Company has any of the following circumstances, it shall disclose its individual Directors' or Supervisors' name and remuneration; it can choose to disclose a range table with name disclosed, or disclose the name and remuneration individually for the rest (where individual disclosure is adopted, please fill in the job title, name, and amount; there is no need to fill in the table of remuneration ranges):
  - (I) Where it was a loss after tax in the parent company only or individual financial statements in the last three years, the name and remuneration of individual "Directors and Supervisors" shall be disclosed; provided that it is net income after tax in the parent company only or individual financial statements in the most recent year, and the said net income is sufficient to make up for the accumulated losses [Note 1].
  - (II) A Company with Directors whose shareholding percentages have been insufficient for three (3) or more consecutive months during the most recent fiscal year shall disclose the remuneration of individual Directors. A Company with Supervisors whose shareholding percentages have been insufficient for three (3) or more consecutive months during the most recent fiscal year shall disclose the remuneration of individual Supervisors. [Note 2]
  - (III) A Company with an average ratio of shares pledged by Directors or Supervisors that exceeds 50 percent in any three (3) months during the most recent fiscal year shall disclose the remuneration paid to each individual Director or Supervisor who owns a ratio of shares pledged that exceeds 50 percent for each of these three months. [Note 3]
  - (IV) If the total amount of remuneration received by all the directors and supervisors of a company from all the companies listed in its financial statements exceeds two (2) percent of its net income after taxes, and the amount of remuneration received by any individual director or supervisor exceeds NT\$15 million, the company shall disclose the amount of remuneration paid to individual directors or supervisors. (Description: The remuneration of Directors and Supervisors is calculated based on "Remuneration of Directors" plus "Remuneration of Supervisors" as in the Appendix without including the relevant remuneration received as concurrent employees. )
  - (V) Any result of evaluation made on corporate governance in the most recent year is in the last level, or any trading method changes, any trading or marketing stops, or any evaluation is rejected by the Corporate Governance Evaluation Committee in the most recent year as of the publication date of this Annual Report as a listed company.
  - (VI) The average annual salary of a full-time employee of a listed company who does not hold a managerial position in the most recent year has not reached NT\$500,000.



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

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

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

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

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

(I) Remuneration to Directors and Independent Directors

1. Collective disclosure

Unit: NT\$ thousands

Title	Name (Note 1)	Remuneration								Percentage of the total of 4 items A, B, C and D to net income after taxes (Note 10)		Relevant Remuneration Received by Directors Who are Also Employees						Percentage of the total of 7 items A, B, C, D, E, F and G to net income after taxes (Note 10)		Remuneration paid to Directors from investees other than the Company's subsidiaries or parent company (Notes 9 and 11)		
		Remuneration (A) (Note 2)		Severance Pay and Pension (B)		Director's Compensation (C) (Note 3)		Costs incurred from performance of duty (D) (Note 4)		Salaries, bonuses and special allowances (E) (Note 5)		Severance Pay and Pension (F)		Employee Compensation (G) (Note 6)								
		The Company	All the Companies Included in the Financial Statements	The Company	All the Companies Included in the Financial Statements	The Company	All the Companies Included in the Financial Statements	The Company	All the Companies Included in the Financial Statements	The Company	All the Companies Included in the Financial Statements	The Company	All the Companies Included in the Financial Statements	The Company		All the Companies Included in the Financial Statements		The Company	All the Companies Included in the Financial Statements			
		Cash Amount	Stock Amount	Cash Amount	Stock Amount	Cash Amount	Stock Amount	Cash Amount	Stock Amount	Cash Amount	Stock Amount	Cash Amount	Stock Amount	Cash Amount	Stock Amount	Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chairman	Wu, Quintin (representative of Shing Lee Enterprise (Hong Kong) Limited)																					
Director	Yu, Ching-Shou (representative of Shing Lee Enterprise (Hong Kong) Limited)																					
Director	Wang, Ke-Shun (representative of Shing Lee Enterprise (Hong Kong) Limited) (Note 12)																					
Director	Kao, Che-I (representative of Shing Lee Enterprise (Hong Kong) Limited)	0	0	0	0	5,500	5,500	1,504	4,542	0.55%	0.78%	19,695	34,429	216	216	62	0	125	0	2.11%	3.50%	1,405
Director	Huang, Kuang-Che (representative of Shing Lee Enterprise (Hong Kong) Limited)																					
Director	Chang, Chi-Chung (representative of Shing Lee Enterprise (Hong Kong) Limited)																					
Independent Director	Chen, Chung																					
Independent Director	Tu, Tzu-Chun (Note 12)	4,500	4,500	0	0	0	0	544	544	0.39%	0.39%	0	0	0	0	0	0	0	0	0.39%	0.39%	0
Independent Director	Hai, Ying-Chun																					
Independent Director	Tsai, Li-Hsing (Note 12)																					
<p>1. Please state the policies, systems, standards, and structure of independent directors' remuneration payment, and describe the relevance to the amount of remuneration according to their responsibilities, risks, and time of investment: The remuneration of Independent Directors is paid based on the Company's Articles of Incorporation and the remuneration policies and measures and depends on the degree of participation and the value of their contribution to the Company's operations, with reference to the median level in the industry, and it shall be distributed after submitted to and approved by the Remuneration Committee and adopted by the Board of Directors. Except for the fixed remuneration, no other consideration is paid each year.</p> <p>2. Unless disclosed above, the Directors of the current year received remuneration for providing services (such as serving as a non-employee consultant) to the companies listed in the consolidated financial statements: None.</p>																						



## 2. Ranges of remuneration

Range of Remuneration Paid to the Directors of the Company	Name of Director			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company (Note 8)	All the Companies Included in the Financial Statements (Note 9) H	The Company (Note 8)	The Company and All the Investees Included in the Financial Statements (Note 9, 11) I
Less than NT\$1,000,000	Wu, Quintin, Yu, Ching-Shou, Wang, Ke-Shun, Kao, Che-I, Huang, Kuang-Che, Chang, Chi-Chung, and Tsai, Li-Hsing (Note 12)	Yu, Ching-Shou, Wang, Ke-Shun, Kao, Che-I, Huang, Kuang-Che, Chang, Chi-Chung, and Tsai, Li-Hsing (Note 12)	Yu, Ching-Shou, Kao, Che-I, Huang, Kuang-Che, Chang, Chi-Chung, and Tsai, Li-Hsing (Note 12)	Yu, Ching-Shou, Kao, Che-I, Huang, Kuang-Che, Chang, Chi-Chung, and Tsai, Li-Hsing (Note 12)
NT\$1,000,000 (inclusive) - NT\$2,000,000 (exclusive)	Chen, Chung, Hai, Ying-Chun, and Tu, Tzu-Chun (Note 12)	Chen, Chung, Hai, Ying-Chun, and Tu, Tzu-Chun (Note 12)	Chen, Chung, Hai, Ying-Chun, and Tu, Tzu-Chun (Note 12)	Chen, Chung, Hai, Ying-Chun, and Tu, Tzu-Chun (Note 12)
NT\$2,000,000 (inclusive) - NT\$3,500,000 (exclusive)	-	Wu, Quintin	-	-
NT\$3,500,000 (inclusive) - NT\$5,000,000 (exclusive)	-	-	-	-
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)	Shing Lee Enterprise	Shing Lee Enterprise	Shing Lee Enterprise, Wu, Quintin, and Wang, Ke-Shun	Shing Lee Enterprise and Wang, Ke-Shun
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)	-	-	-	-
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)	-	-	-	Wu, Quintin
NT\$30,000,000 (inclusive) - NT\$50,000,000 (exclusive)	-	-	-	-
NT\$50,000,000 (inclusive) - NT\$100,000,000 (exclusive)	-	-	-	-
NT\$10,000,000 or more	-	-	-	-
<b>Total</b>	<b>NT\$12,048 thousand</b>	<b>NT\$15,086 thousand</b>	<b>NT\$32,021 thousand</b>	<b>NT\$51,261 thousand</b>

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

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

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

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

Note 5. Note 5: Salary, job-related allowances, severance pay, various bonuses, incentives, transportation allowances, special allowance, various allowances, accommodation allowance and vehicle received by Directors who concurrently serve as employees (including General Manager, Deputy General Manager, other managerial officers, and employees) in the most recent fiscal year. If housing, vehicle and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rental fees and fuel costs calculated based on the actual amount or fair market value, and other payments shall be disclosed. If a driver is provided, please indicate the amount of compensation paid to the driver by the Company in a separate note (not included in the remuneration). The drivers' annual remuneration amounted to NT\$2,200 thousand

and the annual rent of the leased houses amounted to NT\$1,117 thousand. Furthermore, any compensation recognized in the IFRS 2 Share-Based Payment section, including issuance of employee stock options, new restricted employee shares and capital increase by stock subscription, should be included in the calculation of remuneration.

- Note 6. Note 6: For Directors concurrently serving as employees (including the General Manager, Deputy General Manager, other managerial officers and employees) who receive employee rewards (including shares and cash), the amount of employee rewards that have been approved by the Board of Directors and are distributed to them in the most recent fiscal year shall be disclosed. If the amount of rewards cannot be estimated, the amount of rewards in the current fiscal year shall be calculated based on the ratio of the amount of rewards distributed in the previous fiscal year, and this amount shall also be filled in Table 1-3.
- Note 7. Note 7: The total amount of all the remuneration paid to the Company's Directors by all the companies in the consolidated financial statements (including the Company) shall be disclosed.
- Note 8. Note 8: The name of each Director shall be disclosed in the range of remuneration corresponding to the amount of all the remuneration paid to the Director by the Company.
- Note 9. Note 9: The total amount of all the remuneration paid to each Director of the Company by all the companies in the consolidated financial statements (including the Company) shall be disclosed. The name of each Director shall be disclosed in the range of remuneration corresponding to the total amount. The Company is the ultimate parent company of all subsidiaries included in the consolidated financial statements.
- Note 10. Note 6: Net profit after tax refers to those acquired from recent years. According to the International Financial Reporting Standards (IFRS) employed for this report, net profit after tax shall refer to that in the parent company only financial statements in the most recent fiscal year.
- Note 11. a. This field shall clearly indicate the amount of remuneration received by the Company's Directors from investees other than a subsidiary or the parent company (if not, please fill in "none").  
b. If a Director of the Company receives remuneration from investees other than subsidiaries or the parent company, the amount of remuneration received by the Director from investees other than subsidiaries shall be combined into Column I of the table for range of remuneration, and this column shall be renamed "Parent Company and All Investees."  
c. Remuneration refers to the compensation, rewards (including rewards distributed to employees, Directors, and supervisors) and remuneration related to business expenses that are received by the Company's Directors who serve as Directors, supervisors or managerial officers at investees other than subsidiaries or the parent company.  
d. The Company is the ultimate parent company of all subsidiaries included in the consolidated financial statements.
- Note 12. Independent Director Tsai, Li-Hsing resigned on March 19, 2019 and Mr. Tu, Tzu-Chun was elected as Independent Director in a by-election at the Annual General Meeting held on June 12, 2019.  
\* A different concept is used for the content of remuneration disclosed in this table compared to that in the Income Tax Act. This table is used for information disclosure, but not for taxation.



(II) Remuneration Paid to Supervisors: Not applicable.

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

1. Collective disclosure

Unit: NT\$ thousands

Title	Name (Note 1)	Salary (A) (Note 2)		Severance Pay and Pension (B)		Bonuses and Special Allowances ( C ) (Note 3)		Employees' Remuneration (D) (Note 4)				Percentage of the total of 4 items A, B, C and D to net income after taxes (Note 10)		Remuneration paid to Directors from investees other than the Company's subsidiaries or parent company (Notes 7 and 9)
		The Company	All the Companies Included in the Financial Statements (Note 5)	The Company	All the Companies Included in the Financial Statements (Note 5)	The Company	All the Companies Included in the Financial Statements (Note 5)	The Company		All the Companies Included in the Financial Statements (Note 5)		The Company	All the Companies Included in the Financial Statements (Note 5)	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chief Executive Officer	Wu, Quintin	13,512	27,984	324	324	15,123	19,132	92	0	156	0	2.27%	3.71%	1,405
President	Wang, Ke-Shun													
Vice President	Han-Tai Liu													

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

## 2. Ranges of remuneration

Range of Remuneration Paid to the General Manager and Deputy General Manager	Name of General Manager and Deputy General Manager	
	The Company (Note 6)	The Company and All Investees (Notes 7 and 9) E
Less than NT\$1,000,000	-	-
NT\$1,000,000 (inclusive) - NT\$2,000,000 (exclusive)	-	-
NT\$2,000,000 (inclusive) - NT\$3,500,000 (exclusive)	-	-
NT\$3,500,000 (inclusive) - NT\$5,000,000 (exclusive)	-	-
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)	Wang, Ke-Shun and Liu, Han-Tai	Wang, Ke-Shun and Liu, Han-Tai
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)	Wu, Quintin	-
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)	-	Wu, Quintin
NT\$30,000,000 (inclusive) - NT\$50,000,000 (exclusive)	-	-
NT\$50,000,000 (inclusive) - NT\$100,000,000 (exclusive)	-	-
NT\$10,000,000 or more	-	-
Total	NT\$29,051 thousand	NT\$49,001 thousand

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

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

Note 3. Fill in the amount of various bonuses, incentives, transportation allowance, special allowance, various allowances, accommodation and vehicle received by the General Manager and Deputy General Manager in the most recent fiscal year. If housing, vehicle and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rental fees and fuel costs calculated based on the actual amount or fair market value, and other payments shall be disclosed. If a driver is provided, please indicate the amount of compensation paid to the driver by the Company in a separate note (not included in the remuneration). The driver's annual remuneration amounted to NT\$618 thousand and the annual rent of the leased houses provided to the General Managers and Deputy General Managers amounted to NT\$817 thousand. Furthermore, any compensation recognized in the IFRS 2 Share-Based Payment section, including issuance of employee stock options, new restricted employee shares and capital increase by stock subscription, should be included in the calculation of remuneration.

Note 4. Fill in the amount of employee bonuses (including shares and cash) that have been approved by the Board of Directors and are distributed to the General Manager and Deputy General Manager in the most recent fiscal year. If the amount of bonuses cannot be estimated, the calculation shall be calculated based on the ratio of the amount distributed in the previous fiscal year, and this amount shall also be filled in Table 1-3. Net income after tax refers to net income after tax in the most recent fiscal year. Where IFRS is adopted, net income after tax refers to net income after tax recorded in the parent company only or individual financial statements in the most recent fiscal year.

Note 5. The total amount of all the remuneration paid to the Company's General Manager and Deputy General Manager by the companies listed in its consolidated financial statements (including the Company) shall be disclosed.

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

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

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

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

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

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

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

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



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

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

December 31, 2019

Unit: NT\$ thousands

	Title (Note 1)	Name (Note 1)	Stock Amount	Cash Amount	Total	Percentage of Total Compensations on NIAT (%)
Managerial Officer	Chief Executive Officer	Wu, Quintin	0	246	246	0.0192%
	President	Wang, Ke-Shun (Note 5)				
	Vice President	Han-Tai Liu				
	Senior Manager	Wu, Ming-Tsung				
	Corporate Governance Officer	Chen, Yung-Chih				
	Chief Plant Manager	Hung Chin-Ming (Note 5)				
	Financial Officer	Yang, Wen-Li				
	Accounting Officer	Kuo, Chuan-Hua				

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

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

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

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

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

Note 5. Hung, Chin-Ming, Chief Plant Manager, was designated as Special Assistant to General Manager's Office on September 16, 2019. The Chief Plant Manager's post is temporarily held by General Manager Wang, Ke-Shun.



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

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

Category	Year	2019		2018	
		The Company	All the Companies Included in the Financial Statements	The Company	All the Companies Included in the Financial Statements
General Directors' remuneration as a percentage of NIAT (%) (excluding the remuneration to those who work as employees concurrently)		0.55%	0.78%	2.22%	2.81%
Independent Directors' remuneration as a percentage of NIAT (%) (excluding the remuneration to those who work as employees concurrently)		0.39%	0.39%		
General Directors' remuneration as a percentage of NIAT (%) (including the remuneration to those who work as employees concurrently)		2.11%	3.50%	5.55%	8.81%
Independent Directors' remuneration as a percentage of NIAT (%) (including the remuneration to those who work as employees concurrently)		0.39%	0.39%		
General Managers and Deputy General Managers		2.27%	3.71%	4.93%	7.65%

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

- (1) The regular evaluation of Directors includes their control of the Company's goals and their tasks, understanding of their own responsibilities, the degree of participation in the Company's operations, internal relationship management and communication, their professional training and continuing education, as well as internal control.
- (2) Managerial officers' remuneration shall be determined in accordance with the Company's personnel-related rules and regulations, as well as

operating performance, and shall be approved by the Board of Directors after being submitted by the Remuneration Committee. In particular, operating performance includes the financial aspect (operating income, operating benefits, and net income before tax), as well as the aspects of clients, products, talents, safety, and projects; evaluation shall be conducted of the achievement rates in the aforementioned aspects.

- (3) The correlation with the Company's business performance and future risk exposure: The Remuneration Committee references the Company's overall business performance, outlook of the industry, business risks, and development trends and evaluates the performance targets of the Company's Directors, Supervisors and managerial officers to establish the content and amount of their remuneration individually. The Committee makes suggestions and submits them to the Board of Directors for passage, while reviewing the remuneration system of Directors and managerial officers at any time according to the actual operating conditions and relevant laws and regulations.

#### IV. Implementation of Corporate Governance

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

A total of eight (8) meetings (A) were held by the Board of Directors in the most recent fiscal year (2019). The attendance of the members of the Board was as follows:

◎ : Attendance in Person ; ☆ : Attendance by Proxy

Title	Name (Note 1)	19th Term 10th meeting on February 22, 2019	19th Term 11th meeting on March 8, 2019	19th Term 12th meeting on April 1, 2019	19th Term 13th meeting on April 30, 2019	19th Term 14th meeting on May 13, 2019	19th Term 15th meeting on June 28, 2019	19th Term 16th meeting on August 13, 2019	19th Term 17th meeting on November 13, 2019	Number of Attendance in Person B	Number of Attendance by Proxy	Rate of Attendance in Person (%) [B/A] (Note 2)	Notes (Note 3)
Chairman	Wu, Quintin (representative of Shing Lee Enterprise (Hong Kong) Limited)	◎	◎	◎	◎	◎	◎	◎	◎	8	0	100.00	Re-elected
Director	Yu, Ching-Shou (representative of Shing Lee Enterprise (Hong Kong) Limited)	◎	◎	◎	◎	◎	◎	◎	◎	8	0	100.00	Re-elected
Director	Kao, Che-I (representative of Shing Lee Enterprise (Hong Kong) Limited)	☆	◎	◎	◎	◎	☆	☆	◎	5	3	62.50	Re-elected
Director	Huang, Kuang-Che (representative of Shing Lee Enterprise (Hong Kong) Limited)	◎	◎	◎	◎	◎	◎	◎	◎	8	0	100.00	Re-elected
Director	Chang, Chi-Chung (representative of Shing Lee Enterprise (Hong Kong) Limited)	☆	◎	☆	☆	◎	◎	☆	☆	3	5	37.50	Re-elected
Director and General Manager	Wang, Ke-Shun (representative of Shing Lee Enterprise (Hong Kong) Limited)	◎	◎	◎	◎	◎	◎	◎	◎	8	0	100.00	Re-elected
Independent Director	Chen, Chung	◎	◎	◎	◎	◎	◎	◎	◎	8	0	100.00	Re-elected



Title	Name (Note 1)	19th Term 10th meeting on February 22, 2019	19th Term 11th meeting on March 8, 2019	19th Term 12th meeting on April 1, 2019	19th Term 13th meeting on April 30, 2019	19th Term 14th meeting on May 13, 2019	19th Term 15th meeting on June 28, 2019	19th Term 16th meeting on August 13, 2019	19th Term 17th meeting on November 13, 2019	Number of Attendance in Person B	Number of Attendance by Proxy	Rate of Attendance in Person (%) [B/A] (Note 2)	Notes (Note 3)
Independent Director	Tu, Tzu-Chun (Note 3)	—	—	—	—	—	⊙	⊙	⊙	3	0	100.00	Newly elected, required to attend 3 meetings
Independent Director	Hai, Ying-Chun	⊙	⊙	⊙	⊙	⊙	⊙	⊙	☆	7	1	87.50	Re-elected
Independent Director	Tsai, Li-Hsing (Note 3)	⊙	⊙	—	—	—	—	—	—	2	0	100.00	Outgoing Director, required to attend 2 meetings

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

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

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

Note 3. Independent Director Tsai, Li-Hsing resigned on March 19, 2019 and Mr. Tu, Tzu-Chun was elected as an Independent Director at the Annual General Meeting held on 12 June 2019.



Other matters to be noted:

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

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

Board of Directors	Resolution and Follow-up Actions	Items listed in Article 14-3 of the Securities and Exchange Act	Dissenting or qualified opinions expressed by Independent Directors
19th Term 10th Meeting 2019.02.22	Investment in the construction of ethylene storage tanks.	v	None
	Opinions of Independent Directors: The fund raising and fund adjustments shall be planned carefully.		
	The Company's actions in response to the opinions of Independent Directors: The Company conducted relevant operations based on suggestions of the Audit Committee.		
	Voting results: All the Directors present voted in favor of the resolution without any dissenting opinion.		
11th Meeting of 19th Term 2019.03.08	1.Ratify endorsements/guarantees made for investee company Union Polymer International Investment Co., Ltd	v	None
	2.Approve the amendment of certain articles in the Regulations Governing the Acquisition and Disposal of Assets	v	None
	3.Remuneration paid to the CPAs for 2018.	v	None
	4.Appoint CPAs for the year 2019.	v	None
	Opinions of Independent Directors: None		
	The Company's actions in response to the opinions of Independent Directors: None		
	Voting results: All the Directors present voted in favor of the resolution without any dissenting opinion.		
	5.Approve the lifting of the non-compete clause for Independent Director Mr. Hai, Ying-Chun.	v	None
	Opinions of Independent Directors: None		
	The Company's actions in response to the opinions of Independent Directors: None		
Voting results: The Chair consulted all Directors present, except for the Director Hai Ying-Chun who had to recuse himself from voting due to a conflict of interest, and they voted unanimously in favor of the resolution.			
14th Meeting of 19th Term 2019.05.13	Approved the amendment to the internal control system	v	None
	Opinions of Independent Directors: None		
	The Company's actions in response to the opinions of Independent Directors: None		
	Voting results: All the Directors present voted in favor of the resolution without any dissenting opinion.		
15th Meeting of 19th Term 2019.06.28	1.Ratify endorsements/guarantees made for investee company Union Polymer International Investment Co., Ltd	v	None
	Opinions of Independent Directors: None		
	The Company's actions in response to the opinions of Independent Directors: None		
	Voting results: All the Directors present voted in favor of the resolution without any dissenting opinion.		
	2.Approve the issuance of a supporting letter for the project financing of Fujian Gulei Petrochemical.	v	None
	Opinions of Independent Directors: None		
	The Company's actions in response to the opinions of Independent Directors: None		
Voting results: The Chair consulted all Directors present, except for the Chairman Quintin Wu who had to recuse himself from voting due to a conflict of interest, and they voted unanimously in favor of the resolution.			

Board of Directors	Resolution and Follow-up Actions	Items listed in Article 14-3 of the Securities and Exchange Act	Dissenting or qualified opinions expressed by Independent Directors
16th Meeting of 19th Term 2019.08.13	1. Ratify endorsements/guarantees made for Chong Loong Trading Co. Ltd.	v	None
	Opinions of Independent Directors: None		
	The Company's actions in response to the opinions of Independent Directors: None		
	Voting results: The Chair consulted all Directors present, except for the Chairman Quintin Wu who had to recuse himself from voting due to a conflict of interest, and they voted unanimously in favor of the resolution.		
	2. Approve the amendment to certain articles of the Audit Committee Charter.	v	None
	Opinions of Independent Directors: None		
	The Company's actions in response to the opinions of Independent Directors: None		
17th Meeting of 19th Term 2019.11.13	1. Ratify endorsements/guarantees made for investee company Union Polymer International Investment Co., Ltd	v	None
	Opinions of Independent Directors: None		
	The Company's actions in response to the opinions of Independent Directors: None		
	Voting results: All the Directors present voted in favor of the resolution without any dissenting opinion.		
	2. Ratify endorsements/guarantees made for the investee company Chong Loong Trading Co. Ltd	v	None
	Opinions of Independent Directors: None		
	The Company's actions in response to the opinions of Independent Directors: None		
18th Meeting of 19th Term 2020.03.09	1. Ratify endorsements/guarantees made for investee company Union Polymer International Investment Co., Ltd	v	None
	2. Approved the amendment to certain articles of the Regulations Governing the Making of Endorsements/Guarantees	v	None
	3. Approved the amendment to certain articles of the Procedures for Loaning of Funds to Others	v	None
	4. Lifted the non-compete clause for newly elected Directors	v	None
	5. Remuneration paid to the CPAs for 2019	v	None
	6. Appoint CPAs for 2020	v	None
	7. Issuance of unsecured ordinary corporate bonds of NT\$2 billion	v	None
	Opinions of Independent Directors: None		
	The Company's actions in response to the opinions of Independent Directors: None		
	Voting results: All the Directors present voted in favor of the resolution without any dissenting opinion.		
	8. Ratify endorsements/guarantees made for the investee company Chong Loong Trading Co. Ltd.	v	None
	Opinions of Independent Directors: None		
	The Company's actions in response to the opinions of Independent Directors: None		
Voting results: The Chair consulted all Directors present, except for the Chairman Quintin Wu who had to recuse himself from voting due to a conflict of interest, and they voted unanimously in favor of the resolution.			
19th Meeting of 19th Term 2020.04.24	Ratify endorsements/guarantees made for investee company Union Polymer International Investment Co., Ltd	v	None
	Opinions of Independent Directors: None		
	The Company's actions in response to the opinions of Independent Directors: None		
	Voting results: All the Directors present voted in favor of the resolution without any dissenting opinion.		



## Corporate Governance Report

(II) Other resolutions of the Board, which the Independent Director(s) voiced dissenting or qualified opinions that are documented or issued through a written statement in addition to the above: No such occurrences.

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

Name of Director	Proposal	Reason for Recusal	Participation in Voting	Notes
Hai, Ying-Chun	Removal of the non-compete clause for Directors	The recused Director is the subject in the removal of the non-compete clause.	He did not participate in voting.	11th Meeting of 19th Term 2019.03.08
Wu, Quintin Chang, Chi-Chung	The issuance of a supporting letter for the project financing of Fujian Gulei Petrochemical.	The Director who recused himself had a conflict of interest with the proposal as a Director of Fujian Gulei Petrochemical.	He did not participate in voting.	15th Meeting of the 19th Term 2019.06.28
Wu, Quintin Wang, Ke-Shun	Donations to the USI Education Foundation	The Director who recused himself had a conflict of interest with the proposal as the chairman of the foundation.	He did not participate in voting.	11th Meeting of 19th Term 2019.03.08
				18th Meeting of 19th Term 2020.03.09
Wu, Quintin Wang, Ke-Shun	Proposal for endorsements/guarantees made for the investee company Chong Loong Trading Co. Ltd.	The Director who recused himself had a conflict of interest with the proposal as the director of the investee company Chong Loong Trading Co. Ltd.	He did not participate in voting.	16th Meeting of 19th Term 2019.08.13
				17th Meeting of 19th Term 2019.11.13
				18th Meeting of 19th Term 2020.03.09

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

Evaluation cycle (Note 1)	Period of Evaluation (Note 2)	Scope (Note 3)	Evaluation Method (Note 4)	Evaluation Content (Note 5)
Annually	January 1, 2019 to December 31, 2019	Performance Evaluation of the Board of Directors	Internal Self-evaluation of the Board of Directors	I. Performance Evaluation of the Board of Directors 1. Degree of participation in corporate operations. 2. Improvement of Board of Directors' decision-making. 3. Composition and structure of the Board of Directors. 4. The election of Directors and their continuing education. 5. Internal control.
		Evaluation of functional committees'	Self-evaluation of functional committees'	II. Evaluation of the Audit Committee's Performance 1. Degree of participation in corporate operations.

Evaluation cycle (Note 1)	Period of Evaluation (Note 2)	Scope (Note 3)	Evaluation Method (Note 4)	Evaluation Content (Note 5)
		performance	members	2. Understanding of the Audit Committee's duties. 3. Improvement of the decision-making quality of the Audit Committee. 4. Composition of the Audit Committee and selection of committee members 5. Internal control.
				III. Evaluation of the Remuneration Committee's performance 1. Degree of participation in corporate operations. 2. Understanding of the Remuneration Committee's duties. 3. Improvement of the decision-making quality of the Remuneration Committee. 4. Composition of the Remuneration Committee and selection of committee members.

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

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

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

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

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

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

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



transparency) and evaluation of implementation:

1. The Board of Directors operates in compliance with laws, regulations, the Articles of Incorporation, and the resolutions adopted by the shareholders' meeting. In addition to possess necessary professional knowledge to carry out their duties, all Directors shall act in accordance with the principles of honesty and good faith and their due obligations, to create the maximum interests for all shareholders.
2. The Company constantly pays attention to changes in laws and regulations of the competent authority, reviews its Rules of Procedure for Board of Directors' Meetings and the Rules Governing the Scope of Powers of Independent Directors, and evaluates its Audit Committee Charter in due course. The Company seeks to improve information transparency in accordance with the amended laws, and the implementation of these regulations has been effective.
3. 3. To have a corporate governance officer to safeguard shareholders' interests and to strengthen the functions of the Board of Directors, the Board of Directors engaged a corporate governance office to support operations of the Board on May 13, 2019.
4. 4. The Audit Committee was established after the Independent Directors were appointed at the 2014 Annual General Meeting. The results of performance evaluation of the Board of Directors and the functional committees in 2019 have been disclosed on the Company's website in January 2020 and have been reported at the first Board of Directors' Meeting in 2020 (March 9, 2020), to truly assess and monitor the Company's existing or potential risks, and as a basis for improvement.
5. 5. The Company's website and MOPS have disclosed relevant information regarding the Company's compliance with relevant laws and regulations and major resolutions adopted by the Board of Directors, so as to facilitate shareholders's understanding of the its development and to improve its information transparency.
6. The Company has held training courses for Directors and managerial officers and encourage them to attend corporate governance-related courses. The status of continuing education among the Directors and managerial officers of the Company is as follows:

Title	Name	Date of Training	Organizer	Course Title	Training Hours
Chairman	Wu, Quintin	July 15, 2019	Securities & Futures Institute	Impact of US-China Trade Disputes on Overseas Taiwanese Businesspeople and Response	3
		October 8, 2019	Securities & Futures Institute	Countermeasures of Enterprises and Individuals with the Enforcement of the International Tax Co-operation Economic Substance Law and Global Anti-tax Evasion	3

Title	Name	Date of Training	Organizer	Course Title	Training Hours
Director	Yu, Ching-Shou	October 8, 2019	Securities & Futures Institute	Countermeasures of Enterprises and Individuals with the Enforcement of the International Tax Co-operation Economic Substance Law and Global Anti-tax Evasion	3
Director and General Manager	Wang, Ke-Shun	July 15, 2019	Securities & Futures Institute	Impact of US-China Trade Disputes on Overseas Taiwanese Businesspeople and Response	3
		October 8, 2019	Securities & Futures Institute	Countermeasures of Enterprises and Individuals with the Enforcement of the International Tax Co-operation Economic Substance Law and Global Anti-tax Evasion	3
		October 24, 2019 - November 20, 2019	Independent Director Association Taiwan	Independent Directors and Corporate Governance [Fundamental Courses]	12
Director	Kao, Che-I	October 8, 2019	Securities & Futures Institute	Countermeasures of Enterprises and Individuals with the Enforcement of the International Tax Co-operation Economic Substance Law and Global Anti-tax Evasion	3
		November 6, 2019	Taiwan Stock Exchange (TWSE)	Advocacy of Effective Performance of Board Functions	3
Director	Huang, Kuang-Che	May 10, 2019	Securities & Futures Institute	2019 Insider Trading Prevention Seminar	3
		July 26, 2019	Securities & Futures Institute	2019 Seminar on Legal Compliance for Stock Transactions by Internal Personnel of Listed Companies and Non-Listed Companies	3
Independent Director	Chen, Chung	July 15, 2019	Securities & Futures Institute	Impact of US-China Trade Disputes on Overseas Taiwanese Businesspeople and Response	3
		October 2, 2019	Taiwan Corporate Governance Association	Impact of IFRS 17 on Life Insurance Industry	3
Independent Director	Tu, Tzu-Chun	April 19, 2019	Taiwan Corporate Governance Association	Practice and Case Study of Fintech and Financial Supervisory Technology	3
		July 15, 2019	Securities & Futures Institute	Impact of US-China Trade Disputes on Overseas Taiwanese Businesspeople and Response	3
		August 16, 2019	Taiwan Corporate Governance Association	Case study of disputes on the directors' financial statement fraud	3



Title	Name	Date of Training	Organizer	Course Title	Training Hours
		September 27, 2019	Taiwan Corporate Governance Association	Legal Due Diligence for Enterprise M&A and Introduction to Business Contract	3
		October 8, 2019	Securities & Futures Institute	Countermeasures of Enterprises and Individuals with the Enforcement of the International Tax Co-operation Economic Substance Law and Global Anti-tax Evasion	3
		October 21, 2019	Taiwan Corporate Governance Association	Trend and Challenges for Information Security Governance	3
Independent Director	Hai, Ying-Chun	April 29, 2019	Taiwan Corporate Governance Association	Company Strategy Development Direction	3
		July 15, 2019	Securities & Futures Institute	Impact of US-China Trade Disputes on Overseas Taiwanese Businesspeople and Response	3
Corporate Governance Officer	Chen, Yung-Chih	July 24, 2019	Securities & Futures Institute	2019 Seminar on Legal Compliance for Stock Transactions by Internal Personnel of Listed Companies and Non-Listed Companies	3
		October 8, 2019	Securities & Futures Institute	Countermeasures of Enterprises and Individuals with the Enforcement of the International Tax Co-operation Economic Substance Law and Global Anti-tax Evasion	3
		October 25, 2019	Securities & Futures Institute	2019 Insider Trading Prevention Seminar	3
		November 21, 2019	Taiwan Stock Exchange (TWSE)	Advocacy of Effective Performance of Board Functions	3
		November 27, 2019	Taiwan Corporate Governance Association	The 15th International Forum on Corporate Governance—Strengthening the Corporate Governance Ecology and Implementation of the Independent Director System	6
Accounting Officer	Kuo, Chuan-Hua	July 15, 2019	Securities & Futures Institute	Impact of US-China Trade Disputes on Overseas Taiwanese Businesspeople and Response	3
		October 8, 2019	Securities & Futures Institute	Countermeasures of Enterprises and Individuals with the Enforcement of the International Tax Co-operation Economic Substance Law and Global Anti-tax Evasion	3

Title	Name	Date of Training	Organizer	Course Title	Training Hours
Financial Officer	Yang, Wen-Li	July 15, 2019	Securities & Futures Institute	Impact of US-China Trade Disputes on Overseas Taiwanese Businesspeople and Response	3
		October 8, 2019	Securities & Futures Institute	Countermeasures of Enterprises and Individuals with the Enforcement of the International Tax Co-operation Economic Substance Law and Global Anti-tax Evasion	3

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



## Corporate Governance Report

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

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

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

- Adoption or amendment of internal control systems in accordance with Article 14-1 of the Securities and Exchange Act
- Assessment of the effectiveness of the internal control system
- Formulation or revision of procedures for major financial business actions including the acquisition or disposal of assets, engaging in derivative trading, loaning of funds to others, making endorsement or guarantees for others, pursuant to Article 36-1 of the Securities and Exchange Act,
- Matters concerning the personal interests of Directors
- Discussion and communication with the participants on the issues raised during CPAs' reporting on the status of audit or review of financial reports on a quarterly basis
- Review of the internal control system and relevant policies and procedures
- Major assets or derivative trading
- Material loaning of funds, making of endorsements or provision of guarantees
- The offering, issuance, or private placement of equity-type securities
- Compliance with laws and regulations and filing requests to managers for development of response plans for amendments to the laws.
- Review internal audit reports (including risk management of information security and internal controls), and maintain communication with the head of internal audit
- Evaluation of the qualifications, independence, and performance of the CPAs
- Appointment or dismissal of CPAs, or remuneration given thereto
- Appointment and dismissal of finance manager, accounting manager, and head of internal audit
- Review of the performance of the Audit Committee
- Audit of annual financial reports.
- Acceptance of and dealing with whistleblowing cases in accordance with the functions listed in this article
- Other material matters as may be required by the Company or by the competent authority

- (2) The Audit Committee met ten (10) times (A) in the most recent year. The attendance of Independent Directors was as follows:

Title	Name	Attended in Person (B)	Number of Attendance by Proxy	Percentage of Attendance in Person (%) [B/A] (Note 1)	Notes
Independent Director	Chen, Chung	10	0	100.00	Note 2
Independent Director	Tu, Tzu-Chun	5	0	100.00	Newly elected (Note 3)
Independent Director	Hai, Ying-Chun	9	1	90.00	Note 2
Independent Director	Tsai, Li-Hsing	2	0	100.00	Outgoing (Note 2 and Note 3)

(3) Operations in the current year:

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

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

Taita Chemical Company, Ltd.	Resolution and Follow-up Actions	Items listed under Article 14-5 of the Securities and Exchange Act	Other resolutions passed by two thirds of all Directors but yet to be approved by the Audit Committee
9th Meeting of 2nd Term 2019.02.22	The proposal for the investment in the construction of ethylene storage tanks is submitted for resolution.	v	None
	Suggestions of the Audit Committee: The fund raising and scheduling of the fund should be carefully planned.		
	Audit Committee Resolution: All members in attendance unanimously passed the proposals and filed for discussion in the board meeting.		
	The Company's actions in response to the opinions of the Audit Committee: All Directors present voted in favor of the resolution.		
10th Meeting of 2nd Term 2019.03.08	1. Submit the proposal for the 2018 Account Book for deliberation.	v	None
	2. Submit the proposal for endorsements/guarantees made for investee company Union Polymer International Investment Co., Ltd. for ratification.	v	None
	3. Submit the proposal for the 2018 Statement on Internal Control Systems for deliberation.	v	None
	4. Submit the proposal for the 2018 Profit Distribution Plan for deliberation.	v	None
	5. Submit the proposal for compensation paid to the Company CPAs for 2018 for deliberation.	v	None
	6. Submit the proposal for the evaluation of the independence of the CPAs appointed for 2019 for deliberation.	v	None
	7. Submit the proposal for the appointment of CPAs for 2019 for deliberation.	v	None
	8. Submit the proposal for amendments to certain articles of the "Procedures Governing the Acquisition and Disposal of Assets" for deliberation.	v	None
	9. Submit the proposal for the removal of the non-competence clause for Directors for deliberation.	v	None
Results of the Audit Committee resolution: With the exception of the recusal of Independent			



Taita Chemical Company, Ltd.	Resolution and Follow-up Actions	Items listed under Article 14-5 of the Securities and Exchange Act	Other resolutions passed by two thirds of all Directors but yet to be approved by the Audit Committee
	Director Hai Ying-Chun due to conflicts of interest, the Chair asked for the opinions of other members in attendance who agreed unanimously. The proposal was passed as proposed and submitted to the Board of Directors for discussion. The Company's actions in response to the opinions of the Audit Committee: All Directors present voted in favor of the resolution.		
13th Meeting of 2nd Term 2019.05.13	Submit the proposal for amendment to the Company's internal control systems for deliberation.	v	None
	Audit Committee Resolution: All members in attendance unanimously passed the proposals and filed for discussion in the board meeting.		
	The Company's actions in response to the opinions of the Audit Committee: All Directors present voted in favor of the resolution.		
14th Meeting of 2nd Term 2019.06.28	Submit the proposal for endorsements/guarantees made for investee company Union Polymer International Investment Co., Ltd. for ratification.	v	None
	Audit Committee Resolution: All members in attendance unanimously passed the proposals and filed for discussion in the board meeting.		
	The Company's actions in response to the opinions of the Audit Committee: All Directors present voted in favor of the resolution.		
15th Meeting of 2nd Term 2019.08.13	1. Submit the proposal for the 2019 Quarter 2 Consolidated Financial Statements for deliberation.	v	None
	2. Submit the proposal for suggestions about amendments to certain articles of the Audit Committee Charter for deliberation.	v	None
	3. Submit the proposal for endorsements/guarantees made for investee company Chong Loong Trading Co. Ltd. for ratification.	v	None
	Audit Committee Resolution: All members in attendance unanimously passed the proposals and filed for discussion in the board meeting.		
	The Company's actions in response to the opinions of the Audit Committee: All Directors present voted in favor of the resolution.		
16th Meeting of 2nd Term 2019.11.13	1. Submit the proposal for the amendment to certain articles of the Company's Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct for deliberation	v	None
	2. Ratify endorsements/guarantees made for investee company Union Polymer International Investment Co., Ltd.	v	None
	3. Submit the proposal for endorsements/guarantees made for investee company Chong Loong Trading Co. Ltd. for ratification.	v	None
	4. Submit the 2019 Audit Plan for deliberation	v	None
	Audit Committee Resolution: All members in attendance unanimously passed the proposals and filed for discussion in the board meeting. The Company's actions in response to the opinions of the Audit Committee: All Directors present voted in favor of the resolution.		
17th Meeting of 2nd Term 2020.03.09	1. Submit the 2019 Account Book for deliberation	v	None
	2. Ratify endorsements/guarantees made for investee company Union Polymer International Investment Co., Ltd.	v	None
	3. Submit the proposal for endorsements/guarantees made for investee company Chong Loong Trading Co. Ltd. for ratification.	v	None
	4. Submit the 2019 Statement on Internal Control Systems for deliberation	v	None
	5. Submit the proposal for the 2019 earnings distribution plan for deliberation	v	None

Taita Chemical Company, Ltd.	Resolution and Follow-up Actions	Items listed under Article 14-5 of the Securities and Exchange Act	Other resolutions passed by two thirds of all Directors but yet to be approved by the Audit Committee
	6. Submit the proposal for remuneration paid to the Company's CPAs for 2019 deliberation	v	None
	7. Submit the evaluation of the independence of the CPAs appointed for 2020 for deliberation	v	None
	8. Submit the appointment of CPAs for 2020 for deliberation.	v	None
	9. Submit the proposal for the amendment to certain articles of the Operational Procedures Governing the Making of Endorsements/Guarantees for deliberation	v	None
	10. Submit the proposal for the amendment to certain articles of the Procedures for Loaning of Funds to Others for deliberation	v	None
	11. Submit the proposal for the issuance of unsecured ordinary corporate bonds for NTS2 billion for resolution	v	None
	12. Submit the proposal for the competing behavior of the Company's Accounting Manager for deliberation.	v	None
	Audit Committee Resolution: All members in attendance unanimously passed the proposals and filed for discussion in the board meeting.		
	The Company's actions in response to the opinions of the Audit Committee: All Directors present voted in favor of the resolution.		
18th Meeting of 2nd Term 2020.04.24	Ratify endorsements/guarantees made for investee company Union Polymer International Investment Co., Ltd.	v	None
	Audit Committee Resolution: All members in attendance unanimously passed the proposals and filed for discussion in the board meeting.		
	The Company's actions in response to the opinions of the Audit Committee: All Directors present voted in favor of the resolution.		

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

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

Name of Director	Proposal	Reason for Recusal	Participation in Voting	Notes
Hai, Ying-Chun	Removal of the non-compete clause for Directors	The recused Director is the subject in the removal of the non-compete clause.	He did not participate in voting.	10th Meeting of 2nd Term 2019.03.08

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

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

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



Date	Key Communications Points	Suggestions and Results
February 22, 2019	9th internal audit execution report for the 2nd term	No dissenting opinion
March 8, 2019	1. 10th internal audit execution report for the 2nd term 2. Review of the 2018 Statement on Internal Control Systems.	No dissenting opinion
April 1, 2019	11th internal audit execution report in the 2nd term	No dissenting opinion
April 30, 2019	12th internal audit execution report in the 2nd term	No dissenting opinion
May 13, 2019	1. 13th internal audit execution report in the 2nd term 2. The Company's internal control system was revised in response to changes in its organization and various operations, and in accordance with the Standard Regulations on Internal Control System for Stock Affairs Unit announced and amended by the Taiwan Depository & Clearing Corporation.	No dissenting opinion
June 28, 2019	14th internal audit execution report in the 2nd term.	No dissenting opinion
August 13, 2019	15th internal audit execution report in the 2nd term.	No dissenting opinion
November 13, 2019	1. 16th internal audit execution report in the 2nd term. 2. Review of the 2019 annual internal audit plan.	No dissenting opinion

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

Summary of communication between the Audit Committee and CPAs:

Date	Key Communications Points	Suggestions and Results
March 8, 2019	1. CPAs reported the status of audit of the Company's 2018 financial statements, as well as discussed and responded to questions raised by attendees. 2. Review of the remuneration paid to the CPAs for 2018. 3. Review of the experience, performance, and independence of CPAs. 4. Appointment of CPAs for 2019. 5. The CPAs discussed and communicated with attendees on the questions they raised with regard to major legal amendments and their impact.	No dissenting opinion
May 13, 2019	CPAs reported the status of the audit of the Company's 2019 Quarter 1 financial statements, as well as discussed and responded to questions raised by attendees.	No dissenting opinion
August 13, 2019	1. CPAs reported the status of the audit of the Company's 2019 Quarter 2 financial statements, as well as discussed and responded to questions raised by attendees. 2. The CPA has discussed and communicated with attendees on the questions they raised with regard to major legal amendments and their impact.	No dissenting opinion
November 13, 2019	1. CPAs reported the status of the audit of the Company's 2019 Quarter 3 financial statements, as well as discussed and responded to questions raised by attendees.	No dissenting opinion

Date	Key Communications Points	Suggestions and Results
	2. The CPA has discussed and communicated with attendees on the questions they raised with regard to major legal amendments and their impact. 3. Communicated key verification items in the Audit Report in accordance with Statements on Auditing Standards No. 58.	

Note 1. (1) If an Independent Director resigns before the end of the year, the resignation date shall be specified in the Note column. The percentage of attendance in person (%) shall be calculated based on the number of meetings held by the audit committee and the number of actual attendance during the term of service.

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

Note 2. Appointed as an Independent Director at the Annual General Meeting held on June 8, 2017.

Note 3. Independent Director Tsai, Li-Hsing resigned on March 19, 2019 and Mr. Tu, Tzu-Chun was elected as an Independent Director at the Annual General Meeting held on 12 June 2019.

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

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

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



<u>Evaluation Item</u>	<u>Implementation Status (Note 1)</u>		<u>Abstract Illustration</u>	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	<u>Yes</u>	<u>No</u>		
III. Composition and Responsibilities of the Board of Directors (I) Has the Board of Directors drawn up policies on diversity of its members and implemented them?	✓		<p>According to Article 20 of the Company's "Corporate Governance Best-Practice Principles", diversity shall be taken into consideration in terms of the composition of the Company's Board of Directors. Moreover, members of the Board of Directors shall possess the knowledge, skills and qualities required to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities:</p> <ul style="list-style-type: none"> <li>● Business judgment ability.</li> <li>● Accounting and financial analytical ability.</li> <li>● Business management ability</li> <li>● Crisis management ability.</li> <li>● Knowledge of the industry.</li> <li>● Understanding of international markets.</li> <li>● Leadership ability.</li> <li>● Decision-making ability.</li> </ul> <p>In addition to the eight competencies above, the Company has added two professional abilities, namely legal capability and environmental protection for the diversification of the Board members by taking into consideration the growing importance of global issues concerning corporate governance and environmental protection at present. At</p>	No significant deviation

<u>Evaluation Item</u>	Implementation Status (Note 1)		<u>Abstract Illustration</u>	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	<u>Yes</u>	<u>No</u>		
			<p>present, existing members of the Board of Directors possess the knowledge, skills and qualities required to perform their duties, and specialize in professional areas including accounting and finance, international markets, law and environmental protection.</p> <p>As for Board diversity, it is planned to engage one more Director with legal professional experience, particularly those with legal licenses and practice experience in technology law, so as to strengthen the protection of the Company’s patent rights in the future; it is also planned to engage another Director with risk management expertise to enhance the Company’s sustainable competitiveness. To have Directors with legal, risk control, or other specialties on the Board of Directors is the goal in Board diversity, which will further improve the functions of the Company's Board of Directors.</p> <p>For details on the diversity of Board members, refer to the table below:</p>	



Evaluation Item	Implementation Status (Note 1)		Abstract Illustration	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons																																																																																																																																												
	Yes	No																																																																																																																																														
(II) Has the company voluntarily established other functional committees, other than the remuneration committee and audit committee that are established in accordance with the law?	✓		<table border="1"> <thead> <tr> <th rowspan="2">Name of Director</th> <th rowspan="2">Gender</th> <th colspan="10">Diversified Core Competences</th> </tr> <tr> <th>Business judgment</th> <th>Finance</th> <th>Accounting and Finance</th> <th>Business management</th> <th>Crisis management</th> <th>Knowledge of the Industry</th> <th>International markets</th> <th>Leadership</th> <th>Decision-making ability</th> <th>Law</th> <th>Environmental protection</th> </tr> </thead> <tbody> <tr> <td>Wu, Quintin</td> <td>Male</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td></td> </tr> <tr> <td>Yu, Ching-Shou</td> <td>Male</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td></td> </tr> <tr> <td>Kao, Che-I</td> <td>Male</td> <td>✓</td> <td></td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td>✓</td> <td>✓</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Huang, Kuang-Che</td> <td>Male</td> <td>✓</td> <td></td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td>✓</td> <td>✓</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Chang, Chi-Chung</td> <td>Male</td> <td>✓</td> <td></td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Wang, Ke-Shun</td> <td>Male</td> <td>✓</td> <td></td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Chen, Chung</td> <td>Male</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td></td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td></td> </tr> <tr> <td>Tu, Tzu-Chun</td> <td>Male</td> <td>✓</td> <td></td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td>✓</td> <td>✓</td> <td></td> <td>✓</td> <td></td> </tr> <tr> <td>Hai, Ying-Chun</td> <td>Male</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td></td> <td>✓</td> <td>✓</td> <td></td> <td>✓</td> <td></td> </tr> </tbody> </table> <p>The Company's Directors with employee status accounted for 22% and Independent Directors with employee status 33%. Two Independent Directors have served for two years, and the other one for one years. Two Directors are aged over 80, another three are among 70-79 years old, another three among 60-69 years old, and the remaining one is 60 years old or under.</p> <p>The Company has established a Remuneration Committee and an Audit Committee which exercise their authority in accordance with the Remuneration Committee Charter and</p>	Name of Director	Gender	Diversified Core Competences										Business judgment	Finance	Accounting and Finance	Business management	Crisis management	Knowledge of the Industry	International markets	Leadership	Decision-making ability	Law	Environmental protection	Wu, Quintin	Male	✓	✓	✓	✓	✓	✓	✓	✓	✓			Yu, Ching-Shou	Male	✓	✓	✓	✓	✓	✓	✓	✓	✓			Kao, Che-I	Male	✓		✓	✓	✓		✓	✓				Huang, Kuang-Che	Male	✓		✓	✓	✓		✓	✓				Chang, Chi-Chung	Male	✓		✓	✓	✓	✓	✓	✓				Wang, Ke-Shun	Male	✓		✓	✓	✓	✓	✓	✓				Chen, Chung	Male	✓	✓	✓	✓			✓	✓	✓			Tu, Tzu-Chun	Male	✓		✓	✓	✓		✓	✓		✓		Hai, Ying-Chun	Male	✓	✓	✓	✓			✓	✓		✓		No significant deviation
Name of Director	Gender	Diversified Core Competences																																																																																																																																														
		Business judgment	Finance	Accounting and Finance	Business management	Crisis management	Knowledge of the Industry	International markets	Leadership	Decision-making ability	Law	Environmental protection																																																																																																																																				
Wu, Quintin	Male	✓	✓	✓	✓	✓	✓	✓	✓	✓																																																																																																																																						
Yu, Ching-Shou	Male	✓	✓	✓	✓	✓	✓	✓	✓	✓																																																																																																																																						
Kao, Che-I	Male	✓		✓	✓	✓		✓	✓																																																																																																																																							
Huang, Kuang-Che	Male	✓		✓	✓	✓		✓	✓																																																																																																																																							
Chang, Chi-Chung	Male	✓		✓	✓	✓	✓	✓	✓																																																																																																																																							
Wang, Ke-Shun	Male	✓		✓	✓	✓	✓	✓	✓																																																																																																																																							
Chen, Chung	Male	✓	✓	✓	✓			✓	✓	✓																																																																																																																																						
Tu, Tzu-Chun	Male	✓		✓	✓	✓		✓	✓		✓																																																																																																																																					
Hai, Ying-Chun	Male	✓	✓	✓	✓			✓	✓		✓																																																																																																																																					

<u>Evaluation Item</u>	<u>Implementation Status (Note 1)</u>		<u>Abstract Illustration</u>	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	<u>Yes</u>	<u>No</u>		
(3) Does the company formulate the performance evaluation methods for the Board of Directors, conduct performance evaluations annually and regularly, and report the results of the performance evaluations to the Board of Directors, and use them as a reference for individual directors' remuneration and nomination and renewal?	✓		<p>the Audit Committee Charter respectively with favorable performance. The Company has voluntarily established a Corporate Social Responsibility Committee which exercises its authority in accordance with the "Corporate Social Responsibility Committee Charter" with favorable performance.</p> <p>I. Performance Evaluation of the Board of Directors</p> <p>1. The Company's Board of Directors passed the amendment to the Board of Directors Assessment Regulations on November 13, 2019, and conducts performance assessment of the Board of Directors, the Audit Committee, and the Remuneration Committee regularly each year. An internal assessment shall be conducted at the end of each year in accordance with these Regulations.</p> <p>2. The performance assessment of the Board of Directors of the Company includes the following five aspects:</p> <p>(1) Degree of participation in the Company's operations.</p> <p>(2) Improvement in the quality of decision making by the Board of Directors.</p> <p>(3) Composition and structure of the Board of Directors.</p> <p>(4) The election of the Directors and their continuing professional education.</p> <p>(5) Internal control.</p> <p>3. The performance assessment of the Board of Directors is</p>	No significant deviation



<u>Evaluation Item</u>	Implementation Status (Note 1)		<u>Abstract Illustration</u>	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	<u>Yes</u>	<u>No</u>		
			<p>performed by the Secretariat of the Board using internal self-assessment. The results of performance assessment will be adopted as reference for the Company’s review and improvement.</p> <p>4. The Company completed the performance assessment of the Board of Directors in January 2020 with an evaluation period from January 1, 2019 to December 31, 2019. The results of this year’s assessment were all positive. Suggestions and improvements to the Board of Directors are as follows:</p> <p>(1) It is advised that relevant units provide the Directors with information on the Company’s latest major operating conditions, changes in the management team, and the opportunities and challenges faced by the industry when necessary, so that they can understand the Company’s existing risks, and thus make more specific suggestions on the Company’s operational strategies.</p> <p>(2) The Company has engaged a Corporate Governance Officer in May 2019. In the future, the officer will assist in compiling the latest relevant laws and regulations within the Company's business scope, put them forward at Board meetings for discussion, and keep the Board members informed accordingly from time to time. When necessary, Directors shall be provided with the necessary</p>	

<u>Evaluation Item</u>	<u>Implementation Status (Note 1)</u>		<u>Abstract Illustration</u>	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	<u>Yes</u>	<u>No</u>		
			<p>corporate information and assistance in communication and interaction with supervisors in charge of various business categories.</p> <p>5. The results of the performance assessment of the Board of Directors were reported to the Board of Directors meeting on March 9,2020.</p> <p>II. Evaluation of the Audit Committee's Performance</p> <p>1. The Audit Committee's performance evaluation cover the following items:</p> <p>(1) Degree of participation in the Company's operations.</p> <p>(2) Understanding of the Audit Committee's duties.</p> <p>(3) Improvement of the decision-making quality of the Audit Committee.</p> <p>(4) Composition of the Audit Committee and selection of committee members.</p> <p>(5) Internal control.</p> <p>2. The performance evaluation of the Audit Committee is conducted by the Accounting Division using an internal questionnaire to evaluate the operation of the Audit Committee. The results of performance assessment will be adopted as reference for the Company’s review and improvement.</p> <p>3. Upon full collection of the questionnaires in January each year, the Company’s Accounting Division will report the</p>	



<u>Evaluation Item</u>	Implementation Status (Note 1)		<u>Abstract Illustration</u>	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons												
	<u>Yes</u>	<u>No</u>														
			<p>results to the Board of Directors in accordance with the Board of Directors Assessment Regulations.</p> <p>4. The performance evaluation of the Audit Committee of the Company (evaluation period from January 1, 2019 to December 31, 2019) was completed in January 2020. The results of the performance evaluation of the Audit Committee was reported to the Board of Directors for review and improvement on March 9, 2020 with a view to accurately assessing and monitoring the Company's existing or potential risks.</p> <p>5. The evaluation results for each item are as follows:</p> <table border="1" data-bbox="1137 970 1742 1406"> <thead> <tr> <th><b>Evaluation Item</b></th> <th><b>Results</b></th> </tr> </thead> <tbody> <tr> <td>Degree of participation in the Company's operations</td> <td>Excellent</td> </tr> <tr> <td>Understanding of the Audit Committee's duties</td> <td>Excellent</td> </tr> <tr> <td>Improvement of the decision-making quality of the Audit Committee</td> <td>Excellent</td> </tr> <tr> <td>Composition of the Audit Committee and selection of committee members</td> <td>Excellent</td> </tr> <tr> <td>Internal control</td> <td>Excellent</td> </tr> </tbody> </table>	<b>Evaluation Item</b>	<b>Results</b>	Degree of participation in the Company's operations	Excellent	Understanding of the Audit Committee's duties	Excellent	Improvement of the decision-making quality of the Audit Committee	Excellent	Composition of the Audit Committee and selection of committee members	Excellent	Internal control	Excellent	
<b>Evaluation Item</b>	<b>Results</b>															
Degree of participation in the Company's operations	Excellent															
Understanding of the Audit Committee's duties	Excellent															
Improvement of the decision-making quality of the Audit Committee	Excellent															
Composition of the Audit Committee and selection of committee members	Excellent															
Internal control	Excellent															

<u>Evaluation Item</u>	<u>Implementation Status (Note 1)</u>		<u>Abstract Illustration</u>	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	<u>Yes</u>	<u>No</u>		
			<p>III. Evaluation of the Remuneration Committee's performance</p> <p>1. The Remuneration Committee's performance evaluation covers the following four items:</p> <p>(1) Degree of participation in the Company's operations.</p> <p>(2) Understanding of duties of the Remuneration Committee.</p> <p>(3) Improvement of the decision-making quality of the Remuneration Committee.</p> <p>(4) Composition of the Remuneration Committee and selection of committee members.</p> <p>2. The performance appraisal of the Remuneration Committee is performed by the Human Resources Department and self-evaluated by the members using internal questionnaires. The results of performance assessment will be adopted as reference for the Company's review and improvement.</p> <p>3. The performance evaluation of the Remuneration Committee was completed in January 2020, with the evaluation period from January 1, 2019 to December 31, 2019. The evaluation results for 2019 were good in all aspects, and have been submitted to the Board of Directors for review in the first quarter of 2020 as a reference basis for further improvement.</p>	



<u>Evaluation Item</u>	Implementation Status (Note 1)		<u>Abstract Illustration</u>	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	<u>Yes</u>	<u>No</u>		
(IV) Does the company regularly evaluate the independence of CPAs?	✓		<p>The Accounting Division of the Company evaluates the independence of the CPA every year. The evaluation results of the most recent year were adopted at the 17th meeting of the 2nd-term Audit Committee and 18th meeting of the 19th-term Board of Directors on March 9, 2020. Based on the evaluation of CPAs Kuo, Tzu-Jung and Wu, Shi-Tsung from Deloitte &amp; Touche by the Company's Accounting Division, both CPAs have met the Company's independence evaluation standards. Items to evaluate the independence of CPAs were formulated in accordance with Article 47 of the Certified Public Accountant Act and "Code of Ethics for Certified Professional Accounts Bulletin No. 10." The main evaluation items were as follows:</p> <ol style="list-style-type: none"> <li>1. As of the most recent assurance operation, no CPA has yet to be replaced for seven (7) years.</li> <li>2. The CPA does not have significant financial interest in his/her trustor.</li> <li>3. The CPA avoids any inappropriate relationship with his/her trustor.</li> <li>4. The CPA shall ensure that his/her assistants are honest, fair and independent.</li> <li>5. The CPA may not perform audit and assurance services on the financial statements of companies he/she has served within two (2) years before practicing.</li> </ol>	No significant deviation

<u>Evaluation Item</u>	<u>Implementation Status (Note 1)</u>		<u>Abstract Illustration</u>	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	<u>Yes</u>	<u>No</u>		
			<p>6. The CPA may not permit others to practice under his/her name.</p> <p>7. The CPA does not own any shares of the Company and its affiliated companies.</p> <p>8. The CPA has not engaged in lending and borrowing of money with the Company and its affiliated companies.</p> <p>9. The CPA has not engaged in joint investments or benefit sharing with the Company or its affiliated companies.</p> <p>10. The CPA does not concurrently serve as a regular employee of the Company or its affiliated companies and does not receive a fixed salary from them.</p> <p>11. The CPA is not involved in the decision-making process of the Company and its affiliated companies.</p> <p>12. The CPA does not concurrently engage in other businesses that may lead to loss of independence.</p> <p>13. The CPA does not have a spouse, immediate family members or relatives within the second degree of kinship who serve in the senior management of the Company.</p> <p>14. The CPA has not collected any commission related to his/her service.</p> <p>15. As of now, the CPA has not engaged in any matter that may result in disciplinary actions taken against him/her or cause damage to the principle of independence.</p> <p>According to the Company's evaluation, the CPAs has not</p>	



<u>Evaluation Item</u>	<u>Implementation Status (Note 1)</u>		<u>Abstract Illustration</u>	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	<u>Yes</u>	<u>No</u>		
			engaged in matters that violate their independence, and thus, they were deemed fit to serve as CPAs for the Company. The CPA firm has also issued a letter of declaration stating that they have not engaged in matters that violate their independence.	
IV. Has the TWSE/TPEX listed company designated an appropriate number of qualified corporate governance personnel and appointed a corporate governance officer responsible for matters related to corporate governance (including but not limited to providing directors and supervisors with the necessary information for operation, assisting directors and supervisors in following regulations, handling matters related to Board meetings and the shareholders' meetings in accordance with the regulations, preparing minutes for Board meetings and the shareholders' meetings, etc.)?	✓		<p>In order to safeguard the interests of the shareholders and strengthen the functions of the Board of Directors, the Company has appointed Chen, Yung-Chih, Head of Legal Division, as the Corporate Governance Officer, the top-level manager in charge of corporate governance, as approved by the Board of Directors on May 13, 2019. Mr. Chen, Yung-Chih has over three years of experience holding the position as the head of a legal unit at a listed company. His main duties are to handle matters related to Board of Directors meetings and the shareholders' meetings in accordance with the laws, prepare minutes of the said meetings, assist Directors with their appointment and continuing education, provide information required by the Directors to perform their duties, and assist them with compliance.</p> <p>Key points for business execution in 2019:</p> <p>I. Assist Directors in performing their duties and provide them with necessary information, as well as arrange continuing education and purchase liability insurance for</p>	No significant deviation

<u>Evaluation Item</u>	Implementation Status (Note 1)		<u>Abstract Illustration</u>	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	<u>Yes</u>	<u>No</u>		
			<p>Directors:</p> <ol style="list-style-type: none"> <li>1. Compile the latest laws and regulations related to the business areas and corporate governance of the Company, put them forward at the Board of Directors meeting for discussion, and keep members of the Board informed accordingly from time to time.</li> <li>2. Assist Directors, upon request, in understanding the regulations to be complied with in the execution of their business.</li> <li>3. Provide corporate information required by the Directors and assist them with communication and interaction with supervisors in various business categories.</li> <li>4. Assist Independent Directors in arranging meetings with the chief internal auditor or CPAs to understand the financial and business needs of the Company.</li> <li>5. Assist the Company in arranging at least six hours of continuing education for Board members.</li> <li>6. Confirm that the Company has purchased the "Directors and Supervisors and Important Staff Liability Insurance" for the members of the Board and reported to the Board of Directors.</li> </ol> <p>II. Procedures for Board of Directors meetings and the shareholders' meetings and compliance regarding confirmation of resolutions:</p>	



<u>Evaluation Item</u>	<u>Implementation Status (Note 1)</u>		<u>Abstract Illustration</u>	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	<u>Yes</u>	<u>No</u>		
			<p>1. Prepare notice and agenda of Board of Directors meetings in accordance with laws; where Directors have to recuse themselves from the agenda items, they shall be reminded beforehand; the minutes shall be prepared within the statutory period.</p> <p>2. Register the date of the shareholders' meeting in advance according to the law and prepare the meeting notice, handbook, and meeting minutes within the statutory time limit.</p> <p>3. Confirm that the convening of the Board of Directors meetings and shareholders’ meetings, procedures for resolutions, and minutes of the said meetings are in compliance with relevant laws and regulations and the Corporate Governance Best Practice Principles.</p> <p>4. Change registration.</p> <p>III. Maintain investor relations: The Company’s website is updated from time to time to keep investors abreast of the Company’s financial, business, and corporate governance information in order to protect shareholders' rights and interests.</p> <p>Directors' continuing education in 2019 is as follows: Pursuant to Article 24 of the "Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed</p>	

<u>Evaluation Item</u>	Implementation Status (Note 1)			<u>Abstract Illustration</u>	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons															
	<u>Yes</u>	<u>No</u>																		
				<p>Companies and the Board's Exercise of Powers," a listed company shall arrange continuing professional education for its corporate governance officer.</p> <p>The Corporate Governance Officer shall receive at least 12 hours of continuing education each year, except for at least 18 hours within one year for the first term commencing from the date of his/her appointment.</p> <table border="1"> <thead> <tr> <th>Date of Training</th> <th>Organizer</th> <th>Course Title</th> <th>Number of Hours</th> <th>Total training hours during the year</th> </tr> </thead> <tbody> <tr> <td>July 24, 2019</td> <td>Securities &amp; Futures Institute</td> <td>2019 Seminar on Legal Compliance for Stock Transactions by Internal Personnel of Listed Companies and Non-Listed Companies</td> <td>3</td> <td>18</td> </tr> <tr> <td>October 8, 2019</td> <td>Securities &amp; Futures Institute</td> <td>Countermeasures of Enterprises and Individuals with the Enforcement of the International Tax Co-operation Economic Substance Law and Global Anti-tax Evasion</td> <td>3</td> <td></td> </tr> </tbody> </table>	Date of Training	Organizer	Course Title	Number of Hours	Total training hours during the year	July 24, 2019	Securities & Futures Institute	2019 Seminar on Legal Compliance for Stock Transactions by Internal Personnel of Listed Companies and Non-Listed Companies	3	18	October 8, 2019	Securities & Futures Institute	Countermeasures of Enterprises and Individuals with the Enforcement of the International Tax Co-operation Economic Substance Law and Global Anti-tax Evasion	3		
Date of Training	Organizer	Course Title	Number of Hours	Total training hours during the year																
July 24, 2019	Securities & Futures Institute	2019 Seminar on Legal Compliance for Stock Transactions by Internal Personnel of Listed Companies and Non-Listed Companies	3	18																
October 8, 2019	Securities & Futures Institute	Countermeasures of Enterprises and Individuals with the Enforcement of the International Tax Co-operation Economic Substance Law and Global Anti-tax Evasion	3																	



<u>Evaluation Item</u>	Implementation Status (Note 1)						Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons	
	<u>Yes</u>	<u>No</u>	<u>Abstract Illustration</u>					
			October 25, 2019	Securities & Futures Institute	2019 Insider Trading Prevention Seminar	3		
			November 21, 2019	Taiwan Stock Exchange (TWSE)	Advocacy of Effective Performance of Board Functions	3		
			November 27, 2019	Taiwan Corporate Governance Association	The 15th International Forum on Corporate Governance—Strengthening the Corporate Governance Ecology and Implementation of the Independent Director System	6		
V. Has the Company established channels of communication with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), dedicated a section of the Company's website for stakeholder affairs, and adequately responded to stakeholders' inquiries on significant corporate social responsibility issues?	✓		The Company has set up a stakeholders' section under Corporate Social Responsibility on its website, which features the categories of stakeholders and contact information as channels of communication. We disclose issues related to frequency, response methods, quality, the environment, occupational safety and health policies, employee rights, as well as social and product liabilities. In addition, the Company has appointed dedicated personnel in charge of the collection and disclosure of company information, and has implemented a spokesperson system. Communication can be performed through interviews, telephone calls, or dedicated mailboxes.					No significant deviation

<u>Evaluation Item</u>	<u>Implementation Status (Note 1)</u>			<u>Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons</u>
	<u>Yes</u>	<u>No</u>	<u>Abstract Illustration</u>	
VI. Does the Company commission a professional shareholder services agency to arrange shareholders' meetings and other relevant affairs?		✓	The Company takes charge of its own shares-related affairs, and handles matters related to Shareholders' Meetings in accordance with the law.	The Company handles its own stockholder affairs to ensure quality and efficiency.
VII. Information Disclosure (I) Has the Company established a website to disclose information on financial operations and corporate governance? (II) Has the Company adopted other means of information disclosure (such as establishing a website in English, appointing specific personnel to collect and disclose Company information, implementing a spokesperson system, and disclosing the process of investor conferences on the Company's website)? Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?	✓  ✓		The Company has set up a website ( <a href="https://www.usife.com.tw">https://www.usife.com.tw</a> ) and regularly discloses company information. The Company has appointed dedicated personnel to be in charge of the collection and disclosure of Company information, as well as has implemented a spokesperson system.  The Company has not announced and declared its annual financial report within two months after the end of the fiscal year but has announced and declared its quarterly financial reports, monthly revenue, and endorsement and guarantee information in advance of the specified period.	No significant deviation  No significant deviation  No significant deviation
VIII. Has the Company provided important information to better understand the state of corporate governance (including but not limited to employee rights, employee care,	✓		(I) The Company provides its employees with comprehensive healthcare. In addition to formulating guidelines related to employee assistance services and	No significant deviation



<u>Evaluation Item</u>	<u>Implementation Status (Note 1)</u>		<u>Abstract Illustration</u>	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	<u>Yes</u>	<u>No</u>		
investor relations, supplier relations, stakeholders’ rights, progress of training of Directors and Supervisors, risk management policy and implementation of risk impact standards, implementation of customer policies and the Company’s purchase of liability insurance for its Directors and Supervisors)?			<p>gender equality in the workplace, the Company provides annual health checkups, sports and fitness equipment, organizes various outdoor recreational activities and talks on mental, emotional and spiritual health, purchases group insurance and issues LOHAS e-newsletters . Furthermore, the Company's employees have voluntarily set up the Employee Assistance Program Center (EAPC) to help their colleagues solve work, life and psychological problems.</p> <p>(II) The Company has always been committed to the principle of equal opportunities and recognizes the contribution of employees from different backgrounds. The Company adopts an open selection process and hires the right talent for the right position, instead of restricting employees' career development based on their race, gender, age, religion, nationality or political affiliation.</p> <p>(III) With regards to the promotion of environmental protection and occupational safety and health, the Company not only complies with the relevant laws and regulations, but also expects to meet internationally recognized standards,. The Company has successfully obtained ISO 14001 and OHSAS 18001 certifications. To enhance self-inspection, the Company has established the Group Safety and Health Partners Regional Joint Rescue</p>	

<u>Evaluation Item</u>	<u>Implementation Status (Note 1)</u>		<u>Abstract Illustration</u>	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	<u>Yes</u>	<u>No</u>		
			<p>system led by the South Labor Inspection Institute, and actively participates in the events organized by Renda Safety and Health Promotion Association.</p> <p>(IV) The Company actively attends activities held by Taiwan Responsible Care Association (TRCA) in the chemical engineering industry and upholds its spirit, participates in community events, and cares for product assurance in order to create a better environment. Additionally, the Company helps contractors by building a safe and health-conscious environmental management system to ensure safety at work.</p> <p>(V) The Company has appointed a spokesperson to answer various types of questions raised by shareholders and serves as the bridge to connect the Company with its shareholders. Additionally, the Company maintains contact with its major shareholders.</p> <p>(VI) The Company encourages its directors to participate in continuing education. In addition to providing its directors with various information on continuing education, the Company organizes such courses from time to time and invites its directors to attend courses related to corporate governance.</p> <p>(VII) Implementation of risk management policies and risk measurement standards: The Company has established</p>	



<u>Evaluation Item</u>	<u>Implementation Status (Note 1)</u>		<u>Abstract Illustration</u>	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	<u>Yes</u>	<u>No</u>		
			<p>operating procedures and internal control systems, and possesses clear rules and regulations on authorized limits. The Company also performs internal audit for risk control and discloses such information in its annual reports.</p> <p>(VIII) Implementation of consumer protection or customer policy: The Company has formulated its quality policy in order to improve product and service quality, as well as continuously strives to enhance client satisfaction. The Company also maintains good relationships with suppliers based on the principles of good faith and mutual benefits.</p> <p>(IX) The Company has purchased liability insurance for its directors.</p> <p>(X) The Company compiles the "CSR Report" each year to disclose the implementation of employee rights, employee care, investor relations, supplier relations, rights of stakeholders, Directors' training records, the implementation of risk management policies and risk evaluation measures, and the implementation of client relations policies. The Company's "CSR Report" has been disclosed on the Company's website</p>	
IX. Improvements made in the most recent fiscal year in response to the results of corporate governance evaluation conducted by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and improvement measures and plans for items yet to be improved. (Leave this section blank if the Company is not included in the evaluation process)				

<u>Evaluation Item</u>	<u>Implementation Status (Note 1)</u>		<u>Abstract Illustration</u>	Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	<u>Yes</u>	<u>No</u>		
<p>Prioritized items for improvement:            In order to enhance information transparency and timeliness of disclosure, the Company uploads the Annual General Meeting Agenda Handbook and supplementary information (No. 1.17) thirty (30) days before the said meeting.</p>				

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



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

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

1. Information regarding the members of the Remuneration Committee

Title (Note 1)	Name	Criteria	Does the individual have over 5 years of professional experience and the following professional qualifications?		Independence criteria (Note 2)										Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member	Notes End of document		
			Serve as an instructor or higher positions in a private or public college or university in the field of business, law, finance, accounting, or other departments relevant to the business of the Company	Serve as a judge, prosecutor, lawyer, certified public accountant or other professional or technical specialists who have passed the relevant national examinations and successfully obtained certificates in professions necessary for the business of the Company	Work experience in business, law, finance, accounting or other areas relevant to the business of the Company	1	2	3	4	5	6	7	8	9			10	
Independent Director	Hai, Ying-Chun			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	None
Independent Director	Chen, Chung	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	None
Independent Director	Tu, Tzu-Chun	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	None

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

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

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the company or any of its affiliates (however, if an independent director is engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with this Act or local laws and regulations, this requirement shall not apply).
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the Company, or ranking among the top 10 in shareholdings.
- (4) Not a managerial officer listed in (1) or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship listed in (2) and (3).



## Corporate Governance Report

- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the company or of a corporate shareholder that ranks among the top five in shareholdings (however, if the independent director is engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with this Act or local laws and regulations, this requirement shall not apply).
- (6) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person (however, if the independent director is engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with this Act or local laws and regulations, this requirement shall not apply).
- (7) Not a director (or a managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses (however, if the independent director is engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with this Act or local laws and regulations, this requirement shall not apply).
- (8) Not a director, supervisor, manager, or shareholder holding 5% or more of the shares of a specific company or institution which has a financial or business relationship with the Company (however, if a specific company or institution holds more than 20% and no more than 50% of the total issued shares of the Company and if the independent director is engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with this Act or local laws and regulations, this requirement shall not apply).
- (9) Not a professional individual who is an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution, or a spouse thereof, that provides commercial, legal, financial, accounting services or consultation to the Company or its affiliated companies, or those made an accumulated profit of less than NT\$500,00 over the last 2 years; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act, or relevant laws or regulations.
- (10) Where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies

### 2. Responsibilities:

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

- (1) Regularly review the Committee Charter and propose recommendations to amend it when necessary.
- (2) Establish and regularly review the annual and long-term performance targets, as well as remuneration policies, systems, standards and structure of the Company's Directors and managerial officers.
- (3) Regularly evaluate the performance targets of the Company's managerial officers, and formulate the package and amount of their remuneration individually

### 3. Operations of the Remuneration Committee

- (1) The Company's Remuneration Committee consists of three (3) members.
- (2) Term of office: June 12, 2017 to June 7, 2020. A total of three (3) meetings (A) were held by the Remuneration Committee in the most recent fiscal year and the qualifications and attendance of the members are as follows:

Title	Name	Number of Attendance in Person (B)	Number of Attendance by Proxy	Percentage of Attendance in Person [B/A] (Note)	Notes
Convener	Hai, Ying-Chun	2	1	66.7%	None
Committee Member	Chen, Chung	3	0	100.0%	None
Committee Member	Tu, Tzu-Chun	3	0	100.0%	None

Other matters to be noted:

- I. If the Board of Directors declines to adopt or modifies a suggestion of the Remuneration Committee, it shall specify the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the Company's response to the Remuneration Committee's opinion (eg., the remuneration passed by the Board of Directors exceeds the suggestion of the Remuneration Committee, the circumstances and cause for the difference shall be specified):  
None.
- II. If the members of the Remuneration Committee have any dissenting or qualified opinions on the resolutions of the Remuneration Committee, where such opinions are documented or issued through written statements, the date and session of the meeting of the Remuneration Committee, resolutions, all the members' opinions and handling of these opinions shall be stated:

Remuneration Committee	Resolution and Follow-up Actions	Dissenting or Qualified Opinions Expressed by the Remuneration Committee
5th Meeting of 3rd Term 2019.03.08	1. The Company's 2018 Directors' and Employee Remuneration Distribution Plan	None
	2. Discussion of the 2018 special bonus for managerial officers.	None
	3. Review of the remuneration policy and the performance evaluation system for Directors and managerial officers.	None
	Opinions of the Remuneration Committee: None.	
	Resolution of the Remuneration Committee: All members in attendance unanimously passed the proposals and submitted them to the Board of Directors for discussion.	
The Company's actions in response to the opinions of the Remuneration Committee: All the Directors in attendance voted in favor of the resolution.		



Remuneration Committee	Resolution and Follow-up Actions	Dissenting or Qualified Opinions Expressed by the Remuneration Committee
6th Meeting of 3rd Term 2019.08.13	Annual salary adjustment report.	None
	Opinions of the Remuneration Committee: None.	
	Remuneration Committee resolution: The proposal was passed unanimously by the Committee Members in attendance.	
	The Company's actions in response to the opinions of members of the Remuneration Committee: The Company shall conduct relevant operations based on the resolution.	
7th Meeting of 3rd Term 2019.11.13	1. Amendments to certain articles of the Company's "Directors' and Managers' Remuneration Policies and Regulations."	None
	2. Amendment to certain articles of the "Regulations Governing the Evaluation of the Performance of the Board of Directors."	None
	3. Review of the Company's "Remuneration Committee Charter."	None
	4. Formulation of 2020 Business Plan of the Committee.	None
	Opinion of the remuneration committee: none	
	Resolution of the Remuneration Committee: All members in attendance unanimously passed the proposals and submitted them to the Board of Directors for discussion.	
	The Company's actions in response to the opinions of the Remuneration Committee: All the Directors in attendance voted in favor of the resolution.	

- Note: (1) Where an member of the Remuneration Committee resigns before the end of the fiscal year, the "remark" column shall be filled in with the member's resignation date, whereas his/her percentage of attendance in person (%) shall be calculated based on the number of meetings held by the Remuneration Committee and the actual number of meetings attended during his/her term of office.
- (2) If members of the Remuneration Committee are re-elected before the end of the fiscal year, incoming and outgoing members shall be listed accordingly, and the "remark" column shall indicate whether the status of a member is "outgoing," "incoming," or "re-elected," and the date of re-election. Rate of attendance in person (%) is calculated based on the number of meetings held by the Remuneration Committee and the actual number of meetings attended during his/her term of office.

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

Evaluation Item	Implementation Status (Note 1)		Summary (Note 2)	Discrepancies Between its Implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and Reasons for such Discrepancies
	Yes	No		
I. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note 3)	✓		<p>The company established the Corporate Social Responsibility Committee in 2018. The committee is under the Board of Directors, and consists of four members. Independent director Mr. Tu, Tzu-Chun serves as the chair, General Manager Wang serves as the vice chair, and the other two members are Chairman Wu and Independent Director Mr. Hai, Ying-Chun. The committee is responsible for integrating corporate social responsibility into the Company's business strategy and works to develop and fulfill corporate social responsibility on a long term basis in a purposeful, systematic, and organized manner.</p> <p>In order to ensure stable operation and that the Company's operations will not be affected by the external environment and internal operations, USI has clarified and integrated the main risk sources of the Company's operations, while considering the feasibility of practical operations. Risks are divided into four aspects: supply chain, management, finance, and the environment according to the S&amp;P's enterprise risk management framework. USI has formulated relevant risk management policies or strategies based on this framework. The Group's Audit Office regularly tracks the results of the corresponding plans, reports it to the internal control self-inspection committee, and makes timely corrections and improvements to implement the PDCA cycle to strengthen risk management accordingly.</p> <p>After evaluating the risks of various issues at this stage according to the CSR principle of materiality, the Company has formulated the relevant risk management policies or strategies as follows:</p> <p>Supply chain risks:</p> <ol style="list-style-type: none"> <li>1. Supply of raw materials:               <ol style="list-style-type: none"> <li>(1) Diversifying the risks of the sources of goods and entering into long-term contracts with major suppliers to maintain flexibility in the purchase of goods.</li> <li>(2) Regularly analyzing market trends and adjusting the procurement strategies as appropriate.</li> </ol> </li> <li>2. Industry risks:               <ol style="list-style-type: none"> <li>(1) Investing in Fujian Gulei Petrochemical</li> <li>(2) Investing in China General Terminal &amp; Distribution Corporation</li> <li>(3) Investing in high value-added EVA products</li> <li>(4) Investing in construction of the first commercial production plant in the world</li> </ol> </li> </ol> <p>Financial risks</p> <ol style="list-style-type: none"> <li>1. Investment risks:               <ol style="list-style-type: none"> <li>(1) Shall conduct feasibility study, risk analysis, and strategy response analysis for new investments</li> <li>(2) Shall approve investment projects by the Board of Directors</li> </ol> </li> </ol>	Consistent with the Corporate Social Responsibility Best-Practice Principles for TWSE or TPEX Listed Companies

Evaluation Item	Implementation Status (Note 1)		Summary (Note 2)	Discrepancies Between its Implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and Reasons for such Discrepancies
	Yes	No		
			<p>(3) Shall not engage in high risk and highly leveraged investments in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p> <p>2. Financial risks:</p> <p>(1) Controlling and managing interest rate changes</p> <p>(2) Controlling and managing fluctuations in exchange</p> <p>(3) Formulating the Operating Procedures for Endorsements and Guarantees for endorsements/guarantees</p> <p>(4) Managing property insurance</p> <p>Environmental risks</p> <p>1. Environmental pollution:</p> <p>(1) Replacing fuel oil with natural gas for boilers</p> <p>(2) Continuously strengthening the management of components of VOCs equipment</p> <p>(3) Treating VOCs through regenerative thermal oxidizers</p> <p>(4) Planing and building a thermal oxidizer (TO)</p> <p>2. Climate Change:</p> <p>(1) Establishing an Energy Conservation and Carbon Reduction Team</p> <p>(2) Budgeting for various improvement plans</p> <p>Management risks</p> <p>1. Information security risks:</p> <p>(1) Scanning vulnerabilities to enhance information security in the Company's key systems</p> <p>(2) Strengthening the security of website browsing and purchasing SSL certificate</p> <p>(3) Establishing a information security management system for continuing operation and implementation</p> <p>(4) Holding a management review meeting every year and performing external audits of information security</p> <p>2. Human resources risks:</p> <p>(1) Improving the standard operating procedures and auditing relevant document forms regularly</p> <p>(2) Ensuring employees' knowledge and skills and arranging various training programs</p> <p>3. Transportation safety risks:</p> <p>(1) Conducting relevant operations in accordance with management methods and domestic and international standards</p> <p>(2) Serving as a member of the Industrial Pipeline Regional Joint Defense Association of Kaohsiung</p> <p>4. Occupational safety:</p>	



Evaluation Item	Implementation Status (Note 1)		Summary (Note 2)	Discrepancies Between its Implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies and Reasons for such Discrepancies
	Yes	No		
			(1) Promoting process safety management (2) Strengthening contractor management (3) Offering education and training	
II. Does the Company establish an exclusively (or part-time) dedicated unit for promoting Corporate Social Responsibility? Is the unit authorized by the Board of Directors to implement CSR activities at the executive level? Does the unit report the progress of such activities to the Board of Directors?	✓		The Company has established the Corporate Social Responsibility Committee under the Board of Directors, which is a functional committee composed of four members, namely the Chairman, the General Manager, and two Independent Directors as approved by the Board of Directors. An Independent Director serves as the chief commissioner and the General Manager serves as the deputy chief commissioner. Under the Committee are a secretary and three teams, namely the Corporate Governance Team, Environmental Protection Team, and Social Relations Team. The Committee convenes meetings at least twice a year and two (2) meetings were convened in 2019. The plans (contents) and results of the current year were reported to the Board of Directors on August 13, 2019. The Corporate Governance Team communicates with investors, customers, suppliers, and government agencies on topics we face for achieving sustainable operations to maintain trust between our company and our stakeholders. The Environmental Protection Team integrates internal measures and plans relating to environmental protection, energy conservation, emissions reduction, and occupational health and safety; follows up and reviews implementation outcomes; and discusses topics in environmental protection that are key to meeting stakeholder expectations, so as to meet stakeholders' expectation. The Social Relations Team communicates with employees, community residents, and non-profit organizations on topics relating to employee care, social care and social engagement to contribute to the creation of a fair, just, safe, and harmonious society. Each team is formed by representatives from relevant departments and responsible for the promotion of CSR-related work. In addition, the Committee reports to the Board of Directors on the status of CSR implementation. Please refer to the Corporate Social Responsibility Committee under Section 2.1 Corporate Governance in the Company's 2019 Corporate Social Responsibility Report for more information.	Consistent with the Corporate Social Responsibility Best-Practice Principles for TWSE or TPEx Listed Companies
III. Environmental Issues (I) Has the company established a suitable environmental management system based on its industrial characteristics? (II) Is the company committed to improving the efficiency of utilizing	✓  ✓		(I) The Company established the ISO 14001 environmental management system in 1998, which has been operating for more than 20 years. This environmental management system has provided the Company with an excellent environmental protection structure to control and reduce the impact on the environment, to prevent accidents from impacting the environment, and to ensure compliance with regulations. In addition, the audit and certification of the ISO50001 energy management system were completed on October 16, 2019, to complete the energy management system. (II) The Company is committed to improving the efficiency of recycling raw materials during its product manufacturing process, in order to reduce VOCs emissions while reducing the consumption of materials and the costs required for production and manufacturing. The high-pressure recycling	Consistent with the Corporate Social Responsibility Best-Practice Principles for TWSE or TPEx Listed Companies

Evaluation Item	Implementation Status (Note 1)		Summary (Note 2)	Discrepancies Between its Implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and Reasons for such Discrepancies
	Yes	No		
<p>various resources and using recycled materials with low impacts on the environment?</p> <p>(III) Has the company assessed the present and future potential risks and opportunities of climate change for the entity, and taken measures to respond to climate-related issues?</p> <p>(IV) Has the company calculated its GHG emissions, water consumption, and total waste weight in the past two years, and formulated policies for energy conservation, reductions of carbon, GHG, and water consumption, or other waste management?</p>	<p>✓</p> <p>✓</p>		<p>system improvement project for plant No. 2 completed by the Company in 2013 has significant results in the recycling of butene, n-hexane, and isopentane. The Company is gradually using EVA with a high content of vinyl acetate as the main production force for its products. The demand for vinyl acetate recycling and purification has also increased year by year. The installation of a new MRT tower started in 2015, and the construction was completed in the middle of 2016. At present, the newly installed tower are operating conjunction with the old tower normally. In 2017, a condenser was newly installed at the front of the existing ethylene purification tower (EPT); in addition to avoiding the occurrence of gelation of vinyl acetate inside the heat exchanger and the molecular sieve in the purification system, and the condenser is able to recycle and purify vinyl acetate for reuse to reduce raw material consumption.</p> <p>(III) In order to implement the commitments to corporate social responsibility and to continuously manage the risks associated with climate change and response strategies and measures, in addition to following the energy conservation and carbon reduction targets set by the USI Group, the Company has referred to the identification process of climate risks and opportunities under the Task Force on Climate-related Financial Disclosures (TCFD) framework released by the Financial Stability Board (FSB) in 2017 to identify risks and opportunities while establishing response measures and implementing plans. Please refer to Section 4.3 Climate Change and Energy Management in the Company's 2019 CSR report.</p> <p>(IV) To keep abreast of the Company's GHG emission status, the Kaohsiung plant voluntarily performs a GHG inventory audit every year, and releases major emission sources in a summarized manner by means of operational control. To comply with the government's GHG reduction policy, the Company has formulated energy conservation and carbon reduction plans for each unit and set plant-wide energy conservation and carbon reduction goals. In addition, the Company has also established an energy conservation and carbon reduction team with the help of the affiliated companies of USI Corporation, and put together consistent approaches through resource integration and experience sharing in order to jointly promote practical and effective energy conservation and carbon reduction plans and perform quarterly review of implementation results.</p> <ul style="list-style-type: none"> <li>● Greenhouse gas emissions (Scope 1 + Scope 2): 150,510 tons of CO<sub>2</sub>e in 2018. 158,024 tons of CO<sub>2</sub>e in 2019.</li> <li>● Total water withdrawal: 1,006.952 billions liters in 2018. 1,034.216 million liters in 2019.</li> </ul>	



Evaluation Item	Implementation Status (Note 1)		Summary (Note 2)	Discrepancies Between its Implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and Reasons for such Discrepancies
	Yes	No		
			<ul style="list-style-type: none"> <li>● Total waste: 375.57 tons in 2018. 736.20 tons in 2019.</li> </ul> <p>The implementation plans and results of energy conservation and carbon reduction, water conservation, and waste management of the Company in 2019 are as follows:</p> <ol style="list-style-type: none"> <li>1. Goal: Reduce greenhouse gas emissions by 2,378 tons Measure: 2019 Plant-wide Energy Conservation Plan Methods of Implementation: <ol style="list-style-type: none"> <li>(1) The cooling water supply pipe at plant No. 1 is connected to pipelines to reduce the required number of cooling water pumps operating</li> <li>(2) Renewal of ethylene pumps at plant No. 2.</li> <li>(3) Replacement of J-311A/B clear water pumps</li> <li>(4) Reduction of silo blending time on the B Line by 6 hours</li> <li>(5) Replacement of air-conditioning at the repair plant</li> <li>(6) Energy conservation project to switch to the variable-frequency fan motor in cooling tower at Plant No. 2</li> <li>(7) Renewal of conveying blowers</li> </ol> <p>Implementation results: The target power saving rate for 2019 was 1.79%, and the actual achievement rate was 1.33%, and 1,788 metric tons of CO<sub>2</sub>e of greenhouse gas emissions were reduced. In addition, the energy conservation plans declared to and registered with the Bureau of Energy in 2020 include the renewal of blowers, the replacement of pumps with high-efficiency motors, replacement of the fan motor of the cooling water tower at plant No.2 with the variable-frequency one, replacement of the motors of the ice water machines with high-efficiency motors, renewal of freezers, and the replacement of explosion-proof lamps in the plant area with LED lamps 1, the change of the water source in the security office to other water sources, the change of water for the parking area at the CBC plant to the water supply at plant No.1, and the office air conditioner replacement project It is estimated that by 2020, 2,622,047 kWh of electricity will be saved with a saving rate of 1.04%, and carbon reduction will be 1,398 tons of CO<sub>2</sub>e.</p> </li> <li>2. Goal: Reduce wastewater effluent by 5,280 tons Measure: Wastewater recycling Implementation methods and results: <ol style="list-style-type: none"> <li>(1) Increase the reutilization rate of water resources</li> </ol> </li> </ol>	

Evaluation Item	Implementation Status (Note 1)		Summary (Note 2)	Discrepancies Between its Implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and Reasons for such Discrepancies
	Yes	No		
			<p>The steam condensate recovery system has been improved. After the completion and commissioning of the new boiler in Kaohsiung Plant, the recovered steam condensate is directed to the new boiler to be reused. The water recycled each year amounts to approximately 5,969 tons.</p> <p>(2) Recycling and reuse of overflowing water from pellet cutting process The overflowing water from pellet cutting process in plants is collected in the settling pool and directed to the recycled water treatment facilities through pipelines before being recycled to the cooling tower for use. It reduces the usage of tap water and reduces process wastewater effluent. The water recycled each year amounts to approximately 27,720 tons.</p> <p>(3) Continuous wastewater monitoring and recycling The system continuously monitors the quality of effluent from the plant and increases the response capacity for wastewater treatment. It also ensures that the effluent meets control standards. The effluent is processed in the recycling system and used to replenish water in the cooling tower to reduce the usage of tap water and reduce process wastewater effluent.</p> <p>(4) Detention pool and tank area rainwater recovery The rainwater collected in the existing detention pool and tank areas is directed to the cooling tower via a pipe. The rainwater is filtered with a rainwater separator by the cooling tower and used to replenish water in the cooling tower. It is estimated that the water recycled each year amounts to approximately 13,623 tons.</p> <p>3. Waste Management: Plans Implemented: (1) Waste declaration and management of storage areas. (2) Waste recycling and reuse projects. Implementation results: A test was conducted on the re-use of waste wax, and the initial results showed that the wax recycling rate was 83% and the residual VAM treatment efficiency was 90% or more.</p>	
IV. Social Issues (I) Has the Company formulated relevant management policies and procedures in accordance	✓		(I) The Company has made reference to internationally recognized human rights standards, including the International Bill of Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work to fully exercise CSR and implement human rights protection. Besides, the Company has established human rights policy applicable to the Company and all affiliates of the	Consistent with the Corporate Social Responsibility Best-Practice Principles for TWSE or TPEX Listed



Evaluation Item	Implementation Status (Note 1)		Summary (Note 2)	Discrepancies Between its Implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and Reasons for such Discrepancies
	Yes	No		
<p>with relevant laws and regulations and the International Bill of Human Rights?</p> <p>(II) Does the Company formulate and implement reasonable employee benefits measures (including compensation, days-off, and other benefits, etc.), and appropriately link the operating performance or results to employee compensation?</p> <p>(III) Does the Company provide a safe and healthy work environment for its employees, and regularly offer safety and health education to its employees?</p>	<p>✓</p> <p>✓</p>		<p>USI Group, to eliminate human rights violations; as such, the Company's current employees, in addition to enjoying a reasonable and safe workplace, can be treated in a reasonable and dignified manner.</p> <ol style="list-style-type: none"> <li>1. Follow relevant laws and regulations to provide a safe and healthy workplace</li> <li>2. Committed to maintaining a workplace which is free of violence, harassment and intimidation, as well as respect the privacy and dignity of employees</li> <li>3. The Company does not hire child labor</li> <li>4. The Company prohibits forced labor</li> <li>5. Eliminate unlawful discrimination and reasonably ensure equal opportunity in employment and promotion</li> <li>6. Respect employees' rights to organize and participate in legally recognized labor unions to protect their right to work</li> </ol> <p>(II) The Company has established the Remuneration Committee to regularly review its remuneration policies and report rewards and disciplinary actions based on outcomes of performance appraisal so as to ensure that its reward and disciplinary action system is effective. The annual salary of the regular employees is 14 months, including 12 months of salary and two months of bonus. The Company also provides incentive pay on three major holidays and distributes year-end bonuses based on the Company's profitability, personal performance of the employees, and achievement rate of organizational objectives.</p> <p>(III) The Company has obtained the ISO 14001 environmental management system certification and the OHSAS18001 occupational health and safety management system certification. The department in charge of the safety and environment and the one in charge of work operations perform audits and conduct daily inspection rounds for occupational safety. Meanwhile, through the Group-wide Regional Safety and Health Partners Joint Defense System recommended and guided by the Labor Inspection Office of Southern Taiwan, Ministry of Labor, the affiliated companies of the Group supervise each other and exchange experience to further implement safety and health management. The Company has an "Occupational Safety and Health Committee (OSHC)" established in accordance with the "Regulations for Occupational Safety and Health Management," with labor representatives elected or appointed by the union. The committee meets with management every</p>	<p>Companies</p>

Evaluation Item	Implementation Status (Note 1)		Summary (Note 2)	Discrepancies Between its Implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and Reasons for such Discrepancies
	Yes	No		
			<p>quarter to discuss ESH topics on behalf of employees. We team up with the Taiwan Responsible Care Association (TRCA) and the Renda Industrial Park Safety and Health Promotion Association to promote industrial safety, health, and environmental protection together and learn from one another in order to improve the protection of employee safety and health. In addition, we organize fire exercises and industrial safety education and training biannually to develop emergency response skills and self-safety management of employees. Based on the production activities of the Company, we have established emergency response procedures for raw material (chemical) leakage, fire, explosions, and earthquakes. In addition, we have classified incidents into three levels and have planned different response measures. When the level of an incident rises, the response shall change accordingly. The three stages of response are as follows:</p> <p>Stage 1. Minor leakage of hazardous substances and a minor fire occur within the plant.</p> <ul style="list-style-type: none"> <li>● The on-duty officer will be the site commander to instruct personnel within the unit to stop the leakage or fire.</li> </ul> <p>Stage 2. Major leakage of hazardous substances and a major fire occur within the plant where the emergency response team of the incident occurring unit cannot effectively control the situation, and it must mobilize the plant's emergency response organization to support.</p> <ul style="list-style-type: none"> <li>● The on-duty officer sends request for support to the head of unit and mobilizes the emergency response organization according to the alert and reporting procedure.</li> <li>● Based on the emergency situation, request for support outside of the plant and notify relevant agencies when necessary.</li> <li>● Determine the need to immediately shut down plant operations and isolate the incident affected area.</li> <li>● The site commander can be the head of the incident occurring unit or department, until the general plant manager or his/her deputy takes over the command.</li> <li>● Set up a response command center to gather information regarding the latest situation for the chief commander to make decisions and notify the response organization.</li> </ul> <p>Stage 3. The incident may spread outside of the plant and its impact reaches outside of the plant.</p> <ul style="list-style-type: none"> <li>● The general plant manager or his/her deputy becomes the chief commander to command the emergency plan within the plant and report the situation to the Fire Bureau of Kaohsiung City.</li> <li>● If the situation cannot be controlled and may threaten the life of employees, the plant is evacuated.</li> </ul> <p>Every year we commission major hospitals to give health examinations to employees to protect their physical health and report the examination results to competent authorities for reference as necessary. We also arrange special health examinations for employees of specific plant engaging in dusty,</p>	



Evaluation Item	Implementation Status (Note 1)		Summary (Note 2)	Discrepancies Between its Implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and Reasons for such Discrepancies
	Yes	No		
(IV) Has the Company established effective career development and training plans for its employees?	✓		<p>ionizing radiation, and n-hexane work. At USI, the safety management of contractors and suppliers is equally important. Therefore, we have established the "Contractor Management Regulations" and the "Contractor Entry Management Manual." Both documents include industrial safety education and training for contractors, and they must pass safety certification before they can perform their contracts at USI. To strengthen safety supervision during construction, we have established the "Labor Safety and Health Tour Inspection Regulations" to implement ESH tour inspections every day within the plant to improve the safety of all processes and ensure the safety, life, and health of employees. Before implementing high-risk work, we run a risk assessment process to identify hazards, assess risk, take precautionary measures, and review the emergency response plan. We also hold communication and coordination meetings with contractors on a regular basis before the start of the operation at the plant, to ensure operational safety. Education, training, and publicity are the foundation to promote ESH awareness to employees and contractors. By establishing the "Labor Safety and Health Education and Training Regulations," we provide knowledge and skill training for different categories of employees and contractor personnel based on actual need. In 2019, a total of 1,270 people participated in 143 sessions of environmental safety and health education and training, with a total of 3,909 training hours.</p> <p>(IV) The Company has established an all-round education and training system in coordination with the external environment, its business principles, department performance goals, and employees' career development needs, in order to provide training courses required by all-round talents. With regard to the employees' continuing education and learning, the Company conducts the employee training needs survey in the fourth quarter of every year to formulate education and training plans and budgets. Meanwhile, the Company has also set up a digital learning platform as the means for self-learning, and regularly holds employee functional training, management training, seminars, health talks, and various conferences to enhance employees' professional and management skills, thereby balancing employees' physical and mental development. In order to improve employee quality and overall competitiveness, courses are conducted using diverse methods. In addition to lectures, in-class activities are designed according to course attributes, while case study discussions or group discussions are carried out with a view to making learning more lively and productive. Additionally, online e-learning courses allows the employees to effectively participate in learning activities anytime, anywhere, thereby enhancing their career development and overall work performance.</p>	
(V) Has the company complied with relevant	✓		<p>(V) The Company strives to provide clients with satisfying services and hopes to establish long-term partnerships with them while following relevant laws and international standards and formulating</p>	

Evaluation Item	Implementation Status (Note 1)		Summary (Note 2)	Discrepancies Between its Implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and Reasons for such Discrepancies
	Yes	No		
<p>laws and regulations and international standards for its products and services respecting customer health and safety, customer privacy, marketing and labeling, and formulated relevant consumer protection policies and grievance procedures?</p> <p>(VI) Does the company formulate a supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights? And, how well are those policies implemented?</p>	✓		<p>relevant consumer protection policies and complaint procedures to maintain customers' health and safety. As for client data protection, the Group's Information System Division has formulated various regulations to protect and control all kinds of data, and has access control strategy and process in place for clients' data, along with strict measures, such as strengthening firewall management, access control, separation of test environment from actual operating environment, to prevent the risk of leaks of clients' confidential information. In 2019, there were no violations of product labeling regulations and fines thereof, nor breaches of customer privacy or leaks of their data.</p> <p>(VI) The Company focuses on quality, capability, and environmental protection policies, cooperates with high-quality suppliers on a long-term basis to fulfill its corporate social responsibility, conveys environmental policies to contractors and carriers, complies with the EU's RoHS regulations, strengthens education and training on environmental protection, pays attention to suppliers' safety in the plant area, and ensures the safety of various operations, so as to ensure life safety and health of personnel and to conduct risk management collectively.</p>	
<p>V. Consistent with the Corporate Social Responsibility Best-Practice Principles for TWSE or TPEX Listed Companies</p>	✓		<p>The Company prepares a CSR report based on the core options of the GRI Standard, and the report is certified by SGS Taiwan Ltd., an independent third-party assurance agency, in accordance with the Type 1 moderate-level assurance of the AA1000 Assurance Standard (2008) and the degree of compliance set out in the GRI standards.</p>	<p>Consistent with the Corporate Social Responsibility Best-Practice Principles for TWSE or TPEX Listed Companies</p>
<p>VI. If the Company has established its own Corporate Social Responsibility Best Practice Principles in accordance with the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies, state the discrepancies between these principles and its implementation: There is no material discrepancy in the Company's Corporate Social Responsibility Best Practice Principles formulated in accordance with the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and in the implementation.</p>				



Evaluation Item	Implementation Status (Note 1)			Discrepancies Between its Implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and Reasons for such Discrepancies										
	Yes	No	Summary (Note 2)											
<p>VII. Other important information that facilitate the understanding of the implementation of Corporate Social Responsibility:</p> <p>(I) Composition, duties, and operation of the CSR Committee:  The Company's Corporate Social Responsibility Committee was officially established on June 26, 2018 and the composition, duties, and operations of the Corporate Social Responsibility Committee are as follows:</p> <p>1. Information on the members:</p> <table border="1"> <thead> <tr> <th>Title</th> <th>Name</th> </tr> </thead> <tbody> <tr> <td>Committee Chairman</td> <td>Tu, Tzu-Chun, Independent Director</td> </tr> <tr> <td>Deputy Committee Chairman</td> <td>Wang, Ke-Shun, Director and General Manager</td> </tr> <tr> <td>Committee Member</td> <td>Wu, Quintin, Chairman</td> </tr> <tr> <td>Committee Member</td> <td>Hai, Ying-Chun, Independent Director</td> </tr> </tbody> </table> <p>(1) The current term of office is from June 26, 2018 to June 7, 2020. The members of the committee include: the Company's Chairman, General Manager, Tu, Tzu-Chun, Independent Director, and Hai, Ying-Chun, Independent Director. (Note: Independent Director Tsai, Li-Hsing resigned on March 19, 2019 and Mr. Tu, Tzu-Chun was elected as Independent Director in a by-election at the Annual General Meeting held on June 12, 2019.)</p> <p>(2) The Corporate Social Responsibility Committee shall meet at least twice a year. Three meetings were held in the most recent year with 100% attendance in person.</p> <p>2. Responsibilities:</p> <p>(1) Determining the CSR policy;</p> <p>(2) Outlining the CSR strategy, annual plan, and project plans;</p> <p>(3) Supervising the plans of SCR strategies, the implementation of the annual plan and project plans, and evaluating the implementation;</p> <p>(4) Reviewing and approving the CSR Report;</p> <p>(5) Reporting the implementation of CSR activities to the Board of Directors each year;</p> <p>(6) Other matters to be conducted by the Committee per board resolution.</p> <p>3. State of operations:</p> <p>First meeting of 2019</p> <p>(1) Meeting date: March 8, 2019</p> <p>(2) Committee members in attendance: Tsai, Li-Hsing, Wang, Ke-Shun, Wu, Quintin, and Hai, Ying-Chun</p> <p>(3) Report on the results of the 2018 Corporate Social Responsibility Plan.</p> <p>(4) Progress report of the 2018 Corporate Social Responsibility Report.</p> <p>Second meeting of 2019</p> <p>(1) Meeting date: August 13, 2019</p> <p>(2) Committee members present: Tu, Tzu-Chun, Wang, Ke-Shun, Wu, Quintin, and Hai, Ying-Chun</p> <p>(3) Report on relevant plans on corporate social responsibility for the first half of 2019.</p> <p>(4) Report on the progress of the 2018 Corporate Social Responsibility Report.</p>					Title	Name	Committee Chairman	Tu, Tzu-Chun, Independent Director	Deputy Committee Chairman	Wang, Ke-Shun, Director and General Manager	Committee Member	Wu, Quintin, Chairman	Committee Member	Hai, Ying-Chun, Independent Director
Title	Name													
Committee Chairman	Tu, Tzu-Chun, Independent Director													
Deputy Committee Chairman	Wang, Ke-Shun, Director and General Manager													
Committee Member	Wu, Quintin, Chairman													
Committee Member	Hai, Ying-Chun, Independent Director													

Evaluation Item	Implementation Status (Note 1)			Discrepancies Between its Implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and Reasons for such Discrepancies
	Yes	No	Summary (Note 2)	
<p>First meeting of 2020</p> <p>(1) Meeting date: March 9, 2020</p> <p>(2) Committee members present: Tu, Tzu-Chun, Wang, Ke-Shun, Wu, Quintin, and Hai, Ying-Chun</p> <p>(3) Report on the results of the 2020 Corporate Social Responsibility Plan.</p> <p>(4) Report on the progress of the 2019 Corporate Social Responsibility Report.</p> <p>(II) Implementation of environmental protection and occupational safety and health:</p> <p>1. Environmental Protection Policies:</p> <p>(1) Comply with relevant environmental protection and occupational safety and health regulations, as well as relevant requirements derived from such regulations.</p> <p>(2) Continue to conserve and reuse resources and energy, as well as reducing industrial waste.</p> <p>(3) Prevent pollution and reduce potential risks in operations</p> <p>(4) Continue to provide employees with education and training, implement measures related to environmental protection and occupational safety and health.</p> <p>(5) Actively communicate with customers and residents, manage suppliers and contractors, and encourage all employees to participate in matters related to environmental protection and occupational safety and health.</p> <p>(6) To thoroughly implement environmental management system to enhance environmental performance and reduce environmental safety risks in communities</p> <p>2. The Company has been a member of the Taiwan Responsible Care Association since 1998 serves as a member of the Association's Regulatory Committee who regularly participates in regulatory discussions. The Company applies the "Responsible Care Management Practices" established by TRCA to its entire plant, and reports its safety, health and environmental protection performance indicators every year.</p> <p>3. The Company continues to implement industrial waste reduction, improve workplace safety, and enhance environmental protection and occupational safety and health training for employees.</p> <p>4. The Company has formulated its "Waste Management Practices" in accordance with the "Standards for Defining Hazardous Industrial Waste" in order to determine the characteristics of waste and details such information in the "Waste Cleanup Plan" before submitting the plan to the competent authority.</p> <p>5. The Company has formulated its "Regulations Governing the Management of Recycled and Regenerated Products" that specify resource recycling, classification, storage and auction operations, with the purpose of achieving waste reduction and resource recycling and reuse.</p> <p>6. The Company's subsidiary, Taiwan VCM Corporation rented part of the land occupied by the China Petrochemical Development Corporation's Cianjhen Plant from January 1, 1970 to December 31, 1989 to set up its plant and manufacture VCM. In October 2006, the area was deemed a groundwater pollution control site. After remediating the area using the "Physics+Chemistry+Biology" engineering method developed by Taiwan VCM Corporation, the groundwater pollution concentration level of the site decreased to less than the groundwater pollution control standard. Based on the findings of re-inspections by the Environmental Protection Bureau of the Kaohsiung City Government on January 11, 2016, it was announced on April 11, 2016 that the area had its status as a groundwater pollution control site terminated and was removed from the delineation of the groundwater pollution control region.</p> <p>7. In 2010, part of the land occupied by China General Plastics Corporation's Toufen Plant was listed as a groundwater pollution control site and included in the groundwater pollution control region by environment unit. Therefore, the Company introduced and implemented the "Physics+Chemistry+Biology" engineering method developed by Taiwan VCM Corporation to carry out remediation and improvement of the area. After the field samples collected were verified by environmental protection agencies, it was found that various data have complied with the government's control standards. The site was removed as a groundwater</p>				



Evaluation Item	Implementation Status (Note 1)			Summary (Note 2)	Discrepancies Between its Implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and Reasons for such Discrepancies
	Yes	No			
				<p>pollution control site by the Environmental Protection Administration on February 24, 2017 and the Environmental Protection Bureau of the Miaoli County Government on March 21, 2017.</p> <p>(III) Implementation of energy conservation and carbon reduction:</p> <p>1. Energy conservation and carbon reduction policies:</p> <p>(1) To achieve energy conservation and carbon reduction regulations set by the government, as well as actively promote and develop energy conservation and carbon reduction projects.</p> <p>(2) To demonstrate the Company's commitment towards energy conservation and carbon reduction, and rewards the incorporation of energy conservation and carbon reduction cases in order to propose improvements to the system.</p> <p>(3) To promote energy conservation and carbon reduction plans at departmental level and carry out energy conservation and carbon reduction education and promotional work.</p> <p>(4) To implement energy conservation and carbon reduction-related individual job details and continuously provide employees with education and training in order to implement energy conservation and carbon reduction.</p> <p>2. Outcomes of energy conservation and carbon reduction:</p> <p>(1) The Company's carbon dioxide emissions in 2018 and 2018 were 753,522 tonnes and 782,716 tonnes respectively, representing a decrease of 8,402 tonnes and 10,358 tonnes respectively.</p> <p>(2) On January 17, 2016, the Environmental Protection Administration (EPA) of the Executive Yuan announced the "first group of stationary resources required for GHG reporting." As the annual emissions of Renwu plant is less than 25,000 tons of CO<sub>2</sub>e according to the trial calculation of stationary burning of fossil fuel, the Company was not one of the stationary sources required for reporting. To understand the status of its GHG emissions, the Renwu plant conducts voluntary GHG inventory every year. The organizational boundary of GHG inventory covers the entire Renwu plant. We consolidate emissions of major emission sources with operational control. We also convert the global warming potential (GWPs) of different types of GHGs into carbon dioxide equivalent (CDE, CO<sub>2</sub>e) as announced by the Intergovernmental Panel on Climate Change (IPCC) in 2007.</p> <p>(3) The greenhouse gas inventory audit of our production sites of the Toufen Plant and the Linyuan Plant were performed by SGS Taiwan in accordance with ISO14064-1: 2006. The total emissions verified in 2017 was 396,700 metric tons. The estimate through self-inspection for 2018 was 399,960 metric tons (SGS has not completed the verification of the Linyuan plant as of the publication date. The figure will be published on the website after the verification is confirmed and revised accordingly in the next annual report). In addition, the Company has completed performance guidance programs for automatic greenhouse gas reduction, and in 2018 and 2017, the carbon emissions were reduced by 6,891 metric tons and 17,689 metric tons, respectively. The gas inventory audit of our production sites of the Toufen Plant and the Linyuan Plant were performed by SGS Taiwan in accordance with ISO14064-1: 2006. The verified total emissions in 2018 were 402,920 metric tons, and the estimate through self-inspection for 2019 was 381,240 metric tons (SGS has not completed the verification of the Linyuan plant as of the publication date. The figure will be published on the website after the verification is confirmed and revised accordingly in the next annual report). In addition, the Company has completed performance guidance programs for automatic greenhouse gas reduction and reduced carbon emissions by 2,77 tons and 06,891 tons for 2019 and 2018.</p> <p>(4) The Company's Toufen Plant and Linyuan Plant executed 56 energy conservation and carbon reduction projects in 2018. The results have been submitted to the Bureau of Energy. Total energy savings amounted to 165,495 GJ and carbon emissions were reduced by 13,578 tons CO<sub>2</sub>e.</p>	

Evaluation Item	Implementation Status (Note 1)			Discrepancies Between its Implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and Reasons for such Discrepancies
	Yes	No	Summary (Note 2)	
<p>3. Energy conservation and carbon reduction plans: In line with the Group's policies, the Company's energy management target from 2010 to 2025 is an average annual energy saving rate of 1.2% or more, and it conducts a dynamic review according to national policies and regulations. Key tasks are as follows:</p> <ol style="list-style-type: none"> <li>(1) Set up recycling treatment equipment for water from centrifuge process.</li> <li>(2) Set up HBF high-efficiency biological treatment for wastewater.</li> <li>(3) Install independent hot and cold pure water charging tubes.</li> <li>(4) Improve cooling water pipelines.</li> <li>(5) Improve the ice water system of freezers.</li> </ol> <p>(IV) Implementation of social services and public welfare:</p> <ol style="list-style-type: none"> <li>1. Kaohsiung Renda Petrochemical Industry Program: Thirteen companies at Renda Industrial Park (including Formosa Renwu Plant, Changchun, and Dashe Industrial Park Manufacturers' Association) and the Company's Kaohsiung Plant jointly established an industry-academia collaboration project with Renwu Senior High School from August 2018 to July 2023 to provide students of Renwu Senior High School with scholarships. We provide ten students, in each of the three grades, totaling 90 students over five years, with a total of NT\$1.08 million in scholarships and subsidies of NT\$330,000 as hourly rates for professional courses for three years. In addition to general high school courses, we enhanced students' optional courses in the petrochemical industry and professional ethics. We also arranged student visits at USI Corporation during summer vacation or on Saturdays to learn about the industry and the work environment. Students who graduate and pursue advanced degrees in relevant departments of universities that are approved by the manufacturers of Renda Industrial Park will be prioritized for recruitment.</li> <li>2. USI Group upholds the business philosophy of "Solid Operation, Professional Management, Seeking Excellence and Serving the Society." On December 30, 2011, USI Corporation and Asia Polymer Corporation jointly established the USI Education Foundation with a fund of NT\$50 million. China General Plastics Corporation and Taiwan VCM Corporation joined the ranks in 2017, and Taita Chemical Company, Ltd. also took part in the foundation in 2018, allowing the USI Education Foundation to invest more resources in the charity business, including rural education and environmental sustainability, in order to give back to society. The USI Education Foundation engages in education-related charitable activities, and focuses on caring for the disadvantaged, people in rural areas and ecology. The foundation carries out the following activities in accordance with the relevant laws: <ol style="list-style-type: none"> <li>(1) Sponsor education in rural areas.</li> <li>(2) Set up scholarships.</li> <li>(3) Hold talks, seminars or other education-related charitable activities.</li> <li>(4) Sponsor schools at various levels or educational groups to engage in activities such as literature, sports, music, dance, arts and drama.</li> <li>(5) Conduct industry-academia collaboration</li> <li>(6) Engage in other education-related charitable services that are consistent with the objectives of the Foundation</li> </ol> <p>In 2019, the total sponsorship expenses of the USI Education Foundation amounted to NT\$8.98 million, including the scholarships of NT\$1.25 million; sponsorship of service club activities at colleges and universities in the amount of NT\$500,000; sponsorship of music education at Wang Gung Elementary School in the amount of NT\$750,000; sponsorship of Yingguang Education Support for Taiwan in the amount of NT\$500,000; sponsorship of the Alliance Cultural Foundation in the amount of NT\$1 million, and sponsorship of Junyi Experimental High School in Taitung in the amount of NT\$4 million, as well as sponsorship of various education and</p> </li> </ol>				



Evaluation Item	Implementation Status (Note 1)			Summary (Note 2)	Discrepancies Between its Implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and Reasons for such Discrepancies
	Yes	No			
				<p>charitable activities in the amount of NT\$ 980,000.</p> <p>On the front of establishment of scholarships: The foundation has offered scholarships to outstanding students from underprivileged backgrounds, who pursued studies in areas, including chemical engineering, materials engineering, and applied chemistry at 13 public and private universities to promote education related to the afore-mentioned areas and talent cultivation, as well as to motivate students at university and graduate school to work hard, thereby cultivating outstanding talents for the society. In 2019, the Foundation awarded NT\$1.25 million worth of scholarships to 25 students from 18 departments in 13 public and private universities, including three students in doctoral programs, 16 in master's programs, and six undergraduate students, 13 of whom were from underprivileged backgrounds. A total of NT\$9.60 million has been awarded since its establishment, and the Foundation will continue to offer scholarships in 2020 to motivate and cultivate more outstanding students from disadvantaged families.</p> <p>In terms of the Alliance Cultural Foundation and Junyi Experimental High School, Mr. Stanley Yen, Chairman of the Alliance Cultural Foundation, took over as the Chairman of Junyi Elementary and Secondary School (restructured into Junyi Experimental High School in August 2019 with approval of the Ministry of Education) in Taitung since 2011, and he hopes to provide students in rural areas with equal opportunities for learning through heuristic education to create new value for education in Taiwan. The Alliance Cultural Foundation has also gradually shifted its manpower, time, and resources to education. The USI Education Foundation recognizes Mr. Stanley Yen's care for rural education in Taiwan and his idea on sustainable development. Therefore, the foundation supports his efforts to implement various projects related to implementing and fostering rural education by sponsoring the Alliance Cultural Foundation and Junyi Experimental High School. In 2019, the USI Education Foundation awarded sponsorship of NT\$1 million to the Alliance Cultural Foundation and sponsorship of NT\$4 million to Junyi Experimental High School in Taitung. It is expected to continue this sponsorship program in 2020.</p> <p>Furthermore, the USI Education Foundation also provides sponsorships to societies and clubs registered at various colleges and universities in order to encourage societies and clubs at colleges and universities to engage in services such as education-related public welfare activities for the disadvantaged, public welfare activities associated with rural education, as well as ecology and environmental protection education. The main types of activities sponsored by the foundation include education services activities in the following areas: languages, mathematics, nature, society, arts, life counseling, health, moral education, information education, environmental education and environmental protection education. The foundation hopes to provide the disadvantaged and rural people with diversified education through high-quality resources and manpower at colleges and universities. In 2019, of the 151 applications filed by 52 schools, 61 projects at 35 schools were approved and sponsored, with the total sponsorship amounting to NT\$500,000. We have cumulatively awarded NT\$3.49 million in the past eight years. The number of volunteers totaled approximately 10,059, and the number of schoolchildren participants totaled approximately 23,540. Because of a considerable number of applications over the past years, our performance in encouraging young students to organize public service club activities has been significant. We will therefore continue to sponsor such activities in 2020.</p> <ol style="list-style-type: none"> <li>Having been established for 47 years, the Company's Love and Care Society has continuously participated in the financial support of underprivileged children organized by the Taiwan Fund for Children each year while visiting the sick, orphanages, and nursing homes from time to time.</li> <li>Since 2017, the Company has adopted 500 meters of the beach at the Longfeng Fishing Port in Zhunan Township, and held the third (after adoption) beach cleaning activity on September 21, 2019.</li> <li>The Company participated in the Public Welfare, Environmental Protection and Social Services event held by Yungchen Temple in Toufen Township and provided fund sponsorship to the event.</li> <li>The Company helps clean up and maintain the environment around Yungchen Temple, Nantian Street and Beitian Street.</li> </ol>	

Evaluation Item	Implementation Status (Note 1)		Summary (Note 2)	Discrepancies Between its Implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and Reasons for such Discrepancies
	Yes	No		
<p>7. The Company adopted street lamps around its Toufen Plant, and provides maintenance for these lamps.</p> <p>8. The Company adopted the Jhonggang River Dongxing Bridge Wetland Park in Miaoli.</p> <p>9. The Company purchased 755 kg of local onions at the Onion Festival in the Linyuan area and distributed them to employees to promote the harmony with the local community.</p> <p>10. The Company sponsored the Central Taiwan Agriculture Expo and the Citizens Sports Games.</p>				

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

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

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





<p>(III) Has the company established policies to prevent unethical conduct, with clear statements regarding relevant procedures, conduct guidelines, punishments for violation, and rules for appeal, and does the Company implement them accordingly, and regularly review and correct such measures?</p>	<p>✓</p>	<p>of consumers or other stakeholders when they are developed, purchased, manufactured, supplied or sold.</p> <p>(III) 1. Pursuant to the amended "Ethical Corporate Management Best Practice Principles" announced by the competent authority and amendments to the "Ethical Corporate Management Principles" and the "Procedures for Ethical Management and Guidelines for Conduct" have been approved by the Board of Directors on November 13, 2019.</p> <p>2. The Company has established the "Procedures for Handling Cases of Illegal and Dishonest Conduct" to promote the reporting of any illegal behavior or violation of the Ethical Corporate Management Principles. Any employee or stakeholder can freely choose to access the Company's website or a dedicated hotline set up at the Company to report cases of illegal, unethical, or dishonest conduct through the following units:</p> <ul style="list-style-type: none"> <li>◎ Audit Committee: Accept reports from shareholders, investors, and other stakeholders</li> <li>◎ Audit Office: Accept reports from the Company's clients, suppliers, and contractors</li> <li>◎ Personnel Department: Accept reports from employees in the Company.</li> </ul> <p>As of October 25, 2019, the deadline for the Board of Directors' acceptance of reports, the number of reports received was zero named reports. The number of anonymous reports with concrete evidence was zero.</p> <p>3. Implementation of relevant regulations and continuous offering of education and training to enhance employees' awareness.</p>	
<p>II. Implementing Ethical Corporate Management</p> <p>(I) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?</p> <p>(II) Has the company established an exclusively (or concurrently) dedicated unit under the Board to implement ethical corporate management, and report to the Board on a regular basis (at least annually) about the ethical corporate management policies, precautionary measures against unethical conducts, as well as the implementation and supervision thereof?</p> <p>(III) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?</p>	<p>✓</p> <p>✓</p> <p>✓</p>	<p>(I) The Company has requested for terms of ethical conduct to be clearly defined in commercial contracts in accordance with its "Ethical Corporate Management Best Practice Principles" and the "Procedures for Ethical Management and Guidelines for Conduct."</p> <p>(II) To strengthen ethical corporate management, the Company's corporate governance team is responsible for establishing the ethical corporate management policy and prevention programs while supervising such implementation; the Corporate Governance Officer reported to the Board of Directors on the status of implementation on November 13, 2019. The implementation is listed below.</p> <p>(III) The Company has formulated the "Code of Ethical Conduct for Directors and Managerial Officers" to prevent conflicts of interest and provide suitable channels (the Audit Committee mailbox, a dedicated section for stakeholders, a dedicated section for shareholders' questions and answers, and a dedicated section for investor services on the Company's website: <a href="https://www.usife.com.tw/">https://www.usife.com.tw/</a>) for Directors, managerial officers, and employees to explain any potential conflict of interest with the Company. Responses to shareholders' questions are also included in the</p>	<p>Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies</p>



<p>(IV) Has the company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?</p> <p>(V) Does the company regularly hold internal and external education and training on ethical management?</p>	<p>✓</p> <p>✓</p>	<p>shareholders' Q&amp;A section for public viewing.</p> <p>(IV) The Company's accounting systems and internal control systems can run independently and objectively. Internal control personnel regularly report to the Audit Committee and the Board of Directors. CPAs appointed by the Company regularly perform internal audits and hold discussions with the management. The internal audit unit has drafted the 2020 audit plan after risk assessment and included the item of "management of reporting illegal and unethical or dishonest behavior" in the audit.</p> <p>(V) In order to keep our employees informed of the code of ethics, the Company, in addition to publishing the relevant regulations on its official website, continuously invites well-known scholars, experts, or attorneys to offer education and training to increase Directors', managerial officers', employees', and substantive controllers' awareness, so as to allow them to fully understand the Company's determination, policies, prevention programs, and consequences of violation of ethical conduct.</p> <p>In 2019, USI offered education and training courses seminars on ethical corporate management, with a total of 92 participants/227 hours. The statistics are as follows:</p> <table border="1" data-bbox="922 769 1803 1045"> <thead> <tr> <th>Preface</th> <th>Courses</th> <th>Hours</th> <th>Number of Participants</th> <th>Total hours</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>[Ethics Seminar] Fair Trade Law and Practices</td> <td>2</td> <td>45</td> <td>90</td> </tr> <tr> <td>2</td> <td>[Ethics Seminar] Common Disputes Regarding Business Secrets from Case to Case</td> <td>3</td> <td>43</td> <td>129</td> </tr> <tr> <td>3</td> <td>[Ethics Seminar] Protection and Reasonable Use of Patents</td> <td>2</td> <td>4</td> <td>8</td> </tr> </tbody> </table>	Preface	Courses	Hours	Number of Participants	Total hours	1	[Ethics Seminar] Fair Trade Law and Practices	2	45	90	2	[Ethics Seminar] Common Disputes Regarding Business Secrets from Case to Case	3	43	129	3	[Ethics Seminar] Protection and Reasonable Use of Patents	2	4	8	
Preface	Courses	Hours	Number of Participants	Total hours																			
1	[Ethics Seminar] Fair Trade Law and Practices	2	45	90																			
2	[Ethics Seminar] Common Disputes Regarding Business Secrets from Case to Case	3	43	129																			
3	[Ethics Seminar] Protection and Reasonable Use of Patents	2	4	8																			
<p>III. Implementation of the Company's Whistleblowing System</p> <p>(I) Has the company established a specific whistleblowing and reward system, set up convenient whistleblowing channels and designated appropriate dedicated personnel to handle investigations against wrongdoers?</p>	<p>✓</p>	<p>(I) The Company's Board of Directors passed the amendments to the "Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct" on November 13, 2019 (Website: <a href="https://www.usife.com.tw/USIWebFiles/Others/USI_IllegalReport.pdf">https://www.usife.com.tw/USIWebFiles/Others/USI_IllegalReport.pdf</a>). The specific whistleblowing channels, incentive system, dedicated personnel, and whistleblower protection are as follows:</p> <ol style="list-style-type: none"> <li>1. Whistleblowing channels: <ol style="list-style-type: none"> <li>(1) Personal report: Face-to-face explanation.</li> <li>(2) Telephone report:</li> <li>(3) Written report: Audit Office, 7F., No. 37, Jihu Rd., Neihu Dist., Taipei</li> </ol> </li> </ol>	<p>Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies</p>																				

<p>(II) Has the company established standard operating procedures for the reported matters, the measures to be taken after investigation is completed, and the relevant confidential mechanism?</p> <p>(III) Has the company set up protection for whistleblowers to prevent them from being subjected to inappropriate measures as a result of reporting such incidents?</p>	<p>✓</p> <p>✓</p>	<p>City.</p> <p>2. Incentive system: Where a report is verified as true and its contribution generates significant economic benefits, the incident may be submitted to the General Manager to provide the reporter with appropriate rewards.</p> <p>3. Responsible personnel: (1) Audit Committee members: Accept reports from shareholders, investors, and other stakeholders. (2) Audit Office: Accept reports from customers, suppliers, and contractors. (3) Personnel Division: Accept reports from employees.</p> <p>4. Whistleblower protection: Whistleblowers or persons involved in investigations shall be fully protected and the confidentiality of their identities and information provided shall be fully maintained, so that they will not be subjected to unfair treatment or retaliation. Where the whistleblower is an employee, the Company shall guarantee that the employee shall not sustain inappropriate treatment that may arise from the report.</p> <p>(II) The measures mentioned in the preceding paragraph specify the standard operating procedures for investigating the case being exposed by the whistleblower and the relevant confidentiality mechanism; where whistleblower is anonymous or did not use his/her true name, or the content stated or the proof of origin provided is deemed necessary for investigation, the case may still be reported to the Chairman/General Manager before the case is handled and recorded as a reference for internal review. After a report is accepted, an investigation will be conducted for internal evidence. If it is proved to be true, the Company will handle it based on its illegal violation or the severity of violation in accordance with the disciplinary regulations and relevant laws.</p> <p>(III) The procedures above also specify that whistleblowers or persons involved in investigations shall be fully protected and the confidentiality of their identities fully maintained, so that they will not be subjected to unfair treatment or retaliation.</p>	
<p>IV. Strengthening Information Disclosure</p> <p>(I) Does the company disclose the content of its ethical corporate management policies and the results of its implementation on the company's website and MOPS?</p>	<p>✓</p>	<p>(I) The Company has disclosed relevant regulations and information on ethical corporate management on the Company's website, which is available for employees at any time. The information related to ethical corporate management and the effectiveness of implementation is disclosed on the website (<a href="https://www.usife.com.tw/USIWebFiles/Others/USI_HonestyRule.pdf">https://www.usife.com.tw/USIWebFiles/Others/USI_HonestyRule.pdf</a>) and in the annual report. ▽</p>	<p>Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies</p>
<p>V. If the company has established its own Ethical Corporate Management Best Practice Principles in accordance with the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies, state the discrepancies between these principles and its implementation: The Company has established its Code of Ethical Conduct for Directors and Managerial Officers, the Ethical Corporate Management Best Practice Principles, the Procedures</p>			



	for Ethical Management and Guidelines for Conduct, the Code of Conduct for Employees Regarding Concurrent and Part-time Work, and the Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct. There is no material discrepancy during the implementation of these rules and regulations.
VI.	Other important information that facilitates the understanding of the implementation of ethical corporate management: (such as review and amendment of the Company's Ethical Corporate Management Best-Practice Principles) Pursuant to the amended Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies announced by the competent authority in May 2019, the amendments to the Ethical Corporate Management Principles, the Procedures for Ethical Management and Guidelines for Conduct, and the the Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct have been approved by the Board of Directors on November 13, 2019. The Corporate Governance Officer reported to the Board of Directors on matters related to ethical corporate management on November 13, 2019.

Note 1: Provide a brief description in the appropriate column, regardless whether "yes" or "no" is selected.



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

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

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

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

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

1. Internal Control Statement.

USI Corporation  
Statement on Internal Control System

Date: March 9, 2020

The Company makes the following statement according to the self-evaluation conducted of its internal control system in 2019:

- I. The Company acknowledges that the establishment, implementation and maintenance of the internal control system are the responsibilities of the Company's Board of Directors and managerial officers, and thus the Company has established such a system. The objectives of this system are to meet various goals including achieving operational benefits and efficiency (including profitability, performance, as well as asset and safety protection), and ensuring the reliability, timeliness, transparency and regulatory compliance of reporting, thereby providing reasonable assurance.
- II. An internal control system has inherent constraints. No matter how comprehensive its design may be, an effective internal control system is only capable of providing adequate assurance for achieving the abovementioned objectives. In addition, the effectiveness of the internal control system may change with the environment and under different situations. Nevertheless, the Company's internal control systems are equipped with self-monitoring mechanisms, thereby allowing the Company to take immediate remedial actions in response to any identified deficiency.
- III. The Company determines whether or not the design and implementation of its internal control system is effective according to the items for determining the effectiveness of internal control systems as stated in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). The items for the determination of internal control systems adopted in the Regulations has identified five key components based on management control processes: (1) control environment, (2) risk assessment, (3) control operations, (4) information and communication, and (5) monitoring operations. Each component includes a number of items. For more information on the aforementioned items, please refer to the Regulations.
- IV. The Company has adopted the items for determining internal control systems in order to evaluate the effectiveness of its internal control system design and implementation.
- V. Based on the aforementioned audit findings, the Company holds that within the aforementioned period, its internal control procedures (including the procedures to monitor subsidiaries), effectiveness and efficiency of operations, reliability, timeliness, transparency of reporting, and compliance with relevant legal regulations, and design and enforcement of internal controls, are effective. The aforementioned goals can be achieved with reasonable assurance.
- VI. The Statement shall become the main content of the Company's annual report and prospectus and shall be made public. Should the abovementioned content contain illegalities such as fraudulent and hidden information, the Company shall assume legal liabilities involving Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.
- VII. The Statement has been agreed by the Company's Audit Committee on March 9, 2020, and approved by the Board of Directors on the same day, where zero out of the nine directors present voted against the resolution and the remaining directors agreed with the content of the Statement.

USI Corporation  
Chairman of the Board: Wu, Quentin (signature and seal)  
General Manager: Wang, Ke-Shun (signature and seal)





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

(X) Penalties imposed on the Company and its internal staff, penalties imposed on its internal staff by the Company for violation of internal control regulations, in which result of the penalties may have a significant impact on shareholders' equity or the price of securities, the content of the penalties, major deficiencies, and status of improvements made in the most recent fiscal year up to the publication date of this annual report: None.

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

#### 1. Shareholders' Meeting

Year of Meeting	Date of Meeting	Key Resolutions
2019	June 12, 2019	<p>The minutes of the shareholders' meeting were posted onto MOPS on July 1, 2019. The resolutions and their status of implementation are as follows:</p> <ol style="list-style-type: none"> <li>1. Approve the 2018 Account Book. Implementation status: Resolution passed</li> <li>2. Approve the 2018 earnings distribution plan. Implementation status: Resolution passed The distribution of cash dividends of NT\$356,629,050 to the shareholders, with August 2, 2019 as the base date, was completed on August 23, 2019.</li> <li>3. Discuss the amendment to Articles of Incorporation Implementation status: The resolution was passed and has been implemented.</li> <li>4. Deliberate on the amendment to the Rules of Procedure for Shareholders' Meetings Implementation status: The resolution was passed and has been implemented.</li> <li>5. Deliberate on the amendment to the Regulations Governing the Election of Board Members Implementation status: The resolution was passed and has been implemented.</li> <li>6. Deliberate on the amendment of the Regulations Governing the Acquisition and Disposal of Assets Implementation status: The resolution was passed and has been implemented.</li> <li>7. Deliberate on the removal of the non-compete clause for Directors Implementation status: Resolution passed</li> <li>8. Elect an Independent Director in a by-election: Tu, Tzu-Chun, elected as an Independent Director Implementation status: A by-election was held during the Annual General Meeting this year to elect an Independent Director whose term of office is from June 12, 2019 to June 7, 2020, and the Independent Director immediately took office after he/she was elected at the Annual General Meeting.</li> <li>9. Deliberate on the removal of the non-compete clause for newly appointed</li> </ol>

Year of Meeting	Date of Meeting	Key Resolutions
		Independent Directors Implementation status: Resolution passed

## 2. Board of Directors Meeting

Session (Year) of Meeting	Date of Meeting	Key Resolutions
10th Meeting of 19th Term (1st Meeting in 2019)	February 22, 2019	Approve the investment in the construction of ethylene storage tanks
11th Meeting of 19th Term (2nd Meeting in 2019)	March 8, 2019	<ol style="list-style-type: none"> <li>1. Ratify endorsements/guarantees made for investee company Union Polymer International Investment Co., Ltd</li> <li>2. Ratify the three-year comprehensive credit line signed with Far Eastern International Bank</li> <li>3. Approve the 2018 Account Book</li> <li>4. Approve the 2018 directors' and employee remuneration distribution plan</li> <li>5. Approve the 2018 Profit Distribution Plan</li> <li>6. Approve the amendment of certain articles in the Articles of Association</li> <li>7. Approve the amendment of certain articles in the "Rules of Procedure for Board of Directors' Meetings"</li> <li>8. Approve the amendment to certain articles of the "Rules of Procedure for Shareholders' Meetings"</li> <li>9. Approve the amendment to certain articles of the "Procedures for Election of Directors"</li> <li>10. Approve the amendment to certain articles of the "Procedures Governing the Acquisition and Disposal of Assets"</li> <li>11. Approve the suggestion for the removal of the non-compete clause for newly elected Directors at the Annual General Meeting</li> <li>12. Approve matters related to the convening of the 2019 Annual General Meeting</li> <li>13. Establish the period for acceptance of shareholders' proposals: April 5, 2019 to April 15, 2019</li> <li>14. Approve remuneration of CPAs for 2018</li> <li>15. Approve the 2019 evaluation of the independence of appointed CPAs</li> <li>16. Approve the appointment of CPAs for 2019</li> <li>17. Approved the issuance of the 2018 "Statement on Internal Control System"</li> <li>18. Authorize the Chairman to sign and deliver short-term credit loan contracts and related documents with financial institutions</li> <li>19. Approve donations to the USI Education Foundation</li> </ol>
12th Meeting of 19th Term (3rd Meeting in 2019)	April 1, 2019	<ol style="list-style-type: none"> <li>1. Ratify a three-year medium-term loan limit signed with Bank of China, Taipei Branch</li> <li>2. Approve the by-election for one Independent Director at the Annual General Meeting this year</li> <li>3. Approve the suggestion for the removal of the non-compete clause for newly-elected Directors at the Annual General Meeting</li> <li>4. Approve matters related to changes in the convening of the 2019</li> </ol>



Session (Year) of Meeting	Date of Meeting	Key Resolutions
		Annual General Meeting
13th Meeting of the 19th Term (4th Meeting in 2019)	April 30, 2019	Approve the list of candidates for Independent Directors with shareholding percentage exceeding one (1) percent of the Company
14th Meeting of 19th Term (5th Meeting in 2019)	May 13, 2019	<ol style="list-style-type: none"> <li>1. Approve the amendment to certain articles of the Corporate Governance Best Practice Principles</li> <li>2. Approve the appointment of the Corporate Governance Officer</li> <li>3. Approve the removal of the non-compete clause for managerial officers</li> <li>4. Approve the establishment of Standard Operating Procedures for Handling Requests from Directors</li> <li>5. Authorize the Chairman to sign and deliver short-term credit loan contracts and related documents to Cathay United Bank</li> <li>6. Approve the amendment to the internal control system</li> <li>7. Hold a by-election of one member of the Company's Remuneration Committee</li> </ol>
15th Meeting of the 19th Term (6th Meeting in 2019)	June 28, 2019	<ol style="list-style-type: none"> <li>1. Ratify endorsements/guarantees made for investee company Union Polymer International Investment Co., Ltd</li> <li>2. Ratify a three-year medium-term loan limit signed with First Commercial Bank.</li> <li>3. Approve the issuance of a supporting letter for the project financing of Fujian Gulei Petrochemical</li> <li>4. Approve the appointment of Independent Director Tu, Tzu-Chun as a member of the Corporate Social Responsibility Committee of the Company</li> </ol>
16th Meeting of 19th Term (7th Meeting in 2019)	August 13, 2019	<ol style="list-style-type: none"> <li>1. Ratify endorsements/guarantees made for Chong Loong Trading Co. Ltd.</li> <li>2. Approve the 2019 Quarter 2 Consolidated Financial Statements</li> <li>3. Approve the amendment to certain articles of the Audit Committee Charter</li> </ol>
17th Meeting of 19th Term (8th Meeting in 2019)	11/13/2019	<ol style="list-style-type: none"> <li>1. Ratify endorsements/guarantees made for investee company Union Polymer International Investment Co., Ltd</li> <li>2. Ratify endorsements/guarantees made for the investee company Chong Loong Trading Co. Ltd</li> <li>3. Ratify the three-year medium-term loan limit signed with Entie Commercial Bank</li> <li>4. Ratify the renewal of the three-year medium-term loan limit signed with Bank SinoPac</li> <li>5. Approve the 2020 company budget</li> <li>6. Approve the 2020 audit plan</li> <li>7. Approve the amendment to certain articles of the Remuneration Policy and Regulations for Directors, Supervisors and Managerial Officers</li> <li>8. Approve the amendment to certain articles of the Regulations Governing the Evaluation of the Performance of the Board of Directors</li> <li>9. Approve the amendment to certain articles of the Ethical Corporate Management Best Practice Principles</li> <li>10. Approve the amendment to certain articles of the Procedures for</li> </ol>

Session (Year) of Meeting	Date of Meeting	Key Resolutions
		Ethical Management and Guidelines for Conduct 11. Approve the amendment to certain articles of Handling Cases of Illegal and Unethical or Dishonest Conduct. 12. Authorize the Chairman to sign and deliver short-term credit loan contracts and related documents to HSBC Bank (Taiwan)
19th Meeting of 19th Term (1st Meeting in 2020)	March 9, 2020	1. Ratify endorsements/guarantees made for investee company Union Polymer International Investment Co., Ltd 2. Ratify endorsements/guarantees made for the investee company Chong Loong Trading Co. Ltd 3. Ratify a three-year medium-term loan limit newly signed with Export-Import Bank of the Republic of China 4. Ratify the renewal of the three-year medium-term loan limit signed with Taipei Fubon Bank 5. Ratify the change of the custodians of the "Company Seal" and "Responsible Person Seal" registered with the Ministry of Economic Affairs 6. Approve the 2019 Account Book 7. Approve the 2019 Directors' and Employees' Remuneration Distribution Plan 8. Approve the 2019 Earnings Distribution Plan 9. Approve the amendment to certain articles of the Rules of Procedure for Shareholders' Meetings 10. Approve the amendment to certain articles in the Procedures for the Making of Endorsements/Guarantees 11. Approve the amendment to certain articles in the Procedures for Loaning of Funds to Others 12. Approve the re-election of Directors at the Annual General Meeting in this fiscal year 13. Approve the suggestion for removal of the non-compete clause for newly elected Directors at the Annual General Meeting 14. Approve matters related to the convening of the 2020 Annual General Meeting 15. Establish the period of acceptance of shareholders' proposals: April 5, 2020 to April 15, 2020 16. Approve CPAs' remuneration for 2019 17. Approve the 2020 evaluation of the independence of appointed CPAs 18. Approve the appointment of CPAs for 2020 19. Approve the issuance of unsecured ordinary corporate bonds 20. Approve the issuance of the 2019 Statement on Internal Control System 21. Approve the competing behavior of the Accounting Manager 22. Approve the precious metal lease contract with Mitsubishi International Corporation 23. Authorize the Chairman to sign and deliver short-term credit loan contracts and related documents to financial institutions 24. Approve donations to the USI Education Foundation
19th Meeting of 19th Term (2nd Meeting in	April 24, 2020	1. Ratify endorsements/guarantees made for investee company Union Polymer International Investment Co., Ltd 2. Review the list of Director (including Independent Director)



Session (Year) of Meeting	Date of Meeting	Key Resolutions
2020)		candidates (nominated by shareholders) with shareholding percentage exceeding one (1) percent at the Company 3. Approve matters related to changes in the convening of the 2020 Annual General Meeting

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

No such situation at the Company in the most recent fiscal year up to the publication date of the Annual Report.

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

No such situation at the Company in the most recent fiscal year up to the publication date of the Annual Report.

## V. Information Regarding CPA Fees:

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

Name of the CPA Firm	Name of CPAs		Audit Period	Notes
Deloitte, Taiwan	CPA, Chuang, Pi-Yu	CPA Kuo, Cheng-Hung	2019	None

Unit: NT\$ thousands

Range of Fees		Fee Items	Audit Fees	Non-Audit Fees	Subtotal
1	Less than NT\$2,000,000		-	315	315
2	NT\$2,000,000 (inclusive) - NT\$4,000,000		-	-	-
3	NT\$4,000,000 (inclusive) - NT\$6,000,000		-	-	-
4	NT\$6,000,000 (inclusive) - NT\$8,000,000		6,600	-	6,600
5	NT\$8,000,000 (inclusive) - NT\$10,000,000		-	-	-
6	Over NT\$10,000,000 (inclusive)		-	-	-

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

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

Unit: NT\$ thousands

Name of the CPA Firm	Name of CPAs	Audit Fees	Non-Audit Fees					Audit Period	Notes
			System Design	Business Registration	Human Resources	Others (Note 2)	Sub-Total		
Deloitte, Taiwan	CPA, Chuang, Pi-Yu	6,600	0	0	0	315	315	2019	Non-audit fees and details of other services: Master file and country-by-country report preparation and verification professional fees
	CPA Kuo, Cheng-Hung								

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

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



2. Where the CPA firm was replaced, and the audit fees in the fiscal year when the replacement was made was less than that in the previous fiscal year before replacement, the amount of audit fees paid before replacement and reasons for paying this amount should be disclosed: The Company did not replace the CPA firm.
3. Where the audit fees were reduced by more than 10 percent compared to the previous fiscal year, the amount and percentage of decrease in audit fees, as well as the reason for such decrease shall be disclosed:  
The Company's audit fees in 2019 decreased by less than 10% compared with the audit fees in 2018.

VI. Information Regarding Replacement of CPAs:

(I) Previous CPAs: Not applicable

Replacement Date			
Reason for Replacement and Explanation			
Describe whether the Company terminated or the CPA did not accept the appointment	Contracting Party		
	Status	CPA	The Company
	Termination of appointment		N/A
No longer accepted (continued) appointment			
Other issues (except for unqualified issues) in the audit reports within the last two years			
Differences with the Company	Yes	Accounting principles or practices	
		Disclosure of financial statements	
		Audit scope or procedures	
		Others	
	None		
Explanation:			
Other items for disclosure (where Article 10, Subparagraph 6, Item 1-4 to Item 1-7 of the Regulations shall be disclosed)			

(II) Successor CPAs: Not applicable

Name of accounting firm	/
Name of CPAs	
Date of Appointment	
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement	
Written opinions from successor CPAs with regards to matters with which former CPAs disagreed	

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

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

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

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

Unit: Share

Title (Note 1)	Name	2019		Current fiscal year up to April 30, 2020	
		Increase (decrease) in number of shares held	Increase (decrease) in number of pledged shares	Increase (decrease) in number of shares held	Increase (decrease) in number of pledged shares
Substantial Shareholder	Shing Lee Enterprise (Hong Kong) Limited	0	0	0	0
Director	Wu, Quintin (representative of Shing Lee Enterprise (Hong Kong) Limited)	0	0	0	0
	Yu, Ching-Shou (representative of Shing Lee Enterprise (Hong Kong) Limited)	0	0	0	0
	Wang, Ke-Shun (representative of Shing Lee Enterprise (Hong Kong) Limited)	0	0	0	0
	Kao, Che-I (representative of Shing Lee Enterprise (Hong Kong) Limited)	0	0	0	0
	Huang, Kuang-Che (representative of Shing Lee Enterprise (Hong Kong) Limited)	0	0	0	0
	Chang, Chi-Chung (representative of Shing Lee Enterprise (Hong Kong) Limited)	0	0	0	0
Independent Director	Chen, Chung	0	0	0	0
	Tsai, Li-Hsing (dismissed on March 19, 2019)	0	0	N/A	
	Hai, Ying-Chun	0	0	0	0
	Tu, Tzu-Chun (Newly appointed on June 12, 2019)	0	0	0	0



Title (Note 1)	Name	2019		Current fiscal year up to April 30, 2020	
		Increase (decrease) in number of shares held	Increase (decrease) in number of pledged shares	Increase (decrease) in number of shares held	Increase (decrease) in number of pledged shares
Chief Executive Officer	Wu, Quintin	0	0	0	0
President	Wang, Ke-Shun	20,000	0	35,000	0
Vice President	Han-Tai Liu	0	0	0	0
Senior Manager	Wu, Ming-Tsung	0	0	0	0
Corporate Governance Officer	Chen, Yung-Chih (Newly appointed on May 13, 2019)	0	0	0	0
Financial Officer	Yang, Wen-Li	0	0	0	0
Accounting Officer	Kuo, Chuan-Hua	0	0	0	0

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

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

(II) Information regarding equity transfer

Unit: Share

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

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

Note 2. Fill in either "Acquisition" or "Disposal."

(III) Information regarding pledging of shares

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

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

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

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

April 14, 2020

NAME (NOTE 1)	CURRENT SHAREHOLDING		SPOUSE & MINOR SHAREHOLDING		SHAREHOLDING BY NOMINEE ARRANGEMENT		TITLE OR NAME AND RELATIONSHIP OF TOP 10 SHAREHOLDERS WHO ARE RELATED PARTIES OR EACH OTHER'S SPOUSES AND RELATIVES WITHIN THE SECOND DEGREE OF KINSHIP (NOTE 3)		NOTES
	Number of Shares	Shares holding % (Note 2)	Number of Shares	Shares holding % (Note 2)	Number of Shares	Shares holding % (Note 2)	Name (or name)	Relationship	
Shing Lee Enterprise (Hong Kong) Limited	173,776,546	14.62%	-	-	0	0%	Asia Polymer Corporation, Taita Chemical Co., Ltd.	Note 8	
Representative: Yu, Ching-Shou	0	0%	12,500,000	1.05%	0	0%	Note 4	Note 8	
Wholegainer Company Limited' investment account is under custody of Fubon Securities Co., Ltd.	110,000,000	9.25%	-	-	0	0%	None	None	
Asia Polymer Corporation	101,355,673	8.53%	-	-	0	0%	Shing Lee Enterprise (Hong Kong) Limited	Note 8	
Representative: Wu, Quintin	113,122	0.01%	-	-	0	0%	Yu, Ching-Shou	Note 8	
Citibank (Taiwan) Limited as custodian of Norges Bank Investment Account	20,798,491	1.75%	-	-	0	0%	None	None	
Yueh Hsing Hua Investment Co., Ltd.	20,621,422	1.73%	No information has been provided by the shareholder				None	None	
Representative: Hsueh, Hui-Liang	No information has been provided by the shareholder								
Lin Su, Shan-Shan	19,853,807	1.67%	0	0%	0	0%	None	None	
Yu, Wen-Hsuan	16,750,000	1.41%	0	0%	0	0%	Note 5	Note 8	
Yu, Wen-Tsung	16,750,000	1.41%	0	0%	0	0%	Note 6	Note 8	
Yu, Wen-Yu	16,750,000	1.41%	0	0%	0	0%	Note 7	Note 8	
Taita Chemical Company, Ltd.	15,109,901	1.27%	-	-	0	0%	Shing Lee Enterprise (Hong Kong) Limited	Note 8	
Representative: Wu, Quintin	113,122	0.01%	-	-	0	0%	Yu, Ching-Shou	Note 8	

Note 1: All the top 10 shareholders should be listed. For institutional shareholders, their names and the name of their representatives shall be listed separately.

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

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

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

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

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

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

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



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

December 31, 2019

Unit: Shares; %

Investee Companies (Note)	Ownership by the Company		Direct or Indirect Ownership by Directors/ Supervisors/ Managers		Total Ownership	
	Number of Shares	Percentage of Shares Held	Number of Shares	Percentage of Shares Held	Number of Shares	Percentage of Shares Held
USIFE Investment Co., Ltd.	87,250,800	100.0%	-	0.0%	87,250,800	100.0%
Swanlake Traders Ltd.	30,000,000	100.0%	-	0.0%	30,000,000	100.0%
USI Far East (HK) Co., Ltd.	159,999	100.0%	1	0.0%	160,000	100.0%
USI Management Consulting Corp.	671,400	100.0%	-	0.0%	671,400	100.0%
Union Polymer Int'l Investment Corp.	565,276,555	100.0%	-	0.0%	565,276,555	100.0%
Taiwan United Venture Capital Corp.	32,900,000	70.0%	3,913,533	8.3%	36,813,533	78.3%
Chong Loong Trading Co., Ltd.	4,358,183	99.9%	-	0.0%	4,358,183	99.9%
Acme Electronics Corporation	49,250,733	26.9%	33,768,784	18.5%	83,019,517	45.4%
Swanson Plastics Corp.	62,616,299	40.6%	12,989,456	8.4%	75,605,755	49.0%
Thintec Materials Corporation	1,825,000	30.4%	3,925,000	65.4%	5,750,000	95.8%
Cypress Epoch Limited	5,000,000	100.0%	-	0.0%	5,000,000	100.0%
INOMA Corporation	9,126,786	93.2%	-	0.0%	9,126,786	93.2%
USI Optronics Corporation	33,000,000	50.9%	28,263,712	43.5%	61,263,712	94.4%
Ever Conquest Global Limited	246,670,000	63.1%	144,160,000	36.9%	390,830,000	100.0%

Note: Invested by the Company using the equity method.

## Chapter 4. Funding Status

### I. Capital and Shares

#### (I) Source of Share Capital

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

As of April 30, 2020; Unit: Shares; New Taiwan Dollars (NT\$)

Year and Month	Issue price	Authorized Capital		Paid-in Capital		Notes		
		Number of Shares	Amount	Number of Shares	Amount	Sources of share capital	Capital Increase by Assets Other than Cash	Others
2011.09	10	993,567,274	9,935,672,740	993,567,274	9,935,672,740	Capital increase from retained earnings NT\$ 1,295,957,310	None	Note 2(1)
2012.08	10	1,142,602,365	11,426,023,650	1,142,602,365	11,426,023,650	Capital increase from retained earnings NT\$ 1,490,350,910	None	Note 2(2)
2013.06	10	1,342,602,365	13,426,023,650	1,142,602,365	11,426,023,650	-	None	Note 2(3)
2017.08	10	1,342,602,365	13,426,023,650	1,165,454,412	11,654,544,120	Capital increase from retained earnings NT\$ 228,520,470	None	Note 2(4)
2018.08	10	1,342,602,365	13,426,023,650	1,188,763,500	11,887,635,000	Capital increase from retained earnings NT\$233,090,880	None	Note 2(5)

Note 1. Information in the current year up to the publication date of this annual report shall be included.

Note 2. For any capital increase, the effective (approval) date and the document number shall be added.

- (1) Approved document with Reference No. Ching Shou Shang Tzu 10001195590.
- (2) Approved document with Reference No. Ching Shou Shang Tzu 10101178710.
- (3) Approved document with Reference No. Ching Shou Shang Tzu 10201118240 (change of authorized capital).
- (4) Approved document with Reference No. Ching Shou Shang Tzu Reference No. Ching Shou Shang Tzu 10601121280
- (5) Approved document with Reference No. Ching Shou Shang Tzu Reference No. 10701105950

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

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

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



## Funding Status

As of April 30, 2020; Unit: Shares

Type of Shares	Authorized Capital			Notes
	Outstanding Shares (Note)	Unissued shares	Subtotal	
Registered common stocks	1,188,763,500	153,838,865	1,342,602,365	Listed

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

2. Information of shelf registration: Not applicable

### (II) Shareholder Structure

As of April 14, 2020; Unit: Shares

Shareholder Structure Quantity	Government Agencies	Financial Institutions	Other Insitutions	Individuals	Foreign Institutions and Individuals	Subtotal
Number of Shareholders	1	2	224	84,136	162	84,525
Number of Shares Held	1,006,298	2,353	159,572,688	620,063,033	408,119,128	1,188,763,500
Percentage of Shares Held	0.08%	0.00%	13.42%	52.17%	34.33%	100%

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

### (III) Distribution of Equity Ownership

1. Common shares

As of April 14, 2020; Unit: Shares

Shareholding Range	Number of Shareholders	Number of Shares Held	Percentage of Shares Held
1 to 999	41,759	7,448,428	0.63%
1,000 to 5,000	25,302	57,136,737	4.82%
5,001 to 10,000	7,244	50,572,893	4.25%
10,001 to 15,000	3,554	41,747,588	3.51%
15,001 to 20,000	1,652	28,308,600	2.38%
20,001 to 30,000	1,815	43,102,145	3.63%
30,001 to 50,000	1,456	55,082,984	4.63%
50,001 to 100,000	937	63,888,906	5.37%
100,001 to 200,000	462	62,426,201	5.25%
200,001 to 400,000	198	54,713,036	4.60%
400,001 to 600,000	60	28,396,138	2.39%
600,001 to 800,000	17	11,693,247	0.98%
800,001 to 1,000,000	10	9,124,823	0.77%
1,000,001 and above (This range can be further classified where necessary)	59	675,121,774	56.79%
Subtotal	84,525	1,188,763,500	100.00%

2. Preferred shares: None.

## (IV) List of Major Shareholders

April 14, 2020

Name of Major Shareholder	Shares	Number of Shares Held (Unit: Shares)	Percentage of Shares Held
Shing Lee Enterprise (Hong Kong) Limited		173,776,546	14.62%
Wholegainer Company Limited' investment account is under custody of Fubon Securities Co., Ltd.		110,000,000	9.25%
Asia Polymer Corporation		101,355,673	8.53%
Citibank (Taiwan) Limited as custodian of Norges Bank Investment Account		20,798,491	1.75%
Yueh Hsing Hua Investment Co., Ltd.		20,621,422	1.73%
Lin Su, Shan-Shan		19,853,807	1.67%
Yu, Wen-Hsuan		16,750,000	1.41%
Yu, Wen-Tsung		16,750,000	1.41%
Yu, Wen-Yu		16,750,000	1.41%
Taita Chemical Company, Ltd.		15,109,901	1.27%

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

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

Year		2019	2018	Current fiscal year up to April 30, 2020 (Note 8)	
Market price per share (Note 1)	Highest	14.60	17.00	14.15	
	Lowest	11.40	11.40	8.11	
	Average	12.89	13.81	11.15	
Net value per share (Note 2)	Before distribution	15.70	15.30	15.75	
	After distribution	—※	14.99	—※	
Earnings per share (Note 3)	Weighted average number of shares (thousand shares)	1,072,298	1,072,298	1,072,298	
	Earnings per share before adjustment	1.19	0.50	0.20	
	Earnings per share after adjustment	—※	0.50	—※	
Dividends per share	Cash dividends	0.5※	0.3	-	
	Stock dividends	Dividends from surplus earnings	—※	-	-
		Dividends from capital reserve	—※	-	-
	Cumulative undistributed dividends (Note 4)	-	-	-	
Return on investment	Price/earnings ratio (Note 5)	10.83	27.62	14.68	
	Price/dividend ratio (note 6)	25.77	46.03	-	
	Cash dividend yield (Note 7)	3.88%	2.17%	-	

\* Based on the profit distribution plan which has been approved by the Board of Directors but is



yet to be acknowledged at the Shareholders' Meeting

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

- Note 1. List the highest and lowest market price of common shares for each fiscal year and calculate the average market price for each fiscal year based on trading value and volume in each fiscal year.
- Note 2. Please fill these rows based on the number of shares that have been issued at the end of the fiscal year and the distribution plan approved at the Shareholders' Meeting in the subsequent fiscal year.
- Note 3. If there was any retroactive adjustment required due to stock dividends, earnings per share before and after such adjustment shall be listed.
- Note 4. If there was any condition regarding the issuance of equity securities stating that undistributed dividends for the current fiscal year has to be accumulated till the year when a profit is recorded, the Company shall separately disclose cumulative undistributed dividends as of the current fiscal year.
- Note 5. Price/earnings ratio = Average closing price per share for the current fiscal year/earnings per share.
- Note 6. Price/dividend ratio = Average closing price per share for the current fiscal year/cash dividend per share.
- Note 7. Cash dividend yield = Cash dividend per share/average closing price per share for the current fiscal year.
- Note 8. For net asset value per share and earnings per share, data from the most recent quarter that has been verified (reviewed) by CPAs as of the publication date of this annual report should be filled. For other fields in this column, data from the current fiscal year as of the publication date of this annual report should be filled.

## (VI) Company Dividend Policy and Implementation:

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

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

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

NT\$0.1.

- Distribution of dividends proposed at the most recent Shareholders' Meeting

Cash dividends: The allocation of NT\$594,381,750 from earnings in 2019 for the distribution of cash dividends, where a dividend of NT\$0.5 will be paid for every share, has been proposed. The proposal is still pending approval at the Annual General Meeting before the Chairman of the Board is given the authority to set the date for the distribution of cash dividends.

- Any expected material changes to the dividend policy shall be further explained:

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

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

Unit: NTD

Item	Year	2020 (Estimated)
Beginning paid-in capital		11,887,635,000
Distribution of dividends for the year (Note 1)	Cash dividends per share	0.5
	Number of shares distributed per share held due to capital increase from surplus earnings	-
	Number of shares distributed per share held due to capital increase from capital reserve	-
Changes in operating performance	Operating income	Not applicable (Note 2)
	Percentage of increase (decrease) in operating income YoY	
	Net income after tax	
	Percentage of increase (decrease) in net income after tax YoY	
	Earnings per share	
	Percentage of increase (decrease) in earnings per share YoY	
	Annual average return on investment (reciprocal of average annual price/earnings ratio)	
Pro forma earnings per share and price/earnings ratio	If capital increase from surplus earnings is entirely replaced by distribution of cash dividends	Pro forma earnings per share
		Pro forma average annual return on investment
	If capital reserve is not used for capital increase	Pro forma earnings per share
		Pro forma average annual return on investment
	If capital reserve is not used for capital increase and capital increase from surplus earnings is replaced by distribution of cash dividends	Pro forma earnings per share
		Pro forma average annual return on investment



- Note 1. Distribution of dividends in 2019 is based on the profit distribution plan approved by the Board of Directors on March 9, 2020.
- Note 2. The Company has no regulations in place for the publication of its financial forecast. Hence, changes in the Company's operating performance, pro forma earnings per share and price-to-earnings ratio are not applicable.

#### (VIII) Rewards Distributed to Employees and Directors

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

between the abovementioned amount and estimated amount of recognized expenses for the current fiscal year, the amount, causes and treatment of such discrepancy shall be disclosed:  
Employee rewards: NT\$14,792,794 is distributed in the form of cash.

Directors' rewards: NT\$ 5,500,000, distributed in the form of cash

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

(2) Amount of employee remuneration distributed in the form of shares and its proportion to NIAT provided in the parent company only or individual financial statements, as well as its proportion to the total amount of employee remuneration:

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

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

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

Unit: NTD

Item	Distribution of Remuneration to Directors and Employees in 2018		Discrepancy	Description of Reason for Discrepancy
	Approved at the Annual General Meeting via resolution on June 12, 2019	Approved by the Board of Directors via resolution on March 8, 2019		
Director rewards	5,200,000	5,200,000	0	-
Employee rewards	6,318,609	6,318,609	0	-

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

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



## II. Issuance of Corporate Bonds

### (I) Unpaid Corporate Bonds:

April 30, 2020

Type of corporate bonds (Note 2)	2015-1 Unsecured Ordinary Corporate Bond Corporate Bond B (Note 5)	2016-1 Unsecured Ordinary Corporate Bonds (Note 5)	
Issue Date	February 12, 2015	October 28, 2016	
Par value	NT\$ 1 million	NT\$ 1 million	
Place of issuance and transaction (Note 3)	Taipei Exchange	Taipei Exchange	
Issue price	NT\$ 1 million	NT\$ 1 million	
Total	NT\$ 1 billion	NT\$ 2 billion	
Interest rate	1.90% per annum	0.80% per annum	
Maturity	7 years Maturity date: February 12, 2022	5 years Maturity date: October 28, 2021	
Guarantor	None	None	
Trustee	Trust Department, Mega International Commercial Bank Co., Ltd.	Taipei Fubon Commercial Bank	
Underwriter	None	Yuanta Securities Co., Ltd.	
Certified lawyer	True Honesty International Law Offices Lawyer Kuo, Hui-Chi	True Honesty International Law Offices Lawyer Kuo, Hui-Chi	
Certified public accountant	Deloitte, Taiwan CPAs Wei, Liang-Fa and Wu, Shih-Tsung	Deloitte, Taiwan CPAs Kuo, Tzu-Jung and Wu, Shih-Tsung	
Repayment method	Payment upon maturity	Payment upon maturity	
Outstanding principal balance	NT\$ 1 billion	NT\$ 2 billion	
Terms of redemption or early repayment	N/A	N/A	
Restrictions (Note 4)	None	None	
Name of credit rating agency, rating date and corporate bond ratings	USI Group was given a long-term and short-term rating of tw A-/twA-2 by Taiwan Ratings Corporation on November 25, 2014	USI Group was given a long-term and short-term rating of tw A-/twA-2 by Taiwan Ratings Corporation on November 27, 2015	
Additional rights	Amount of common shares already converted (swapped or warranted) and global depository receipts or other negotiable securities as of the publication date of this Annual Report	N/A	N/A
	Issuance and Conversion (Swap or Subscription) Methods	None	None
Possible dilution of equity or impact on shareholders' equity caused by regulations on the issuance and conversion, swap or subscription to stocks	N/A	N/A	
Name of commissioned custodian of exchangeable underlyings	N/A	N/A	

Type of corporate bonds (Note 2)	2017-1 Unsecured Ordinary Corporate Bonds (Note 5)	2019-1 Unsecured Ordinary Corporate Bonds (Note 5)	
Issue Date	October 27, 2017	April 26, 2019	
Par value	NT\$ 1 million	NT\$ 1 million	
Place of issuance and transaction (Note 3)	Taipei Exchange	Taipei Exchange	
Issue price	NT\$ 1 million	NT\$ 1 million	
Total	NT\$ 2 billion	NT\$ 2 billion	
Interest rate	1.10% per annum	0.98% per annum	
Maturity	5 years Maturity date: October 27, 2022	5 years Maturity Date: April 26, 2024	
Guarantor	None	None	
Trustee	Taipei Fubon Commercial Bank	Taipei Fubon Commercial Bank	
Underwriter	Masterlink Securities Corporation	Yuanta Securities Co., Ltd.	
Certified lawyer	True Honesty International Law Offices Lawyer Kuo, Hui-Chi	True Honesty International Law Offices Lawyer Kuo, Hui-Chi	
Certified public accountant	Deloitte, Taiwan CPAs Kuo, Tzu-Jung and Wu, Shih-Tsung	Deloitte, Taiwan CPA, Chuang, Pi-Yu	
Repayment method	Payment upon maturity	Payment upon maturity	
Outstanding principal balance	NT\$ 2 billion	NT\$ 2 billion	
Terms of redemption or early repayment	N/A	N/A	
Restrictions (Note 4)	None	None	
Name of credit rating agency, rating date and corporate bond ratings	USI Group was given a long-term and short-term rating of tw A-/twA-2 by Taiwan Ratings Corporation on November 28, 2016	USI Group was given a long-term and short-term rating of tw A-/twA-2 by Taiwan Ratings Corporation on December 21, 2018	
Additional rights	Amount of common shares already converted (swapped or warranted) and global depository receipts or other negotiable securities as of the publication date of this Annual Report	N/A	N/A
	Issuance and Conversion (Swap or Subscription) Methods	None	None
Possible dilution of equity or impact on shareholders' equity caused by regulations on the issuance and conversion, swap or subscription to stocks	N/A	N/A	
Name of commissioned custodian of exchangeable underlyings	N/A	N/A	

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



- Note 2. Adjust the number of rows based on the number of issuance.
- Note 3. To be filled as well if corporate bonds are issued overseas.
- Note 4. Such as restrictions on the distribution of cash dividends, foreign investments or requirement for maintaining the asset ratio at a certain level.
- Note 5. Private placement of corporate bonds shall be indicated in a clear manner.
- Note 6. Information on corporate bond conversion, information on corporate bond swap, status of shelf registration for corporate bonds and information on equity warrant bonds shall be tabulated according to characteristics.
- (II) Corporate Bonds Still Under Preparation: None.
  - (III) Information regarding the Conversion of Corporate Bonds: None.
  - (IV) Information regarding Corporate Bond Swap: None.
  - (V) Information regarding Shelf Registration for Corporate Bonds: None.
  - (VI) Information regarding Equity Warrant Bonds: None.
- III. Issuance of Preferred Shares: None.
- IV. Issuance of Global Depository Receipts: None.
- V. Issuance of Employee Stock Options: None.
- VI. Issuance of New Restricted Employee Shares: None.
- VII. Status of New Share Issuance in Connection with Mergers and Acquisitions: None.
- VIII. The State of Implementation of The Company's Capital Allocation Plans
- (I) Content:  
As of one quarter before the publication date of this annual report, previous issuance or private placement of marketable securities that have not been completed, or that have been completed but are yet to record any benefit within the past three fiscal years: None.
  - (II) Status of Implementation:  
N/A.

## Chapter 5. Operations Overview - Consolidated Information

### I. Business Content:

#### (I) Business Scope:

##### 1. Major lines of business

- (1) Manufacture, processing and sales of polyethylene plastic raw materials (including ethylene vinyl acetate resin)
- (2) Manufacture, processing and sales of polyethylene plastic products (including ethylene vinyl acetate resin products)
- (3) Manufacture, processing and sales of catalyzers and related chemicals required by the plastics industry
- (4) Research and development of technologies in the plastics industry; the acquisition and sales of proprietary technologies and patents in the plastic industry, and licenses of such technologies and patents to others
- (5) Design, manufacture, processing and sales of plastic processing equipment
- (6) General import/export trade businesses (except for those subject to license approval)
- (7) Businesses that are not prohibited or restricted by law, except for those subject to license approval
- (8) Manufacturing of plastic and the required raw materials
- (9) Manufacturing of plastic processed products and required chemical products for the manufacturing of plastic
- (10) Manufacturing and sales of technical services (including design and installation) for chemical machinery equipment (including vinyl chloride monomer (VCM) plant equipment)
- (11) Manufacturing, storage, transport, sales, import and export, and resale of VCM
- (12) Production and manufacturing, import and export, storage, and sales of dichloroethane (EDC)
- (13) Manufacturing and sales of degradable plastic materials
- (14) Machinery wholesaling
- (15) Manufacturing and sales of polystyrene (GPS) resins and foaming polystyrene (EPS) resins
- (16) Manufacturing and sales of acrylonitrile-butadiene-styrene copolymer resin (ABS)
- (17) Manufacturing and sales of styrene-acrylonitrile copolymer resin (SAN)



- (18) Manufacture and sales of plastic raw materials and processed products
- (19) Manufacturing and sales of glass wool and related products
- (20) Production and sales of cubic printing and related products
- (21) E303020 noise and vibration control engineering
- (22) E801010 interior decoration
- (23) Manufacturing and sales of manganese-zinc and nickel-zinc soft ferrite powder, ferrite cores, and other components related to inductors
- (24) Engaging in venture capital investments in invested businesses
- (25) Providing business management and consulting services to invested businesses and other venture capital investments

2. Business portfolio

Revenue and percentage of the Company's main products are described as follows:

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

3. The Company's current product items

- (1) Low-density polyethylene (LDPE)
- (2) Ethylene vinyl acetate resin (EVA)
- (3) High-density polyethylene (HDPE)
- (4) Linear low density polyethylene (LLDPE)
- (5) Vinyl chloride monomer (VCM)
- (6) PVC powder, plastic pellets, and chemicals
- (7) PVC building materials and products: Plastic tubes, pipe fittings, plastic door panels and anti-corrosion protection films
- (8) Plastic sheets: Soft plastic sheets, rigid plastic sheets, semi-rigid plastic sheets, adhesive plastic sheets and print plastic sheets
- (9) Plastic leather and soft plastic leather
- (10) Expanded polystyrene (EPS)
- (11) Acrylonitrile-butadiene-styrene copolymer resin (ABS)
- (12) General purpose polystyrene (GPS)
- (13) Styrene (SM)
- (14) Glass wool products
- (15) Cubic printing (CUBIC)
- (16) Impact-resistant polystyrene (IPS)
- (17) Manganese-zinc (Mn-Zn) soft ferrite powder
- (18) Nickel-zinc (Ni-Zn) soft ferrite powder

- (19) Manganese-zinc (Mn-Zn) soft ferrite cores (hereinafter referred to as "Mn-Zn cores")
- (20) Nickel-zinc (Ni-Zn) soft ferrite powder (hereinafter referred to as "Ni-Zn cores")
- (21) Siliconware powder
- 4. Plans for new product development
  - (1) Development of new optical-grade applied materials - cyclic block copolymer
  - (2) Third generation stain-resistant PVC leather
  - (3) PU CASTING stain-resistant PVC leather
  - (4) Multi-dimensional printed soft leather
  - (5) Vacuum embossing stain-resistant soft leather
  - (6) PVC breathable soft imitation leather for furniture
  - (7) PVC water-based scratch-resistant soft leather for automobiles
  - (8) Multi-plate printing adhesive plastic leather
  - (9) TPE plastic leather series for sports use
  - (10) TPE plastic leather series for furniture
  - (11) TPE plastic leather series for medical-grade use
  - (12) Low film gelatinization PVC powder
  - (13) Export of plastic pellets for discharge pipes
  - (14) High-speed laminating film-grade, high-viscosity pre-coating film-grade, and special-grade EVA products
  - (15) Development of high-strength heat-resistant deformation material acrylonitrile-butadiene-styrene (ABS) copolymer
  - (16) Development of non-absorbent antistatic expandable polystyrene (EPS)
  - (17) Development of high-speed expandable polystyrene (EPS) for packaging materials
  - (18) Development of low VOC expandable polystyrene (EPS) products
  - (19) Development of general purpose polystyrene (GPPS) for light guide plates
  - (20) Patent application and development of port boards
  - (21) Development of TTC 8mm storm cotton plate
  - (22) Development of material and iron cores with frequency up to 10 MHz
  - (23) Development of 3D/4D automotive sensor iron cores
  - (24) Development of automotive-power iron cores
  - (25) Development of 500-2MHz high-frequency high-power new materials



- (26) Development of SiC-TYPE/half insulation powders for monocrystal growth
- (27) Development of SiCC ceramic powder and ceramic plate development materials

(II) Industry Overview:

1. The current state and development of the industry

Since Formosa Petrochemical Corporation' Sixth Naphtha Cracking Plant went into production, Taiwan's PE/EVA production has increased year by year, and it has generally remained stable in recent years. At present, the three main PE/EVA manufacturers in Taiwan are the Company (including USI and APC) and Formosa Petrochemical Corporation. As a new EVA production line was put into production in both USI and APC, respectively in 2016, the total domestic production volume in 2019 reached 12.38 million metric tons, of which HDPE accounted for 581,000 metric tons, LLDPE 179,900 metric tons, and LDPE (including EVA) 478,000 metric tons. In terms of domestic market demand, in 2019, the total domestic demand for HDPE was 356,000 metric tons, LLDPE 233,000 metric tons, and LDPE (including EVA) 241,000 metric tons. The overall domestic market of PE/EVA is in the state of oversupply; however, because of low import tariffs and competitive prices, imported materials still account for a certain percentage.

In terms of operation in 2019, due to the impact of the US-China trade war and uncertainties in the economy, the global PVC demand has fluctuated, and VCM has fluctuated with the PVC market throughout the year. In the first half of the year, due to the high price of the raw material EDC arising from shortage, profits decreased. In the third quarter, due to the annual preventive maintenance and unplanned suspension of operation at many VCM factories in Asia, the supply was low and prices increased. Although the supply and demand balance recovered in the fourth quarter, the price of VCM dropped slightly; the decreasing prices of raw materials maintained the profits eventually. In terms of raw materials, with the new capacity for ethylene put into production in Asia, the supply increased. Furthermore, with the decline in derivative prices, the acceptable price of ethylene fell relatively. Affected by the unexpected suspension of operation at manufacturers, the price changed drastically; however, the price demonstrated a fluctuating downward trend in 2019. At the beginning of the year, EDC shifted to Brazil, India, and Egypt due to the reduction in the supply of

goods from the US to Asia. In addition, a series of production problems at alkali chlorine plants continued to tighten the supply in the second half of 2018. The continued decline in the global price of sodium hydroxide world also affected the dedicated plants' willingness to produce sodium hydroxide, resulting in insufficient supply of EDC in the first quarter; thus, prices rose all the way to the highest point in four years. Although the supply gradually recovered in the second half of the year, Brazil's Braskem alkali chlorine plant announced that the salt mine would be closed permanently, so the demand for EDC import increased. In addition to the impact of the US-China trade war, the global economic recession has led to continued low prices of sodium hydroxide; the alkali chlorine plants were unwilling to increase their production capacity; thus, the EDC supply continued to be restricted. Overall, it was a challenging year in 2019. The PVC price was suppressed due to the overall environment, but the raw material price reached a four-year high. The Company adhered to the spirit of integrating the vinyl chain from the upstream to downstream and strove for the goal of maximum production and sales of the VCM/PVC/processed products to fully utilize the production capacity to minimize the loss, so as to stabilize itself in a series of challenges and wait for the opportunity to create profit.

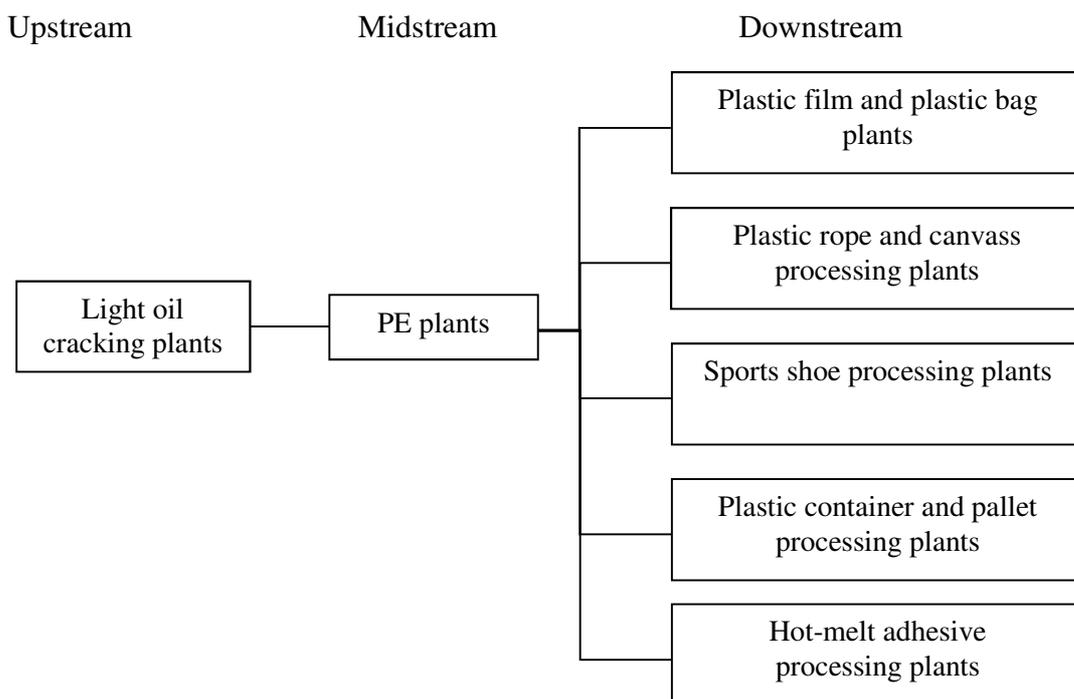
In Taiwan's ABS/PS industry, there are four ABS manufacturers and five PS manufacturers, and five EPS manufacturers. The total production capacity far exceeds domestic demand. At present, over 85% of the annual production of products in Taiwan relies on export to maintain the normal operations. Downstream processing plants in Taiwan have moved their production capacity to Mainland China and Southeast Asia due to the concern of cost competitiveness. With abundant manufacturers engaged in EPS production in Mainland China, the total production capacity of EPS in the country is also far greater than the domestic demand. According to the statistics at the end of 2019, the total domestic production of EPS in Mainland China exceeded 6.5 million tons, while the country's domestic demand was only 3.1 million tons. The demand for EPS can generally be divided into four major areas based on applications - packaging for electric appliances, vegetable and fruit boxes, ceramic packaging and building slabs. At present, building slab products account for approximately 35% of the total demand, while packaging products for electrical appliances accounts for



approximately 45%. Vegetable and fruit boxes and ceramic packaging products constitute roughly 10% each. In market distribution, the demand for EPS is mainly concentrated in South China (Guangdong), East China (Jiangsu and Zhejiang), North China (Shanxi, Hebei and Shandong) and Northeast China (Heilongjiang, Jilin and Liaoning). While the South and East China regions focus on the production of packaging products for electrical appliances, the North and Northeast China regions concentrate on the production of building slabs. The Middle East, Africa, Russia and South America are emerging markets with relatively strong potential of growing demand. In addition, in Japan where the domestic market is relatively closed off, customers have gradually accepted imported materials due to constantly high prices of plastic raw materials within the country.

In respect to ferrite powder and iron cores, such materials are mainly applied in the production of coil inductors which is a type of inductive material of passive components. Inductors are mainly used for preventing electromagnetic interference, filtering noise in electric current and power conversion. In addition to the aforementioned functions, inductors can also be used along with resistors and capacitors to demonstrate filtering functions. For example, inductors can be used as upstream material for filters, chokes, ballasts, switch power supplies, various transformers (e.g. inverters, converters, inductors and telecoms), and can be further applied to common electronic products such as (wireless) chargers, cloud servers, desktop computers, notebook computers, liquid crystal displays, LED TVs, smartphones, automotive electronics and communication network devices. Because inductors can stabilize electric current, remove noise and suppress electromagnetic radiation, inductors are widely used in electronic digital and consumer products. In 2019, new application areas, such as artificial intelligence, 5G, automotive electronics, and high-speed computing, pushed up the demand for higher-end components. However, due to the weakening demand of some leading terminal brands and the impact of the continued China-US trade problem, the annual output value growth slowed down.

## 2. Correlations between upstream, midstream and downstream industries



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

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

The primary raw material for PS and EPS is styrene monomer (SM), while that for ABS includes SM, acrylonitrile (AN), and butadiene (BD). There are three SM manufacturers in Taiwan, namely Taiwan Styrene Monomer Corporation,



## Operations Overview

Formosa Chemicals & Fibre Corporation, and Grand Pacific Petrochemical Corporation. The output is sufficient for the overall domestic demand. SM can be transported under normal pressure and obtained relatively easily in international trade. In addition to SM purchased from domestic suppliers, part of SM required can be supplied by foreign SM manufacturers by contract. Domestic AN manufacturers include Sinopec and Formosa Plastics. Because AN is a toxic substance, there are many transportation regulations and restrictions in place, which is not conducive to long-distance transportation. Fortunately, the required amount of AN can be fully supplied domestically, without imports. Domestic BD manufacturers include CPC Corporation and Formosa Petrochemical Corporation, and their production and sales are roughly balanced; the required amount of BD is supplied domestically. The upstream materials for ABS/PS/EPS are crude oil derivatives and prices usually fluctuate along with fluctuations in oil prices. Reference prices of raw materials for SM/AN/BD are available globally for buyers and sellers. Downstream customers are mainly small and medium enterprises with a generally low processing scale. The design of molds and craftsmanship also differ based on product design provided by final customers. ABS/PS/EPS plants have to meet the downstream customers' needs for changes and provide technical services and material recommendations upon request.

In respect to magnetic iron oxide powder and cores:

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

### 3. Development trends and competition for the company's products

In terms of domestic sales, there are currently three domestic PE and EVA manufacturers. Over the years, their respective supply and marketing systems have been formed. However, due to the low import tariffs, LDPE, HDPE, and LLDPE products still accounted for a considerable proportion of the import. In terms of the export market, Taiwan is always the main exporter of petrochemical products, such as PE and EVA; the export areas are mainly China

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

Currently in Taiwan, the annual production of VCM in the PVC industry consists of 485,000 tons produced by the Company and 1,640,000 tons produced by Formosa Plastics Corporation. The annual production volume of PVC at the Company, Formosa Plastics Corporation and Ocean Plastics Co., Ltd. is 450,000 tons, 1.35 million tons, and 120,000 tons respectively. PVC processed products in the downstream consist mainly of PVC film/sheet, PVC leather and construction products. In 2019, the sales volume of domestic housing market and the number of projects promoted in the construction industry increased compared with 2018, and public construction projects were gradually released. In addition, affected by the US-China trade war, overseas Taiwanese businesspeople returned to Taiwan to build factories, improving the business in the construction materials industry and thus driving the growth in the procurement in the downstream sections of construction materials and plastics. The export market continued to be affected by negative factors, including the trade war and the sanctions imposed



on Iran in 2019; however, the positive changes arising from production problems in Brazil and the lifting of anti-dumping duties in India in the middle of the year once again boosted the sales performance by 6% a year. The Company's operating strategy for 2020 is still maintained at a 100% production-sales ratio. However, particular attention shall be paid to price-volume control due to the soaring EDC/ethylene cost in the upstream.

ABS was originally classified as a kind of high-priced/high-profit engineering plastic. However, the material has gradually lost its edge and become more of the kind of general-purpose plastic after Chi Mei Corporation in Taiwan and LG in South Korea competed to increase their capacity and became the first and second largest plants in the world, respectively. ABS resin are widely used in automotive engineering, electronics, electrical appliances, equipment and building materials, due to the product's synthesized feature of resistance to impact, heat, low temperature, and chemical erosion, in addition to its modability and surface gloss. It is a type of polymer material between general-purpose plastic and engineering plastic. In Mainland China, the downstream consumption of ABS is mainly concentrated in the household appliance industry, accounting for 60% of the total market share. Among all the applications, air conditioners, vacuum cleaner, refrigerator and laundry machines incur the most demand for ABS. In 2019, due to the continued impact of the China-US trade war, the demand for ABS in China was uncertain and the ABS spreads were affected, but the demand still grew throughout the year. GPS is widely used plastic whose market value mainly fluctuates with the price of its raw material, SM. Due to the advantage of vertical integration, Taiwan's largest GPS manufacturer, Formosa Plastics Corporation has a lower GPS production cost than other manufacturers', and thus it can easily dominate the market. Other GPS manufacturers in Taiwan (including the Company) all use externally purchased SM material to feed their GPS production lines; therefore, SM price have a material impact on these companies' competitiveness. The Company is the only manufacturer in Asia who adopts NOVA manufacturing technology in the production of GPS. Featuring the character of low free monomer, the quality of the Company's product is competitive in the market and is mainly distributed in Taiwan and Mainland China. The principal market of GPS has stable demand for disposable tableware. There are no obvious seasonal differences. In recent years, there has

been no capacity expansion or new players in the GPS market, resulting in the increasing operating rate of GPS. When the price of the main raw material, SM, is stable, GPS will show a reasonable profit. To avoid the valuation loss caused by great fluctuations in SM prices, the Company shall control the inventory of raw materials and finished products well. As EPS contains Pentane, it is listed as a Class 9 hazardous product in maritime transportation. Due to the frequent occurrence of shipping accidents in recent years, the packaging standards and acceptance level for EPS vary greatly at different shipping companies. As a kind of insulation building material with fire-retardant feature, EPS is gradually restricted by countries around the world because EPS contains the traditional fire-retardant material, HBCD (EU has classified HBCD as SVHC), and up to now, non-HBCD fire-retardant material is comprehensively used in the EU market. Demand for EPS in packaging for appliances in Taiwan has decreased because large-scale processing plants have successfully shifted out of Taiwan. However, domestic LCD-TV panel manufacturers have adopted EPS packaging materials in glass panel recently, so the overall use has slightly increased. Furthermore, since Taiwan is located in the sub-tropical zone, EPS is rarely used for insulation in the domestic market, hence 90% of the material is exported for sales. The Company's EPS products are mainly sold through export sales in different markets spanning all across the world.

In respect to ferrite powder and iron cores, rapid development of 3C products has encouraged downstream manufacturers to continuously launch new products in response to changing consumer demand. With the function of electronic products enhanced and the polarized market trend evolving towards the development of large-sized transformers as well as the development of micro-miniature inductors, customers' demand regarding product characteristics such as functions, materials, and shapes should all be considered into the design of a product's materials, formulas, impedances, dimensions and appearances. The requirement for temperature endurance, high frequency, resistance to high electric current and micro-miniature size just complicates the market trend but should not be eliminated in product design either. Most of these products are exported overseas for sales, with Mainland China being the main market. Major competitors in this industry are ferrite core manufacturers in Japan and China. Because of the large number of competitors in the



industry, the competition in price is fierce. Therefore, to effectively segment the market and establish a competitive advantage, the Company has taken actions to increase product's added value and improve manufacturing technologies, all of which have successfully lower product cost and enhance the overall product quality within the Company. In addition, the Company has established an all-round support service to be in line with customers' need for product development. This has helped the Company shaping competitive advantage in differentiation over other competitors. By cooperating with customers in the research and development of future products, the Company has been able to keep a close eye on market dynamics as well as enhancing its business competitiveness.

(III) Overview of Technology and Research & Development:

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

Unit: NT\$ thousands

	2019	As of the end of April 2020
R&D Expenses	416,083	99,208

2. Successfully developed technologies or products
  - (1) New specifications of ethylene vinyl acetate resin
  - (2) Enhanced function of high-density coating material
  - (3) Development of the application of high-performance shoes made of foaming material
  - (4) Development of new dosage and application of fire-retardant addition liquid
  - (5) Application development and performance enhancement of hot-melt adhesives
  - (6) Development of high-liquidable hot-melt adhesives
  - (7) Development of shock-absorbing eco-friendly elastic adhesive
  - (8) Development of polyolefin and related application materials used in LCD monitors and biomedical testing
  - (9) Development of high-liquidity HDPE
  - (10) Production technology for the second-generation stain-resistant leather for furniture
  - (11) PVC foaming pipe production technologies
  - (12) TPE highly foaming soft leather production technologies
  - (13) Advancement of the wear-resistant rubber surface treatment production technologies
  - (14) PVC rigid-foaming door panel production technologies and

formula

- (15) Arsenic-free mildew-proof agent application technologies
- (16) PVC reaction tank spray valve and water distribution plate
- (17) PVC anti-slip adhesive pad
- (18) Leather-like PVC for household cars in Australia
- (19) PVC stain-resistant printing soft leather for Europe
- (20) Second generation anti-fouling PVC leather
- (21) 60" PVC plastic leather for agricultural equipment
- (22) Double-color rolled hole automotive PVC leather
- (23) Second-generation PVC cat scratch-prevention furniture soft leather
- (24) Soft PVC leather for agricultural machinery seats
- (25) Rigid PVC foam pipe
- (26) PVC building material (foam door panel)
- (27) PVC breathable soft imitation leather for furniture
- (28) PU CASTING stain-resistant PVC leather
- (29) Vacuum embossing stain-resistant soft leather
- (30) Transparent sliding door pellets
- (31) Medical-grade pellets
- (32) Development of the production technology for the large batch production of V18161 low crystal point coating-grade EVA product
- (33) The new product of wooden floor glass wool insulation system certified with the high-performance green building material mark.
- (34) Development of environmentally friendly and energy-saving low VOC foaming expandable polystyrene (EPS) for automotive interior parts.
- (35) Flat panel display special packaging material—antistatic and low moisture content foaming expandable polystyrene (EPS)
- (36) Development of high-speed expandable polystyrene (EPS) for packaging materials, thereby effectively reducing the molding development.
- (37) General-grade acrylonitrile butadiene styrene (ABS), and WRAS and NSF water-related certification.
- (38) Development of heat-resistant acrylonitrile butadiene styrene (ABS) for heat-resistant UPS battery cases
- (39) Development of VOC reduction polymerization technology for acrylonitrile butadiene styrene (ABS)
- (40) Mn-Zn High Tc and high u Material A104/A072



- (41) Ni-Zn Wide Temp. and Stability Material F100
- (42) Mn-Zn high frequency and Low Loss Material P452
- (43) A High Bsat and Low Loss Mn-Zn Power Ferrite for Power Chokes and Transformers at Frequencies of 500kHz to 2MHz.(P63)
- (44) A Wide Temperature, Ultra Flat High Permeability MnZn Ferrite (A044&A064)
- (45) Mn-Zn high frequency and Low Loss Material P452/P53
- (46) Ni-Zn High Permeability and High Tc K151
- (47) High purity 6N SiC Powder for semi insulating powder
- (48) High purity ceramics SiC powder AFSC4/AFSC3
- (49) Ni-Zn Power Material for use in Transformers for frequencies of 5-10MHz Low Core Loss at Wide Frequency 200 to 500kHz(P452i)
- (50) High  $\mu_i$  ( $\geq 10000$ ) and High Impedance Ferrite Material(A105)
- (51) Ceramic injection molding (CIM) for mini-sensor and WPC

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

1. Short-term business development plans:

For short-term business planning, due to lack of ethylene supply based on the contract with CPC Corporation, the Company not only is committed to searching for sources of low-priced ethylene, but also continuously develop differentiated products, optimizes product mix, and reduces production costs, thereby enhancing product profitability and the competitiveness in the domestic market. In terms of exports, the Company plans to continuously solidify its position in the markets outside the market in China to diversify risks. Additionally, the Company will comprehensively enhance service quality, improve product structure and focus on differentiation and customization to address niche market needs in order to avoid vicious low-price competition. The Company has the advantages of high quality and reputation in the solar packaging film-grade and special hot melt adhesive market. In recent years, the solar market has developed vigorously. To meet clients' urgent needs, the company established two new EVA production lines with a total annual production capacity of 90,000 tons, which was successfully put into production in the middle of 2016. The products were immediately recognized by clients. At present, the overall EVA sales were smooth. For the investment in the Gulei project, the Company has begun to establish a plant with the aim of having a stable supply

of raw materials in the upstream section and integrating both petrochemical raw materials and plastics refining in the mid-stream section, so as to enhance its overall cost support and reduce transportation costs while alleviating the price competition in the international market, thereby enabling the Company to establish a foothold in the Greater China market. On the other hand, the research and development of CBC optical material and the food-grade material for milk bottles is ongoing. Also, market potential of the high-value product of ethylene derivatives / copolymer and feasibility of mass production of the product is under investigation and assessment.

In view of VCM related industries, integrity of the supply chain will be strengthened to keep production at high level and in good quality. Stable supply of material is also actively sought after by the Company. In view of PVC, the Company is keenly to establish cooperative and reciprocal relationship with major clients of PVC powder, while continuously acquiring new clients and enhancing development in high-value sectors. Therefore, both domestic sales and the market share are expected to be maintained in 2020. The production capacity of the plants in Toufen and Linyuan are utilized in flexible ways to enable product diversification, labor division, thereby decentralizing the customer and market base. The Company has set up policies to select customers with good credit ratings for sales and strengthen major distribution channels to increase the proportion of sales with downstream manufacturers. All these have been done in an attempt to balance market fluctuations between the peak and off-peak seasons, and eliminate the bottleneck of excessive sales concentration on retailers. The global economy in 2020 is expected to proceed between being steady and being slightly downward. In response to this, the Company seeks to constantly consolidate its relationship with channels, expanded supply chain integrity into downstream partnership, and improve the overall service quality to secure constant product supply and increase sales volume in chemicals. Particularly for the 45% liquid caustic soda product, the Company keeps making solid relationship with core customers in order to maintain its market share. The Company will continue to develop new PVC pellet products with niche and medical devices, hard pipes and relevant parts, and low-odor transparent pellets as the mainstream. Additionally, the Company will continue to enhance product quality, and ensure accurate



delivery and services. In Bangladesh, business opportunities for pipe sales are keenly pursued by collaborating with local large-scale manufacturers and small and medium-sized users to promote the PVC pellet products. Through international trading services on the Internet, the Company will secure the opportunity of participating in major markets to sell PVC pellet products to emerging markets, such as Africa and Southeast Asia. With respect to PVC plastic products, the pipe product assortment will be adjusted in order to increase its market share in general-purpose construction pipes and waterproof materials. The Company will also increase the market share in construction pipes and actively participate in the supply of public works to increase and improve profitability. The Company will promote environmentally friendly PVC plastic products, enhance the added value of products and brand image; it is expected that material innovation will enhance sales in the market. On top of that, advertisements on media, website broadcasting design, and participation of various major exhibitions will be made to enhance product awareness and expand business opportunities for the plastic leather/sheet products. The Company will also join forces with its peers to strengthen the supply of various types of artificial leather, with the purpose of increasing its product portfolio and enhancing horizontal competitiveness. The formula of the FORBID stain-resistant product is upgraded to improve the cleaning effect. A water-based formula is developed to create more market opportunities. The leather-like product used to make seats and the inner lining of agricultural equipment has seen steady sales in North America, with a sales order clinched from a major tractor seat manufacturer in the U.S serving as a stable source of revenue for the year. Due to this, the Company's product portfolio and sales performance is estimated to experience a strong rise in the future. The upgraded anti-mold formula for plastic leather used in ships have met the REACH requirements. Hence, the Company is expected to establish and benefit from a stable source of orders for this product in the European market. Meanwhile, the anti-UV formula of plastic leather used in ships will be upgraded to step into the US OEM market of plastic leather for ships. The Company will also improve formulas and related labels in line with regulatory requirements of Prop #65 in the North American market; hence, market operations in this region is expected to be more sound and robust. The Company will promote environmentally friendly

materials and new products for the furniture, marine, automotive, and footwear markets. It is expected that more sales will be created because of its innovative materials. With marketing power strengthened in the rigid plastic sheet market in Asia, an increase in market share was obviously seen as a result. The development of the automotive tape market in Europe and Southeast Asia is expected to increase the shipment performance in 2020 substantively. By making use of new production capacity, the Company can continue to develop plastic sheets, pool cloth, and water-proof cloth to enlarge its customer base. The Company plans to participate in domestic trade shows held in 2020 where the Company's various products, product functions, and development status will be promoted to both domestic and overseas clients.

The proportion of direct clients will be raised for ABS, the ratio of injection grades with better profits will be increased for PS, and for EPS the ratio of general-grade EPS with better profits will be raised. After the introduction of the Toyo SAN manufacturing process in the production of ABS, the background color and quality of ABS have been improved. In the future, the Company will actively make good use of these advantages to reach out to quality customers in need of electroplating-grade, low temperature impact resistant, and high-liquidity ABS. The Company will continue to improve the proportion of production and sales of the injection-grade GPS with better profitability, and by tapping into the advantage of the quality of NOVA's manufacturing process, there is an opportunity for continued growth in the optoelectronic market so as to improve the profitability of GPS. The Company will increase the proportion of production and sales of the general-grade EPS products with better profitability and continuously monitor the clients' EPS demand and further improve the quality to increase sales. The Company will realize the integrated supply chain management to maximize production and sales and maintain the inventory of raw materials and finished products at a low level. The Company will strengthen the profit analysis of customers, select more favorable customers and products, and plan and implement market segmentation strategies to maximize benefits. The Company will develop and advance high value-added products to strengthen market competitiveness. The Company will enhance functionality and flexible organization. Besides, the Company will actively expand overseas sales and develop markets in emerging and developing



countries in particular. The Company will work with main customers in product development to launch new products and expand new markets. In view of EPS sales, material supply is constantly maintained stable in South China. Along with the quality of ultra-light materials and fast-molding materials improved, the Company is able to maintain basic sales volumes while expanding business into markets with good profitability. The Company will constantly strengthen its marketing power in the core market (i.e. Yunnan and Guangdong Provinces), while further developing Guangxi, Fujian, Sichuan, and Hubei markets to further expand the profitable market regions. By taking the advantage of complementary market demands, different specifications in sales are balanced. The Company will continue to increase and expand technical service capabilities and scope for customers to increase customer loyalty. The Company will improve the pellet size and concentration to meet market demand.

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

## 2. Long-term business development plans

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

In VCM business, occupational health and safety policies will be intensified companywide and production processes will be stabilized in plants; all these will be made in the hope to reduce cost and

ensure long-term stability for the Company's product supply. The Company will enhance product differentiation for PVC powder and continue to promote product applications with special specifications. The existing production capacity for chemicals will be fully utilized, and the bottlenecks in equipment will be removed to improve product quality and production volume, as well as establishing stable sales channels. In the meantime, the Company will continue to enhance PVC pellet product quality and to develop new functional formulas, while engaging in the research and development of high-end products to be in line with market demands and to increase the competitiveness of the PVC pellet products. The Company will enhance research on processing technologies for PVC plastic products, and improve equipment and its environment in order to produce differentiated products, thereby segmenting the increasingly competitive traditional product market. The Company will improve the production capacity and raw material formula of PVC plastic product machines, develop high value-added products, and expand the production capacity of professional products to increase the market share. The PVC products will continuously be promoted in regions with high economic growth potential, such as Southeast Asia, Bangladesh, Vietnam, and South America. The product assortment to be promoted includes SRT stain-resistant leather, cooling leather, automotive leather, and stationery/universal/pool adhesive sheets. Products featuring trendy emboss and colorness will be developed according to fashion and trends. Moreover, research on different new PVC plastic products will be performed through various joint ventures with business partners in the same industry to create a comprehensive set of product assortment, thereby expanding the Company's customer base. In response to the updates in environmental protection regulations, the Company will continue to make adjustments in formulas and in other related corresponding measures. The Company will continue to develop and promote environmentally friendly materials to the markets ranging from footwear, automotive, furniture, marine to flooring products. The Company will continue to observe the impact of the US-China trade war and the COVID-19 pandemic in the first quarter of 2020, as well as the trend of single sources derived from transfer of production bases in the downstream section of the supply chain. The Company will collect information on trends in the selection of materials in the electronics and develop suitable products and



materials. With the improvement of physical properties of its products, the Company will increase its market share in the "high-quality, high-priced" market segment. The Company will increase its market share in overseas emerging markets. The Company will also reduce its reliance on material suppliers and develop direct customers. The Company will collect information on trends in the selection of industrial materials so as to adapt to industry adjustments and develop suitable products and materials. Resources of the Company will be integrated to continuously make development in the ferrite powder and iron core products as well as new material business lines. The Company will also acquire potential customers and develop new sales bases so as to increase market share. On the other hand, the Company will continue to nurture international marketing talents, set up overseas sales offices, and keep abreast of information related to international markets in order to achieve the goal of internationalization.

## II. Market, Production and Sales Overview

### (I) Market Analysis:

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

Domestic polyethylene (PE) plastic raw materials are used by USI, APC, and Formosa Plastics Corporation to manufacture low-density polyethylene (LDPE) and ethylene vinyl acetate (EVA). High-density polyethylene (HDPE) and linear low-density polyethylene (LLDPE) are manufactured by USI Corporation and Formosa Plastics Corporation. USI's PE/EVA sales in the domestic market account for 40% of total, while 56% of the sales are originated from export. The Company's products are exported to different countries, including the United Arab Emirates, Australia, Bangladesh, Brazil, mainland, Ecuador, Egypt, Britain, Hong Kong, Indonesia, Israel, India, Iran, Japan, Cambodia, Sri Lanka, Myanmar, Mexico, Malaysia, Nigeria, New Zealand, Peru, Philippines, Pakistan, Poland, Russia, Senegal, Thailand, Turkey, United States, Venezuela, Vietnam, South Africa, with 75% of the sales orders arising from Hong Kong and Mainland China. Among all the plastic materials exported overseas, ethylene vinyl acetate (EVA) is the most important item, followed by low-density polyethylene (LDPE) and linear low-density polyethylene (LLDPE). USI accounts for about 2.7% of the domestic sales, while the rest is supplied by APC and imports. Of the total sales volume of ethylene vinyl acetate

(EVA) in the domestic market, sales by USI account for 39%, whereas 38.4% were sold by APC and Formosa Plastics Corporation, and the remaining 24.1% are from import. In view of high-density polyethylene (HDPE), 22.6% of domestic sales are from USI, and the Company's linear low-density polyethylene (LLDPE) accounts for 3.4% of the total market share. The rest is supplied by Formosa Plastics Corporation and import. Since the total domestic production volume has exceeded the demand, the Company strives to increase export sales in an attempt to absorb excess production and achieve the balance between production and sales.

For VCM, the ratio of domestic sales to export sales and self-use products is approximately 9:1:91. For PVC powder, the ratio of domestic sales to exports to personal use is 12 : 78 : 10. The main export regions include India, Bangladesh, China, Southeast Asia, the Middle East, South America, and Australia. Chemical products are sold mainly to Hsinchu Science Park, Central Taiwan Science Park and northern regions, accounting for 60% of total sales. The main client for these products are electronics and petrochemical industries. The Company's market share in the domestic market is approximately 3 to 4% for liquid caustic soda and approximately 16 to 18% for hydrochloric acid and liquid bleach. At present, the PVC pellets are mostly sold domestically. For the export markets, shoe material manufacturers in India and Nepal turned to low-cost sources; thus, the Company, at present, focuses on the development of the pipe market in Bangladesh. The PVC plastic product portfolio consists of: (1) building products: mainly sold domestically. Domestic market share: approximately 17% for PVC pipes and approximately 38% for PVC door panels. (2) Plastic sheets: The ratio of domestic sales to exports is 55:45; the market share in the domestic market is approximately 22%. Export sales mainly concentrate in overseas regions, including America, Europe, Australia, South Africa, Russia, Japan, China, Vietnam, Bangladesh, and Southeast Asia. (3) PVC leather: The ratio of domestic sales to exports is 45% : 55%, while its market share in the domestic market is approximately 28%. These products are exported mainly to North America, Europe, Australia, Japan, Mainland China, Malaysia and India.

ABS/PS are mainly exported and constitute 89% of the Company's business turnover. These products are exported mainly to Mainland China and Hong Kong, but sales of these products are gradually



increasing in other regions. The percentage of sales in the domestic market is as follows: 10% for ABS/PS and 52% for glass wool products. In addition, EPS products produced in the Company's plants located in Mainland China are basically all sold within Mainland China.

In view of ferrite powder and iron cores, the domestic demand for inductor is around 7% to 10% of the total domestic demand for passive components; therefore The estimated market share of the Company's ferrite powder and iron cores is about 6% to 9%.

2. Market supply and demand and market growth in the future

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

In 2020, with the new PVC production capacity to cover some demand for VCM and the frequent annual preventive maintenance sessions of manufacturers in the first half of the year, it is estimated that the supply of VCM will be tightened, which will help to increase the price of VCM, but it is still necessary to observe the degree of impact of COVID-19 on the overall economy. In the second half of the year, it is estimated that the trend of VCM in the first half of the year will continue. In addition, the tight supply of raw materials has been relaxed compared to 2019; thus, it is estimated that a certain profit will be maintained. Looking forward to 2020, in terms of PVC powder, the US-China trade war is still uncertain, and the China's pandemic is still disrupting the markets; however, the expected demand from emerging countries, such as Southeast Asia, Central and South America, India, and Bangladesh is

still strong, which is still conducive to export promotion activities. The sales and production team will strive to enhance the revenue performance. Demand in the domestic market in 2020 is expected to remain at the same level as that in 2019. It is expected that the government's plastic policy restriction policy and the expansion of production capacity for domestic and export industries, such as floor tiles and construction materials in the downstream section, will maintain the demand for PVC powder. The demand from domestic large chemical users is expected to remain stable in 2020, which is mainly influenced by the growth of upstream production capacity of the wafer, panels and petrochemicals industries. Domestic demand for plastic pellets is expected to grow slightly in 2020 as compared to 2019, while for the overseas sales, the business opportunities from pipe users in Bangladesh and from plastic pellets in Southeast Asia and Africa will continue to be developed. Products of PVC plastic building materials grew in 2019 due to the growth of the housing market; coupled with upsurge in the volume of civil engineering projects and other private construction projects domestically, the overall market volume consequently rebounded. In 2020, the government keeps implementing a non-intervention policy for the housing market; coupled with the expectation that civil engineering projects will be released in succession during the year, it is expected that sales of building materials will be stable. Looking forward to 2020, the domestic and international economy has not yet recovered strongly. The Company's product assortment will still focus on the existing products with profitability as well as the promotion of high value-added products. In the export market, pressure on businesses has multiplied due to appreciation of New Taiwan dollar. However, the Company's customer base is stable and well-coordinated. Both the Company and its customers spared no effort in developing new products and new markets and we have achieved significant results in this respect. At the same time, the Company's export team continued to develop new customers and new markets, thereby significantly contributing to the Company's sales volume and profitability. Looking forward to 2020, the domestic sales of PVC plastic leather will continue to expand the indirect export channels and promote a series of functional and environmentally-friendly products, while in terms of export, the U.S.-based market will continue to be maintained steadily. Despite low-price competition from Vietnam, India, Mexico, and Mainland



China, the Company's production and sales team will research and develop new products, expand product assortment, and develop new markets; the sales volume is expected to increase in 2020.

As for ABS: In 2019, ABS continued to be affected by the US-China trade war, and the demand in Mainland China was volatile, and the spreads were affected, but the demand continued to grow throughout the year. The long-term demand for ABS remains growing. However, the China-US trade war will have an impact on major economies. The Company shall pay close attention to it and take action with prudence. New production capacity recently added in the industry mainly includes 150,000 MT/year of ABS, which has been launched in March 2019 by LG's Huizhou Plant (CNOOC) and the capacity has been successfully met by the market demand. In the future, the Company will continue to plan to launch new ABS production capacity.

In view of GPS/EPS: In recent years, no new expansion or new business is seen taking part in the market. There is no obvious seasonal difference in disposable tableware in principal markets. With the population of dining out tending to grow, the GPS demand increased in 2019, and the Company's sales volume also increased by 5% compared with 2018; as the raw material inventory was reasonably controlled and the proportion of injection-grade sales with better profitability increased, the business GPS turned to profit from loss, with profit increasing significantly. The EPS international market is still in a state of oversupply, and due to the increase in the cost of flame retardants, the profit margin of flame-resistant-grade EPS has decreased. In the future, the Company will increase the production and sales proportion of its ordinary-grade EPS with better profitability and continue to develop markets with lower market share and better profitability.

In view of EPS products in Mainland China: there is relatively a balance in the supply and demand of styrene in South China, and there are only three major EPS manufacturers in the area. In 2019, only 60,000 tons/year of EPS capacity was added in the market by Shinda Chemical in the same industry. Therefore, in spite of some changes in supply and demand during the year, the overall market is still comparatively healthy. Based on the fact that a new plant with a capacity of 300,000 tons established by Longwang in Zhuhai is expected to put into production in the second half of 2020, which will further increase production capacity in South China. With a view to stabilizing the quality of raw materials—improving the

quality of ultra-light materials and rapid materials, the Company has strengthened its competition in the markets of electrical packaging and plywood, which are mainly used in electrical appliances in South China, while increasing the output ratio of effective specifications and reducing the generation of idle materials. The main goal is still to increase the uptime and reduce the inventory of raw materials and finished products to enhance the Company's profitability. The domestic market of glass wool grew by 3% in 2019, and the import volume accounted for about 11% of the overall market. South Korea and India were the main import countries, accounting for 14% and 77% of the import volume, respectively. It is estimated that the domestic demand market in 2020 will grow by 4% to 5% compared with 2019. Due to the fierce competition and low unit prices in the Southeast Asian markets, the sales have shifted to New Zealand, Australia, and South Africa with higher unit prices. Meanwhile, Australian local manufacturer Fletcher has closed its Sydney factory and turned to the Company for procurement. Thus, the Company has secured its presence in New Zealand and Australia while continuing to develop South Africa and other markets with higher unit prices and actively increasing the breadth and depth of the export markets. The proportions of domestic sales and export sales for 2020 are estimated to be 53% and 47%, respectively. However, in 2020, due to the impact of the COVID-19 pandemic on market demand and the simultaneous decline in raw materials derived from the sharp drop in crude oil, the uncertainty in the markets for the products above has increased, and the Company shall cope carefully.

In respect of ferrite powder and iron cores, in 2019, although there were new applications, such as artificial intelligence, 5G, automotive electronics, and high-speed computing, boosting the demand for high-end components, the growth of annual output value continued to slow due to weak demand for some leading terminal brands and the influence of the Sino-US trade issue continues, so the annual output growth slowed down. With new technologies, such as 5G, Internet of Things, AI, and automotive electronics still advancing strongly, it is estimated that the global demand for passive components will continue to be strong in the future.

### 3. Competitive niches

The Company has always been known for its decent management. Our business philosophy is "Solid Operation, Professional



## Operations Overview

Management, Seeking Excellence and Serving the Society." The Company's current business strategy focuses on the manufacture and sale of high-added-value PE/EVA products though under the limitation of ethylene sources, as well as continuous improvement in product portfolio to generate higher and higher profit. The Company has set up an office in Tainan and a research and development division in Guishan, with the latter focused on customer service and the research and development of products. In addition to research and develop new products, the Research and Development Division is committed to discovering new product applications, as well as introducing new products to customers in order for them to improve their processing technologies. Up until now, the effort has been highly regarded by the Company's business partners.

In production, VCM process equipment is improved to stabilize production capacity and maximize utility rate. In purchase, the Company purchases competitive raw materials to increase production efficiency and reduce cost, thereby enhancing profitability in the overall industrial chain. In sales, products are made in stable and proper quality, and delivered on time and in accuracy. Full understanding of customers' needs and full support for them is the key to create competitiveness in the domestic sales and export of PVC powder. The Company has built long-term cooperative relationship with business partners situated in Hsinchu Science Park and Central Taiwan Science Park, and the quality of chemical products and services supplied to the aforementioned companies is also highly regarded. Besides, the Company has plants situated in vicinity to Hsinchu Science Park and Central Taiwan Science Park; the geographic advantage enables the Company to make speedy delivery of goods to its business partners. The Company has created good command over the supply of PVC plastic pellets, and an experienced R&D team is engaged to improve product quality and cooperate with customers to develop high value-added new products. Generally, sales of PVC plastic pellets are not affected by seasonal changes due to: (1) a propriety brand of high brand awareness for the product; (2) good quality control and after-sales service; (3) the wide variety of the existing product lines and downstream sales. It is less affected by the off-peak season of a single industry to impact the overall sales; (4) vertical integration of VCM, PVC powder, and downstream processing; (5) complete technical professionals; (6) complete international marketing sites;

(7) complete IATF16949 (International Automotive Task Force) and the ISO 9001 quality control system, providing an excellent quality certification system; (8) stricter environmental regulations, such as: Prop #65, REACH, and RoHS the requirements which the Company is able to meet, which is beneficial for the competition in the export market .

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

The Company has invested in Zengcheng City, Guangdong Province, and Kunshan City to engage in molding, sintering and grinding of magnetic cores in Mainland China and provide services to customers in the nearby regions of South China. In order to meet customers' need for promptness, the Company has shortened the delivery time, and provided products with stable quality, so as to establish a brand image with competitive advantage. The technical experience and product scale of Japan, Europe, and the US are in a dominant position. The magnetic powder formula of the ferrite magnet cores greatly affect the magnet process and the final quality as the content of the formula is closely related to the magnetic permeability, density, energy conversion efficiency of the manganese-zinc ferrite, as well as the time and yield required for future sintering. Since establishment, the Company has continuously accelerated talent cultivation and the development of technology research to establish the self-development ability for materials. In addition, the products need to be aligned with the applications of downstream manufacturers for different purposes. Therefore, the Company participates in the planning at the beginning of the downstream clients' product design, and then supplies it to the downstream system terminal product manufacturers to make finished products. Once the downstream clients adopts this model, it is not easy for them to change suppliers in normal conditions, and the product loyalty is high.

4. Favorable and unfavorable factors affecting the Company's



development prospects and corresponding countermeasures

Favorable factors affecting the Company's development prospects:

- (1) In view of PE/EVA, the Company has established an excellent supply chain relationship with CPC Corporation, and has implemented flexible measures to obtain a stable supply of ethylene from various sources for the purpose of maintaining the stability of raw material supply.
- (2) With regards to PE / EVA, the Company has established long-term cooperation with downstream customers and developed such cooperation into cooperative partnerships. Apart from meeting each other's supply and sales in a stable manner, the Company has also engaged in technical cooperation and exchanges to jointly develop new products and their applications.
- (3) In view of EVA used in membrane-encapsulated solar cells, the Company has a leading edge in terms of quality and technology. In addition, the Company's customers play a vital role in the industry. Over the years, these customers have collaborated and grown with the Company, and thus deep and solid partnerships have been established.
- (4) In view of PE/EVA, the Company's efforts to actively expand its related business in a number of emerging markets have shown excellent results. The Company will continue to target effort at different regions and products in order to meet product needs from these market segments, and thereby expanding into emerging economy markets.
- (5) The new EVA production line has entered mass production in 2016 and the sales of PV photovoltaic-grade materials and high-end forming materials are expanded which has increased revenue.
- (6) The Gulei Petrochemical investment project is under construction and will enhance the Company's competitiveness in the future.
- (7) Vertical integration of VCM and PVC powder.
- (8) Fully keeping abreast of sources of EDC, the main raw material for VCM.
- (9) Fully utilizing the Company's VCM production capacity to effectively reduce production costs.
- (10) The price reduction of upstream raw materials, such as ethylene and EDC, will help improve the profitability of the PVC

industry.

- (11) The production of PVC at the Company's Toufen Plant and Linyuan Plant complement each other, thereby diversifying product features and ensuring faster delivery of goods with a higher degree of flexibility.
- (12) Vertical integration of VCM, PVC powder, and secondary processed products.
- (13) The Company's relationship with PVC powder customers and the depth of its services.
- (14) The Company continues to break bottlenecks in PVC powder production and sales, thereby effectively reducing the production cost.
- (15) The Company has long been reputed for good quality of its chemical products.
- (16) For chemical products, the Company has a good customer portfolio as market demand for these products is experiencing stable growth.
- (17) Vertical integration of upstream and downstream processing of PVC plastic products
- (18) The Company has its own brand for PVC plastic products, along with good quality control and after-sales services.
- (19) The Company has readily available professionals in the area of PVC plastic product technology.
- (20) The automotive leather for PVC plastic products has been certified by IATF16,949.
- (21) With regard to PVC plastic products, the Company is engaging in the research and development of new products including high value-added and eco-friendly materials.
- (22) For PVC plastic products, the Company continues to improve its equipment, manufacturing processes and product quality.
- (23) The Company has established sales offices and distribution channels overseas which can facilitate market expansion.
- (24) For PVC plastic products, exported plastic leather and plastic sheets, the Company has printed its corporate identification labels on the products in order to increase brand awareness, thereby effectively raising customers' willingness in purchase.
- (25) Continuous research and development of environmentally friendly materials for PVC plastic products helps enhance product segmentation and market promotion. In 2020, the Company will plan consecutive new product launches focusing



on the US markets for furniture and the interior of ships. It is expected for the Company to experience an increase in profit and performance in the American markets.

- (26) The surface treatment technology applied to PVC plastic product is expanded its use to plastic leather and plastic sheet; it is expected to increase sales volumes in the US market for the inner lining products for machinery and equipment.
- (27) Stable quality of ABS/PS products, active research and development capabilities, enhanced customer service and implementation of management systems can help increase customers' confidence in the Company's products.
- (28) The NOVA manufacturing process technology applied to GPS can produce products with heat resistance and in the form of low residue monomer.
- (29) The Company's EPS product development is in a leading position in the domestic market. The Company's fire-rated and anti-static products, both of which were developed and released in market earliest among the overall EPS product range, have gained considerable reputation in the international market.
- (30) There is still space for domestic demand in the South China market to grow. Since the demand for EPS is still growing, this is conducive to the operation of the Company's Zhongshan Plant.
- (31) Sekisui and BASF, both EPS competitors, have shut down their EPS plants in Southeast Asia, which will bring benefit to the Company's sales in the region.
- (32) Japan and New Zealand have successively announced a prohibition on the use of HBCD. This will provide the Company more room to develop the new 'non-HBCD fireproof EPS' product.
- (33) The Company is a leading brand in the glass wool market, and the product quality is well recognized.
- (34) The Company offers high level of services associated with the glass wool products so as to effectively eliminate product competition among other foreign goods.
- (35) The Company has stable marketing channels for glass wool products, which is an advantage for market development and competition.
- (36) Glass wool is used as filler in the calcium silicate board partition system. This application has been gradually accepted

in the market.

- (37) With annual increases in sales for the gypsum board partition system, the use of glass wool is expected to increase as well.
- (38) The conversion of the non-combustibility test of CNS6532 to CNS14705 can facilitate the fiberglass ceilings panel products to pass the test.
- (39) In addition to the successful renewal of Branz certification in New Zealand, the Company has assisted its customers in the region to obtain the certificate of Environmental Choice New Zealand (ECNZ), who has also secured a bidding qualification for government projects in March 2018.
- (40) The Company will continue to develop market for the product of fire-retardant glass wool used in roof and outer walls. The sales of the product in 2019 increased by 47% from 2018.
- (41) With the Floor Impact Audio Act to be effect in July 2020, the newly developed products - Porter boards have passed related tests and will be a competitive edge for the Company to develop new markets.
- (42) The newly developed six-sided-covered design can add value to the Company's products.
- (43) The electromagnetic radiation interference discovered between electronic products has growingly attracted public attention nowadays. Europe and the U.S. were the first to pay attention to the issue of electromagnetic radiation, and have established strict electromagnetic test standards. In the future, products to be released in the market must pass these tests, which will help increase the demand for ferrite cores and inductors.
- (44) With the thriving development in the global automotive, information, network communication, and consumer electronics industries, the global market scale continues to expand, thereby increasing the demand for magnetic cores and inductors. Moreover, due to a wide range of applications for downstream products, the Company will be less affected by the condition of a single industry.
- (45) The Company has gained extensive experience in managing the product development trends, manufacturing and sales operations in the industry. In addition, the Company's management fully understands that quality is the essence of good sales and promotion. Therefore, the Company puts emphasis on total quality improvement, and comprehensively promotes quality



control all across the company to ensure that requirements of product quality and environmental protection are met.

- (46) With economic production scale and excellent production efficiency, the Company has put emphasis on the improvement and enhancement of production processes over the years in order to streamline the management of production lines. In response to industry development trends, the Company has shifted its production abroad, where the Company can effectively use local resources to achieve the economy of scale arising from mass production. The overseas operations also enable the Company to provide customers with products and services that come from nearby.

Unfavorable factors and corresponding countermeasures:

PE/EVA:

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

Response measures:

Apart from continuously seeking sources of low-priced ethylene, making investment in the Gulei Petrochemical projects, improving and enhancing the stability and operating rate of production equipment, increasing production capacity and product quality to reduce production cost to win over the market, the Company is even more committed to offering reasonable product prices and providing services to customers. Besides, the Company also develops high value-added products in response to market trends, and expands export sales into emerging markets, such as Mainland China, to

establish stable customer base for the long term and therefore increase operating profits.

VCM:

- (1) With the increasingly strict domestic environmental protection policy, accelerated implementation of draft resolutions related to energy conservation and carbon reduction, along with the direction of amendment of the Labor Standards Act, supporting measures and grace periods were below expectations, thereby limiting the transformation and development of the petrochemical industry.
- (2) The low price of sodium hydroxide affects the alkali chlorine plants' production willingness. The export volume of EDC in the US is shared by Brazil, Egypt, and India. In addition, the escalation of the IMO issues has increased the freight cost, propping up the EDC prices; thus, it is unfavorable to control VCM raw material costs stably.
- (3) Domestic supply of ethylene is unstable, while imported ethylene is expensive.
- (4) The continuing U.S.-China trade war is putting pressure on the global economy, and the purchasing power may slow down.
- (5) The situation of COVID-19 is severe, which may cause the global economic growth to decline.

Response measures:

- (1) Accelerate the improvement and investment of production equipment and energy conservation, water conservation, electricity conservation, and carbon emissions reduction while improving operation efficiency to maintain high productivity.
- (2) Continue to communicate with the relevant government agencies on plans related to corporate social responsibility and environmental responsibility to reach a consensus.
- (3) Continue to obtain sources of competitive raw materials, and respond to ever-changing market changes using flexible production and sales strategies.
- (4) VCM is mostly for self-use, and the inventory will be carefully adjusted to enhance the advantages of vertical integration and increase overall profitability.

PVC powder:

- (1) Because of low U.S. shale oil prices, competitors enjoy cost advantage and are able to compete for orders in Asian markets.
- (2) Manufacturers of calcium carbide powder in Mainland China



take the opportunity of production idleness to acquire low-price orders and interfere in the market order.

- (3) Taiwan has yet to sign FTA with major PVC consuming countries, and thus export opportunities have gradually flown to Japan, South Korea and countries in Southeast Asia.

Response measures:

- (1) Actively secure stable cooperative relationships with downstream manufactures in Mainland China, India, Bangladesh, Brazil, and Australia, to meet their requirements for raw materials.
- (2) Actively establish strong customer base in India, Bangladesh and the Middle East through agents and traders as demand for PVC resin in these three countries is rapidly increasing, in order to expand sources of sales orders.
- (3) Seek long-term support from key customers in every region.
- (4) Enhance product quality and develop products with unique specifications and market differentiation.
- (5) Streamline organization, improve operational efficiency and strengthen customer service.

Chemicals:

- (1) Expansion of domestic potassium sulfate plants has led to an increase in the production of secondary hydrochloric acid, thereby impacting the hydrochloric acid market.
- (2) Domestic sales of alkali face competition from those imported from Mainland China, thus restricting profit margins for this product.

Response measures:

- (1) Segment sales markets to establish stable sales and distribution channels.
- (2) Continuously increase production quality and efficiency, and optimize production and sales planning.

PVC processed products:

- (1) Development of high value-added and differentiated products is not yet completed.
- (2) The cost of green eco-friendly materials is high, and the options are limited.
- (3) OEM automotive leather exports are restricted by rigorous quality requirements and the long testing and development schedule delays qualification certification.
- (4) Environmental regulations in Europe and the U.S. are becoming more stringent. Flame retardants are prohibited from being added

to the furniture leather in North America, and the Company has adjusted the product formula and sales area.

- (5) Low-cost competition with the Company's foreign peers and tariff barriers have led to obstacles in its export expansion plans.
- (6) Some markets have replaced PVC with other materials.
- (7) The Company continues to face exchange rate pressure, which reduces export competitiveness.

Response measures:

- (1) Win public projects and obtain rights to supply building materials for private construction projects.
- (2) Continuously engage in the research and development of eco-friendly materials and high value-added products.
- (3) Engage in product and market segmentation to acquire markets for high value-added products.
- (4) Continuously reduce production costs and improve production technologies.
- (5) Develop business opportunities in emerging markets and launch new products to gain market share.
- (6) Use North America's successful high-end product portfolio and promote them in marine or furniture markets abroad, where the main target regions are Europe, Australia and Asia.
- (7) Cooperate with professional companies specializing in channels related to U.S. OEM automotive leather, and utilize collaborations with such professional companies to accelerate the Company's entry into the supply chain of the automobile industry.
- (8) Establish strategic alliances with domestic and overseas brands, as well as developing new materials.
- (9) Engage in horizontal promotion of unique products in each individual region to each major market through exchange of product information.

ABS/PS products:

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

Response measures:

- (1) Enhance product quality and product added value, segment markets, and avoid market price competition.



- (2) Maximize capacity, reduce cost, as well as select and sell products with relatively good profit margin.
- (3) Analyze and keep abreast of market trends to make early entry into the emerging markets.
- (4) Effectively bring the integrated supply chain management into full play and lower the inventory level of raw material and finished goods so as to reduce risk.

### Glass wool products:

- (1) The cost of products imported from India is low and the country's product has passed the one-hour calcium silicate board fire test, thus making a big impact in the domestic market.
- (2) Substitute products are everywhere in the market.
- (3) Products from Mainland China are entering the Taiwanese market through project import.

### Countermeasures

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

### In regard to ferrite magnetic powder and iron cores:

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

### Response measures:

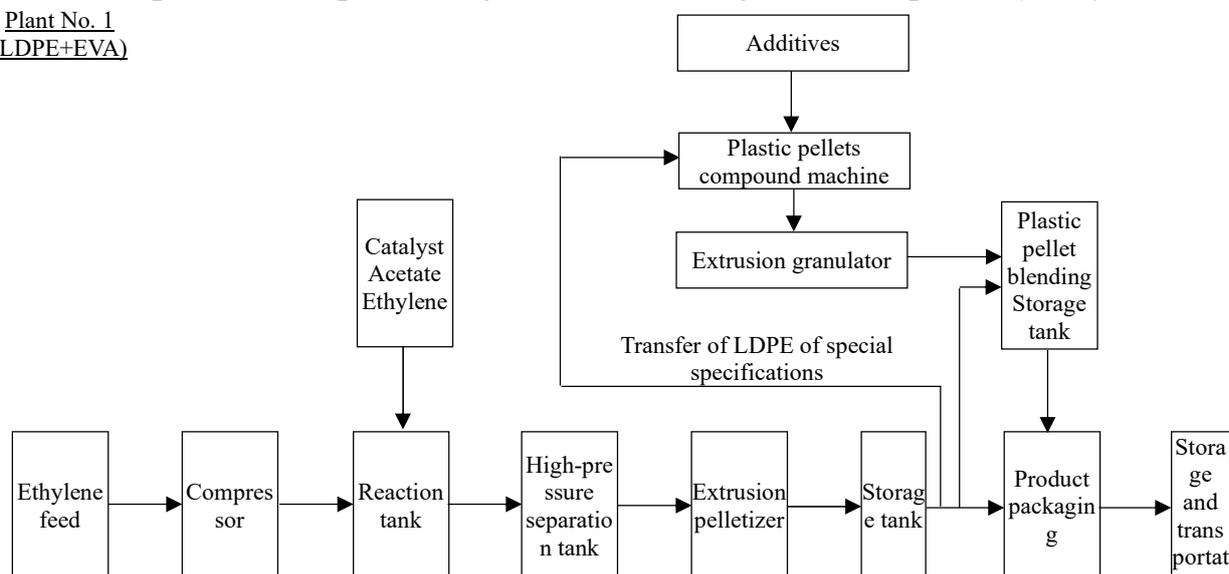
- (1) Improve quality, lean production, and automated production through the purchase of advanced machines and equipment and improvement of manufacturing processes, as well as enhance employees' on-the-job training in order to improve efficiency and productivity.
- (2) By adding value to products, manufacturing processes can be refined and improved. This can reduce cost and enhance overall product quality, which enables effective market segmentation and the establishment of competitive advantage in the market. In addition, establishing all-around support service capabilities in

line with customers' product development needs, shaping the Company's competitive advantage over other competitors, as well as jointly developing future products according to development trends in order to quickly grasp market dynamics and enhance competitiveness.

(II) Important Uses and Production Processes of Main Products

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

Plant No. 1  
(LDPE+EVA)

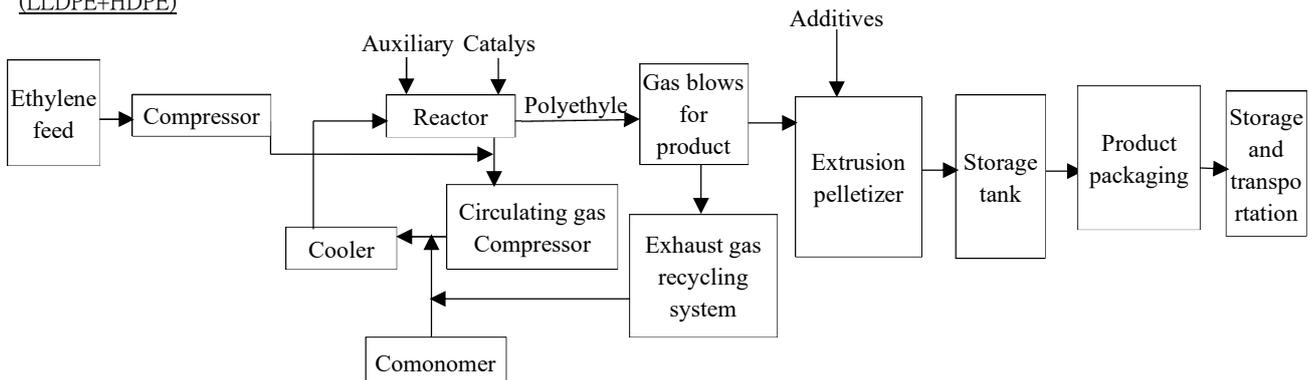




## Operations Overview

The process of producing high-density polyethylene (HDPE) and linear low-density polyethylene (LLDPE) includes the following steps: First, the raw material, ethylene (HDPE is the finished product) or ethylene and butane (LLDPE is the finished product) is pressurized multiple times and fed into a high-pressure reactor. Next, transition-metal catalysts are added as catalyst to carry out polymerization. The granular semi-finished products are then packaged into commercially available products after granulation, and unreacted gases are recycled after separation.

Plant No. 2  
(LLDPE+HDPE)



VCM is mainly used in the production of PVC powder, where EDC is used as a raw material. After cracking, VCM and hydrochloric acid gas are produced. Through the oxychlorination reaction on ethylene, oxygen and hydrochloric acid gas, EDC is then produced (back to cracking process). PVC powder is mainly used for producing products such as soft plastic sheets, plastic sheets, rigid plastic sheets, rigid tube and building materials for shaped extrusion. The production of PVC uses VCM, starter and dispersant as raw materials, and the product is made through a few processes including polymerization and drying. Chemicals are mainly used in water treatment and the production of food MSG, synthetic fibers, detergents, dyes, pulp, steel, etc. and the materials consist of industrial salt, other indirect materials, and water which are refined into pure brine and then electrolyzed into liquid caustic soda, hydrogen, and chlorine using ion-exchange membranes. Chlorine gas is then reacted with hydrogen and liquid caustic soda to synthesize hydrochloric acid and bleaching liquid. PVC building materials products (PVC pipes, foamed PVC pipes, door panels, and foamed door panels, and sewer lining) mainly for buildings (water pipes, drainage pipes, electrical pipes, and bathroom and room door panels) and public construction projects (water supply construction, electrical pipeline construction, and wastewater sewage construction). The materials include PVC powder and stabilizing agents which undergo procedures including mixing, gelatinization, extrusion, cooling, and cutting. Soft

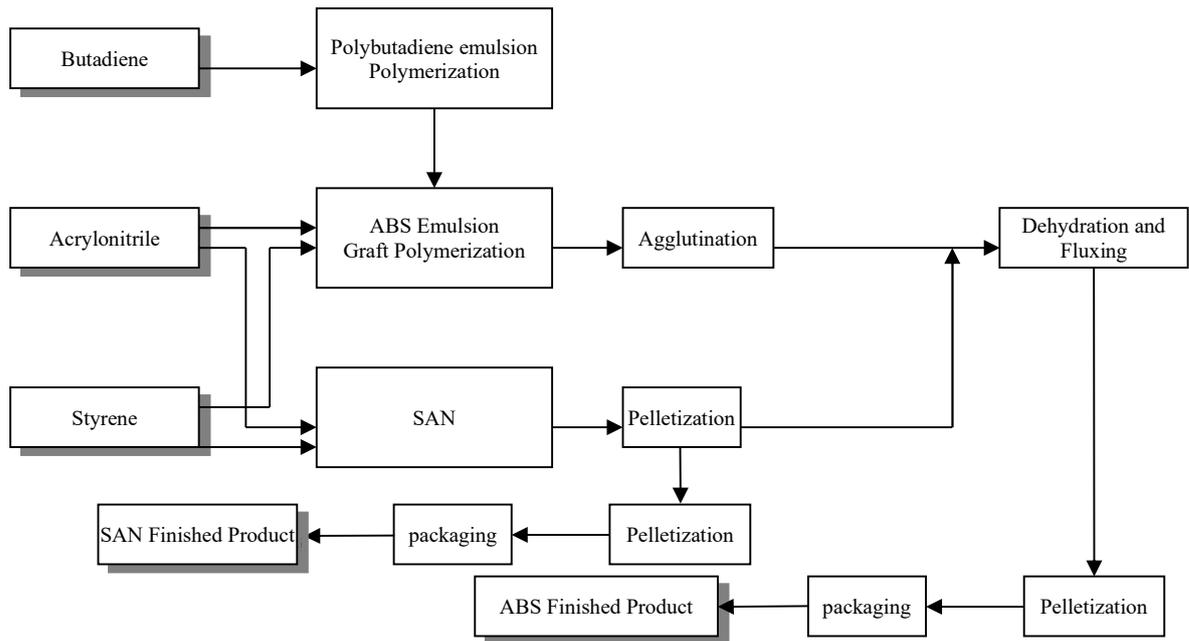
plastic sheets can be used to produce tape cloth, semi-rigid cloth, stationery cloth, transparent cloth, waterproof film, swimming pool cloth, mesh cloth, cloth for gas blowing, bonding cloth, furniture cloth, advertising cloth, screen cloth, raincoat cloth, table towel cloth, shower curtain cloth, and curtain cloth. Soft plastic sheet is made of PVC powder, plasticizer, and other auxiliary materials through the process of cold and hot mixing, gelation, filtration, calendaring, cooling, and coiling. These sheets/cloth can also be printed and laminated to increase their added value. Rigid plastic sheets can be used for the production of vacuum forming cloth, pharmaceutical packaging cloth, drip water storage cloth, collar cloth, stickers cloth, protective cloth, printing cloth, stationery cloth and ceiling cloth. These plastic sheets are made of plastic powder and other excipients, and are put through various processes in production including mixing, gelatinization, extrusion, pressing, cooling, coiling and so on. In addition, these plastic sheets can also be treated or embossed to increase their added value. Plastic leather is used in the production of foaming soft leather, non-foaming leather, eco-friendly leather after surface treatment and air-pinning, which are then used to mainly produce sofa skin for cars, motorcycles, bicycles, marine vehicles, SPA cover, shoe leather, baseball gloves, sports equipment, and medical chairs. Plastic leather is made of PVC powder, plasticizers, and other auxiliary materials through various processes in production, including mixing, gelation, filtration, calendaring through tape machines, laminated to base fabric, and finally being foamed and embossed in the foaming furnace or embossing machine. After 1-2 times of printing as well as special treatments, including stain-resistant, anti-slip, water-resistant, or scratch-resistant treatment. The products can be further processed to increase their added value. Plastic pellets are used for the production of electrical wires, car foot pads, and shrink wraps. They are made from PVC powder, plasticizers, and other auxiliary materials which undergo procedures including mixing, gelatinization, extrusion, and cooling.

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

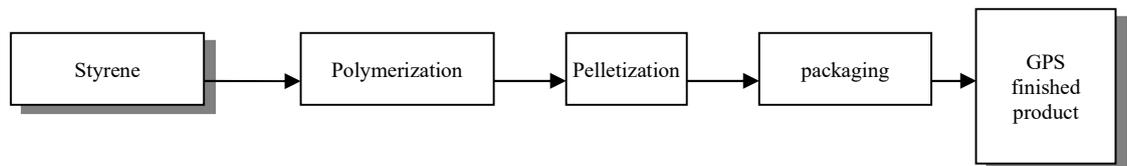


polystyrene include lighting, stationery, household appliance, daily accessories, diffusion boards, insulation boards, disposable tableware, food and pharmaceutical packaging materials. Expanded polystyrene is applied to building material insulation boards, packaging materials, antistatic packaging materials,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

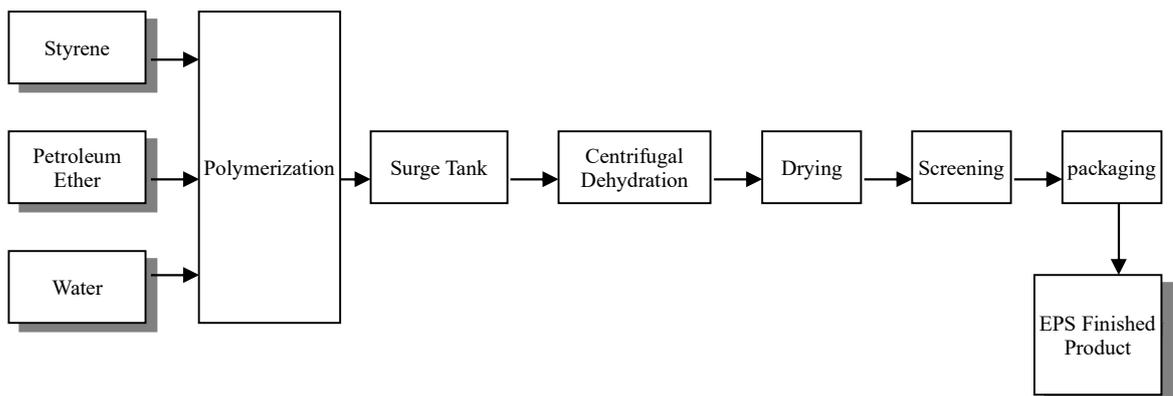
(1) Production process for styrene acrylonitrile-butadiene-styrene (ABS) and acrylonitrile-styrene copolymer resin (SAN)



(2) Production process of GPS

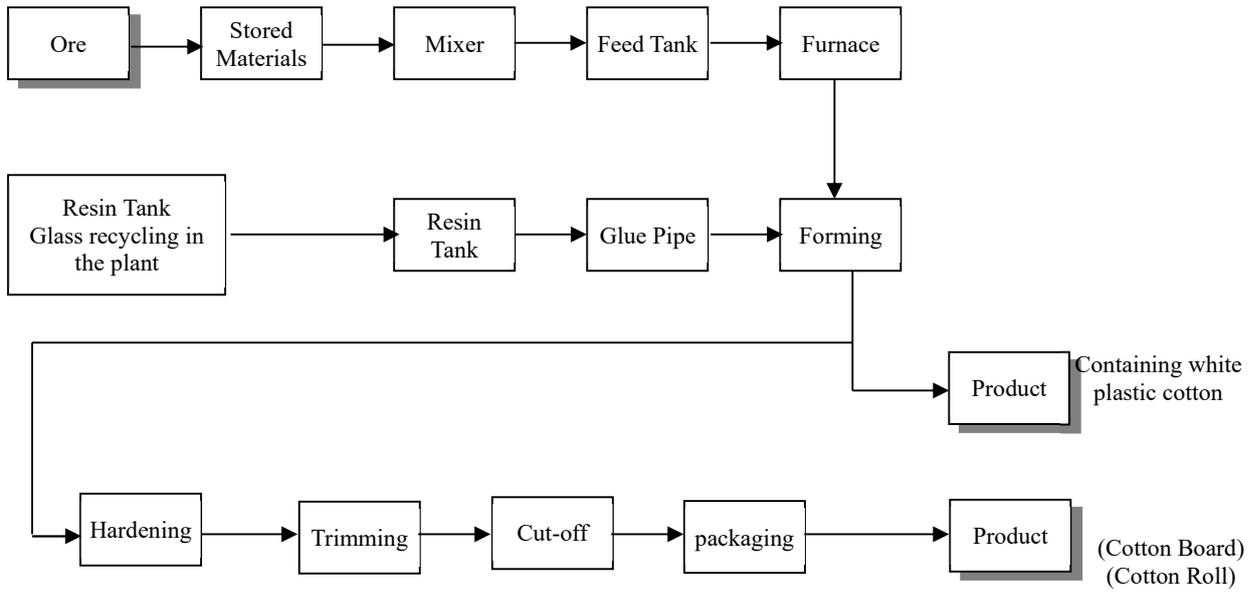


(3) Production process of EPS

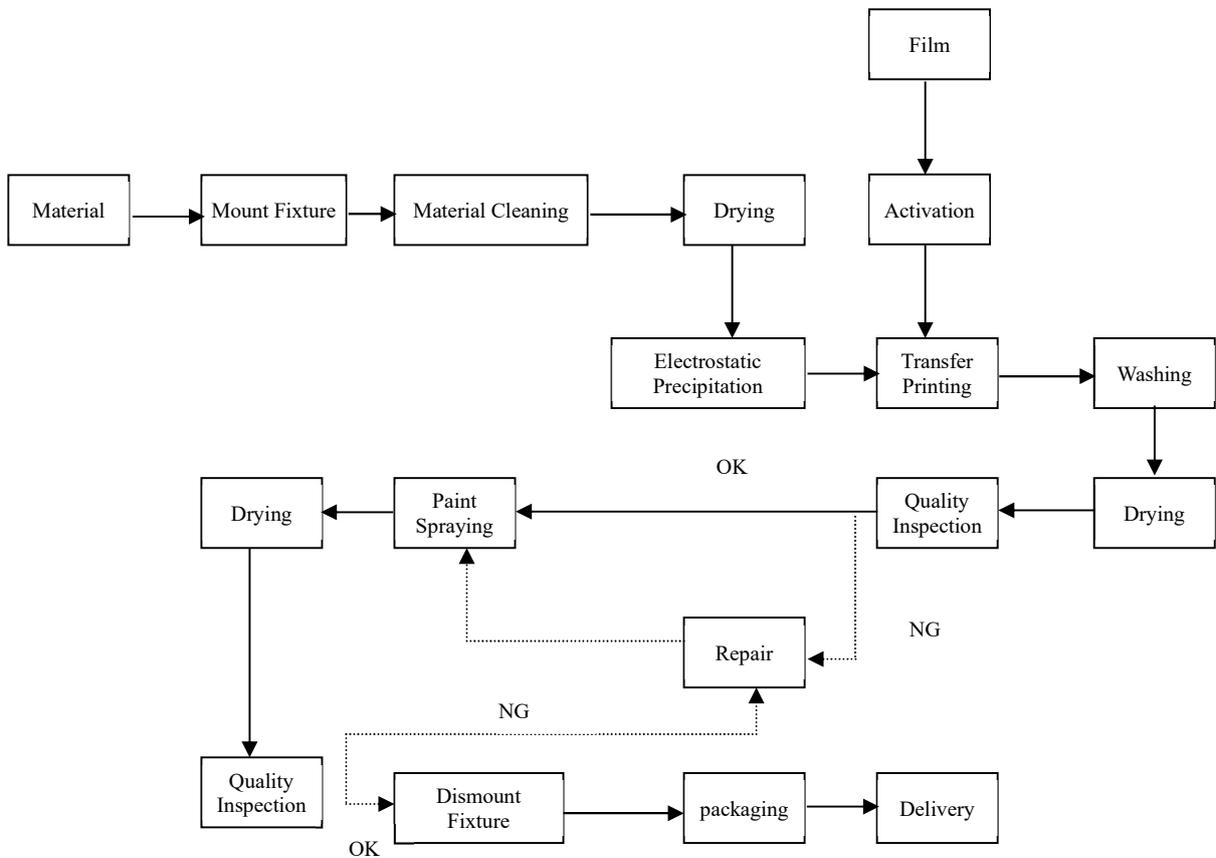




(4) Production process of glass wool products



(5) Production process of cubic printing



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

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

### (III) Supply of major raw materials

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

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

The supply and demand of styrene monomer (SM) is currently in balance.



The Company has routinely purchased SM from Taiwan Styrene Monomer Corporation, Formosa Chemicals and Fibre Corporation, China Petrochemical Development Corporation, CNOOC and Shell Petrochemicals Company Limited, whereas supplemental supply is also secured from direct import of goods from a few foreign suppliers such as SABIC, in order to balance price risk and overcome the shortage of supply. The Company has established supply contract with CPDC for the supply of acrylonitrile (AN). Domestic procurement is also regularly made with Formosa Plastics Corporation. The Company also imports the material from abroad from time to time dependent on the status of supply and demand in order to increase flexibility in inventory support and ensure stable source of material supply. In view of butadiene (BD), material supply agreements have been signed with CPC Corporation and Formosa Petrochemical Corporation. The Company imports the material from time to time depending on the status of supply and demand to provide full support in private use. Pentane is mainly purchased through foreign spot sales. Part of the material is purchased from CPC Corporation; the usage is stable, and the supply is sufficient. Glass-quality sand is the main raw material to produce glass wool products. Because the unit price is relatively low, it is constantly purchased domestically. Changes in the quantity and price of glass-quality sand is minimal so can be fully controlled.

Main raw materials and suppliers of ferrite powder and cores are listed as follows; the supply of such materials is stable:

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

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

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

Unit: NT\$ thousands

Item	2019 (audited and verified)				2018 (audited and verified)				2020 up to the Previous Quarter (reviewed) (Note 2)			
	Name	Amount	Percentage of Net Purchase for the Current Year (%)	Relationship with the Issuer	Name	Amount	Percentage of Net Purchase for the Current Year (%)	Relationship with the Issuer	Name	Amount	Percentage of Net Purchase for the Current Year as of the End of the Preceding Quarter (%)	Relationship with the Issuer
1	CPC Corporation	8,531,571	22	None	CPC Corporation	10,937,568	25	None	CPC Corporation	1,274,179	16	None
2	Others	29,619,354	78	Note 3	Others	32,672,665	75	Note 3	Others	6,532,922	84	Note 3
	Net purchases of goods	38,150,925	100		Net purchases of goods	43,610,233	100		Net purchases of goods	7,807,101	100	

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

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

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

Reasons for changes in purchases: Affected by the China-U.S. trade war, global economic demand has weakened and confidence has been low. As a result, the price of ethylene fell in 2019, and the amount of purchases from CPC Corporation decreased. In the first quarter of 2020, because of the annual preventive maintenance at the new No. 3 naphtha cracker and No. 4 naphtha cracker at the CPC Corporation, the supply of ethylene declined, resulting in a decrease in the amount of purchases from CPC Corporation.

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



## Operations Overview

### (V) Production Volume and Value in the Most Recent Two Years

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

Main Product	2019			2018		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
LDPE/EVA (metric tons)	300,000	267,981	10,360,458	300,000	260,762	11,912,969
HDPE/LLDPE (metric tons)	130,000	103,923	3,285,763	130,000	110,601	4,224,867
Plastic Powder and Chemical Products (metric tons)	511,375	479,423	10,859,540	491,375	475,185	10,517,579
Plastic Products (metric tons)	99,300	53,742	2,386,359	99,300	56,490	2,534,438
Plastic Leather (thousand yards)	8,600	6,558	561,978	8,600	6,476	565,368
Vinyl Chloride Monomer (metric tons)	485,000	447,911	9,039,972	450,000	445,266	8,700,437
ABS Resins (metric tons)	100,000	121,642	5,103,038	100,000	111,472	5,789,855
Polystyrene (metric tons)	480,000	323,311	11,872,352	480,000	320,554	13,160,243
Cubic Printing (grids of jig)	200,000	73,576	55,386	200,000	114,332	80,151
Glass wool products (metric tons)	8,600	8,594	278,334	8,600	7,670	255,885
Ferrite Powder and Cores (metric tons)	11,500	6,706	1,759,349	11,500	7,710	1,881,308
Packaging Films (metric tons)	49,207	49,207	2,837,601	53,696	53,696	3,237,745
Others		28,737	641,465		900	677,639
Subtotal			59,041,595			63,538,484

## (VI) Sales Volume and Value in the Most Recent Two Years

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

Sales volume and value Year Main Product	2019				2018			
	Domestic Sales		Exports		Domestic Sales		Exports	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
LDPE/EVA (metric tons)	57,081	2,670,288	217,402	10,229,034	65,266	3,288,051	191,735	9,061,595
HDPE/LLDPE (metric tons)	75,482	2,666,575	22,659	828,354	81,159	3,548,300	22,807	1,014,104
Plastic Powder and Chemical Products (metric tons)	112,139	2,116,016	333,689	8,738,891	118,460	2,370,143	305,748	8,222,522
Plastic Products (metric tons)	37,604	1,677,551	14,336	802,507	36,643	1,651,322	16,946	951,188
Plastic Leather (thousand yards)	2,819	267,316	4,319	631,519	2,798	274,000	4,478	622,176
Vinyl Chloride Monomer (metric tons)	38,769	884,055	-	-	43,000	969,781	6,001	131,488
ABS (metric tons)	7,295	364,909	114,234	5,048,927	7,178	439,115	104,890	5,744,311
Polystyrene (metric tons)	181,302	6,940,252	127,651	4,784,507	196,811	9,316,932	124,538	5,635,202
Cubic Printing (grids of jig)	72,186	64,209	-	-	112,553	88,676	-	-
Glass wool products (metric tons)	8,718	319,627	4,234	149,773	9,483	338,052	3,157	121,414
Ferrite Powder and Cores (metric tons)	28	14,523	7,131	2,100,114	28	16,383	8,236	2,357,577
Packaging Films (metric tons)	8,416	523,508	43,515	3,084,410	8,833	590,025	48,247	3,442,470
Others (square meters)	-	130,947	-	618,929	-	120,716	-	576,970
Subtotal		18,639,776		37,016,965		23,011,496		37,881,017



## Operations Overview

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

Year		2019	2018	Current fiscal year up to April 30, 2020
Number of employees	Staff	1,795	1,838	1,792
	Workmen	3,129	3,349	3,253
	Subtotal	4,924	5,187	5,045
Average Age		39.15	39.2	40.28
Average year of services		11.19	10.36	10.86
Distribution of academic qualifications	Doctor	0.55%	0.54%	0.54%
	Master	9.22%	8.69%	9.18%
	University/College	34.32%	34.34%	33.50%
	Senior High School	30.32%	33.20%	29.38%
	Below high school	25.59%	23.23%	27.40%

### IV. Information of Environmental Protection Expenditures

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

Date of disciplinary action/Disciplinary official letter No.	Laws violated	Penalty amount (NT\$ thousand dollars)	Facts violated	Improvement Measures
January 4, 2019 / 20-107-010001	Paragraph 1, Article 20 of the Air Pollution Control Act	100	The Environmental Protection Bureau of Miaoli County sent personnel to the Company's Toufen Plant on September 25, 2017 to conduct sampling of odorous pollutants from the fixed pollution source of (M08) discharge pipeline (P811) dedicated to plastic leather, plates, and pipes. The test result was 1,738, which exceeded the "Air Pollutant Emission Standard for Fixed Pollution Sources (the height of the discharge pipe line ≤18 meters; standard value was 1000)."	The height of the discharge pipe (P811) was changed to 18.5 meters. After the test, the odor has met the emission standards. A subsequent plan is to set up prevention equipment to treat the exhaust gas.

Date of disciplinary action/Disciplinary official letter No.	Laws violated	Penalty amount (NT\$ thousand dollars)	Facts violated	Improvement Measures
March 13, 2019 / 34-108-030002	Paragraph 5, Article 7 of the Toxic and Concerned Chemical Substances Control Act	20	Methyl isobutyl ketone (MIBK), a toxic chemical substance in the fourth category, was introduced without obtaining approval documents.	An approval document for the introduction of MIBK has been obtained, and the operation proceeded in accordance with regulations.
June 10, 2019 / 20-108-060008	Paragraph 1, Article 20 of the Air Pollution Control Act	300	The Environmental Protection Bureau, Kaohsiung City Government, sent personnel to the Company's Linyuan Plant to collect a representative sample of odorous pollutants at the outlet of the discharge pipe (No. P007) on April 12, 2019. According to the perceptive measurement method of odor pollutants—Triangular Odor Bag method (NIEA A201.14A) analysis results, air pollutant—odor pollutant—concentration was 41200, which exceeded the emission standard value of 2000 for discharge pipes of odorous pollutants set out in the Air Pollutant Emission Standard for Fixed Pollution Sources (height: 26.71 meters; pipeline height $18 < h \leq 50$ meters).	1. The circulation of C-6703 washing liquid was increased 2. The PH value was controlled to prevent the sour smell from spreading. 3. The temperature of the incoming gas was lowered. 4. The height of the filling material of the washing tower was raised.
June 17, 2019 / 20-108-060016	Paragraph 1, Article 23 of the Air Pollution Control Act	100	The Environmental Protection Bureau, Kaohsiung City Government, sent personnel to the Company's Linyuan Plant for inspection on April 12, 2019, and they found that the wastewater collection tank in the wastewater collection system was not covered, which caused the liquid surface of the wastewater to come into contact with the atmosphere.	The wastewater collection tank has been covered.
December 26, 2019 / 20-108-120055	Paragraph 1, Article 23 of the Air Pollution Control Act	100	The Environmental Protection Bureau, Kaohsiung City Government, found on November 18, 2019 that the Company's Linyuan Plant's outlet of the discharge pipe (P008) of the vinyl chloride monomer manufacturing process (M01), a fixed pollution source, discharged obvious particulate pollutants in the air, and on November 19, 2019 it was found in an on-site audit in the plant that the adjusted air-fuel ratio of the exhaust gas decomposition furnace (E009) in the aforementioned process was abnormal, leading to incomplete combustion; hence granular pollutants were generated and discharged in the air through the	Due to the mis-operation of the personnel at the Instruments and Electrical Section, the air-fuel ratio was abnormal and black smoke was produced. Personnel training has been strengthened.

## Operations Overview



Date of disciplinary action/Disciplinary official letter No.	Laws violated	Penalty amount (NT\$ thousand dollars)	Facts violated	Improvement Measures
			discharge pipe (P008).	
June 21, 2019 / 20-108-060022	Article 20 of the Air Pollution Control Act	100	The Environmental Protection Bureau, Kaohsiung City Government, sent personnel on April 29, 2019, for a sampling test on the odor of RTO P001 discharge pipe; the test result for the odor was 3090, exceeding the emission standard of 2000.	After inspection, it was discovered that the double-bed switch valve of the RTO exhaust gas incinerator had a problem of internal leakage and the regenerative thermal material was old and blocked, leading to excessively high back pressure; thus, the treatment efficiency decreased. The switch valve was repaired and the regenerative thermal material replaced on August 4, 2019, and it passed the retest on August 12, 2019; an official letter was sent to the Environmental Protection Bureau to close the case.
October 23, 2019 / 20-108-100002	Article 32 of the Air Pollution Control Act	100	On July 17, 2019, the shockproof hose for engine intake pipe broke during a test operation of an emergency generator, which caused the engine's wind-oil ratio to be unbalanced, resulting in incomplete combustion, hence black smoke discharged, which was recorded on video and reported by the Environmental Protection Bureau	On July 18, 2019, the replacement of shockproof hose for engine intake pipe, and the operation was normal. The weekly test checklist has included the functional inspection of shockproof hoses and other necessary items to make the inspection more complete. A weekly test is changed to no-load test; a loaded test will be added before the typhoon season. During the test, personnel shall monitor and confirm the smoking condition.
September 24, 2019 / 20-108-090026	Article 20 of the Air Pollution Control Act	300	On July 29, 2019, the Environmental Protection Bureau, Kaohsiung City Government, inspected the discharge pipeline of the waste incinerator P014 for dioxin, and the test result exceeded the standard (the detection value was 0.96ng-TEQ/Nm <sup>3</sup> ; the emission standard was 0.5 ng-TEQ/Nm <sup>3</sup> ).	The treatment units and pipelines of the incinerator were cleaned regularly using a water jet cutter to reduce the residue of dioxin; after the improvement on October 14, 2019, it passed the retest; an official letter was sent to the Environmental Protection Bureau to close the case.
November 14, 2019 / 20-108-110019	Article 20 of the Air Pollution Control Act	100	On September 19, 2019, the Environmental Protection Bureau went to Linyuan Plant to inspect the equipment components, and the result exceeded the standard.	On September 23, 2019, an inspection company was commissioned to conduct a retest at the plant, and the result was normal, and a retest report was submitted to the Environmental Protection

Date of disciplinary action/Disciplinary official letter No.	Laws violated	Penalty amount (NT\$ thousand dollars)	Facts violated	Improvement Measures
				<p>Bureau to close the case. Strengthen the regulations on component disassembly and repair and retest: After the equipment is inspected or restored after disassembly, in addition to FLIR large-area scanning inspection, detailed TVA-2020 inspection is required and records shall be kept for future reference. Equipment education and training: To provide employees with a better understanding of how instruments are used and tested. Performance bonus reduction: A performance bonus of approximately NT\$40,000 for the all employees at the plant was cut as a disciplinary action. Since the Environmental Protection Bureau has newly added the internal regulation, stipulating that if the value of a component measured is less than 10000 PPM, those who make improvement within one hour will be exempted from penalty. Therefore, when inspectors conduct inspection at the plant in the future, they will be accompanied by the maintenance personnel to repair leakage immediately if it is found on site. All improvements were completed on September 23, 2019.</p>
October 2, 2019 / 20-108-090011	Paragraph 1, Article 20 of the Air Pollution Control Act	100	On July 12, 2019, the Environmental Protection Bureau of Miaoli County conduct odor inspection of the the discharge pipe (P009) at the plant, and the inspection result exceeded the standard (test result was 1740; the odor standard was 1000), and was imposed with a penalty for violation of Paragraph 1, Article 20 of the Air Pollution Control Act.	In order to meet the emission standards, an improvement plan—the chimney heightening project—has been drawn up, and on October 25, 2019, a letter was sent to the Environmental Protection Bureau of Miaoli County to apply for extension of the P009 chimney project. After the project is completed, the change in the M01 fixed pollution source permission will be conducted. Meanwhile, a qualified testing company will be commissioned to retest the odor and send an improvement report to the Environmental Protection Bureau for review. This is expected to be

## Operations Overview



Date of disciplinary action/Disciplinary official letter No.	Laws violated	Penalty amount (NT\$ thousand dollars)	Facts violated	Improvement Measures
				completed on October 1, 2020.
March 1, 2019 / (2019)4	Subparagraph 1, Article 24 of the Hazardous Chemical Management Regulations in China	RMB 50	On January 31, 2019, the Zhongshan City Safety Production Supervision Administration of China conduct inspection of the plant and found the following deficiencies: EPS was a hazardous chemical and was not stored in a dedicated warehouse in time.	Production and sales coordination. In the event of weak sales, the production and sales plan will be adjusted properly to cut production properly, or operation will be suspended on a temporary basis. The production will be carried out according to the capacity of the dedicated warehouse to ensure the products are placed in the dedicated warehouse in a timely manner.
January 11, 2019 / 20-108-010018	Paragraph 1, Article 20 of the Air Pollution Control Act	100	The Environmental Protection Bureau, Kaohsiung City Government, discovered on June 25, 2018 that the net leak value of the equipment components sampled at the Company's Linyuan Plant exceeded the standard value.	Inspection rounds, maintenance, and update of equipment components will be enhanced.
January 14, 2019 / 40-108-010042	Paragraph 2, Article 28 of the Waste Disposal Act	6	The Environmental Protection Bureau, Kaohsiung City Government, discovered on July 27, 2018 that the dedicated person for Class B waste retired, and the Company failed to submit a substitute candidate within 15 days after the person retired.	A new dedicated person for Class B waste has been designated. It is planned to increase the number of personnel to receive training for the Class B Waste Disposal Technician License, and in the future, the environmental protection dedicated personnel shall submit their substitute candidates within a time limit before retirement or resignation.
October 7, 2019 / 20-108-100007	Paragraph 1, Article 20 of the Air Pollution Control Act	100	The Environmental Protection Bureau, Kaohsiung City Government, discovered on June 20, 2019 that the net leak value of the equipment components sampled at the Company's Linyuan Plant exceeded the standard value.	Inspection rounds, maintenance, and update of equipment components will be enhanced.
January 25, 2019 / 20-108-010039	Paragraph 2, Article 20 of the Air Pollution Control Act	200	The Environmental Protection Bureau, Kaohsiung City Government, found that the volatile organic compounds of the equipment components in the M01 process at the Renwu Plant of the Company exceeded air pollutant control and emission standards.	For the points where VOCs tended to leak in the M01 process, the measurement frequency has been increased, and the joint method was considered to be modified to avoid leakage.
January 28, 2019 /	Paragraph 2, Article 24 of	100	The Environmental Protection Bureau, Kaohsiung City	The operation of the M01 process was inconsistent with

Date of disciplinary action/Disciplinary official letter No.	Laws violated	Penalty amount (NT\$ thousand dollars)	Facts violated	Improvement Measures
20-108-010048	the Air Pollution Control Act		Government, found that the equipment operation in the M01 process at the Renwu Plant of the Company was inconsistent with the content set out in the operational permit.	the permit. The plant immediately requested the the Instruments and Electrical Section to carry out instrument inspection and repair, and the improvement has been completed.
April 8, 2019 / 40-108-030070、40-108-030071、40-108-030072、40-108-040003	Paragraph 1, Article 31 and Paragraph 1, Article 36 of the Waste Disposal Act, as well as Subparagraph 2, Paragraph 1, Article 7 and Paragraph 1, Article 10 of the Methods and Facilities Standards for the Storage, Clearance and Disposal of Industrial Waste	186	The Environmental Protection Bureau, Kaohsiung City Government, found that the business waste cleanup plan did not include some of the business waste for declaration and the amount declared was inconsistent, and that there was no equipment to prevent the inflow and penetration of surface water, rainwater, and groundwater into the open-air storage tank at the Renwu Plant of the Company.	Changes to the business waste cleanup plan were completed, and the correctness of the content declared was re-examined and online corrections made. The business waste was marked and stored in a storage area covered by canopies.
October 17, 2019 / 30-108-100028	Paragraph 1, Article 7 of the Water Pollution Control Act and Article 2 of the Effluent Standards	130	The Environmental Protection Bureau, Kaohsiung City Government, found that the hydrogen ion concentration index and chemical oxygen demand in the effluent from the Renwu Plant of the Company did not meet the effluent water standard.	The plant strengthened the pH value inspection frequency and COD inspection for water quality, performed measurement instrument calibration regularly, and responded to abnormal events. Each plant controlled the source of wastewater to reduce the number of sources of front-end wastewater. The plant also assessed the improvement of wastewater facilities and improve the efficiency of wastewater treatment.
December 17, 2019 / 20-108-120022	Paragraph 2, Article 20 of the Air Pollution Control Act	100	The Environmental Protection Bureau, Kaohsiung City Government, found that the volatile organic compounds of the equipment components in the M07 process at the Renwu Plant of the Company exceeded air pollutant control and emission standards.	Each supervisor on duty conducted independent management of VOCs for the area for which each supervisor is responsible, and strengthened VOCs inspection at positions where screws were tightened on the process pipelines, while putting forward the number of leaks at the inspection points each week, the improvement situation after response, and the follow-up handling matters.
January 3, 2020	Paragraph 1,	135	The Environmental Protection	The operation complied with



Date of disciplinary action/Disciplinary official letter No.	Laws violated	Penalty amount (NT\$ thousand dollars)	Facts violated	Improvement Measures
/ 30-109-010002	Article 14 of the Water Pollution Control Act		Bureau, Kaohsiung City Government, found that the amount of water stored at the Renwu Plant of the Company exceeded the original approved amount and was inconsistent with the registration.	the provisions of the water measures, and an application for the change of the water measures was submitted to adjust the volume stored.
January 3, 2020 / 30-109-010001	Paragraph 1, Article 7 of the Water Pollution and Article 2 of the Control Act Effluent Standards	165	The Environmental Protection Bureau, Kaohsiung City Government, found that the suspended solids (SS) in the effluent from the Renwu Plant of the Company did not meet the effluent standards.	The sampling of SS in (front-end) raw water and effluent was strengthened if there was an abnormal event, personnel would respond and deal with it. The wastewater treatment facilities were strengthened and a new sludge concentration tank was added.
March 20, 2020 / 20-109-030028	Paragraph 2, Article 23 of the Air Pollution Control Act	100	The Environmental Protection Bureau, Kaohsiung City Government, found that the flare at the Renwu Plant of the Company was not operated in accordance with the contents of the flare use plan reviewed and approved.	isolating valves were installed and cleaning was conducted regularly to avoid similar incidents from happening again.

(II) Current and future potential estimated amount and response measures:

1. Comply with regulations relevant to environmental protection and occupational health and safety, and relevant requirements derived from such regulations.
2. Continuously conserve and reuse resources and energy, and reduce industrial waste.
3. Prevent pollution, reduce potential risks in operations.
4. Continuously provide employees with education and training, and carry out works related to environmental protection and occupational health and safety.
5. Actively communicate with customers and local residents, manage suppliers and contractors, and encourage all employees to participate in work related to environmental protection and occupational health and safety.
6. Thoroughly implement environmental management system to enhance environmental performance and reduce environmental safety risks in communities.

The Company's major environmental protection expenditures in the most recent year and as of the publication date of this annual report are as follows:

Unit: NT\$ thousands

Pollution Prevention Equipment Installed or Expenditure Content		Amount
1.	Renewal of freezer W-233 project at Renwu Plant No.1	413
2.	Application for purchase of PDS valves for VOC improvement for Renwu Plant No.2	4,600
3.	Project of installation of two air heaters on the belnding blower for 34 Slios at Renwu Plant No.1	360
4.	Replacement of E-215 1rd & E-216 2nd Recycle Cooler at Renwu Plant	2,610
5.	Application for purchase of die plate spares for C/E/F Line at Renwu Plant No.1	2,690
6.	Renewal of pelletizing water Cooler E-7020 at Renwu Plant No.2	2,560
7.	Replacement of motor of cooling tower fan with variable frequency one at Renwu Plant No.2	1,520
8.	rApplication for purchase of Valve assembly for C-201C/E/F Compressor at Renwu Plant	1,091
9.	Application for purchase of speed reduction machine 1ST spare for cooling water tower K-8402 for Renwu Plant No. 2	970
10.	Improvement of film wrapping machine of conveyer for Renwu Plant	610
11.	Replacement of floor slab corroded in the reaction area on the 3rd floor at Renwu Plant No.2	450
12.	Replacement of water-cooled boxed air conditione in K-32 electric room at Renwu Plant	400
13.	Application for purchase of Oil cooler for C-201E/F Compressor for Renwu Plant	183
14.	Application for purchase of 608HP high-voltage motor spare for W-235/236 ice water machine at Renwu Plant	4,864
15.	Low- pressure BUTENE recycling pipeline improvement projectat at Renwu Plant No.2	1,534
16.	VOCs escape improvement during the discharge from the bottom of V-201B / C / D / F to V-205 at Renwu Plant No.1	13
17.	Low-pressure steam condensate recycling at Renwu Plant No.2	876
18.	Process VOC improvement and renewal of pipeline control valves at Renwu Plant	735
19.	Instrument VOC improvement and renewal of pipelines, five-way valves, and control valves at Renwu Plant	425
20.	L1/2/4 process cold source recycling project at Linyuan Plant	3,319
21.	Explosion-proof air-conditioning replacement project in the on-duty room of the Synthesis Section at Linyuan Plant	413
22.	V-3301/V-3302 Peabody Silo volume conveyed and tank top corrosion improvement at Linyuan Plant	1,984
23.	2019 CUI inspection and repair and thermal insulation project at Linyuan Plant	2,561
24.	Plant-wide reactor vibration monitoring system integration project at Linyuan Plant	316
25.	Exhaust gas treatment equipment operation and maintenance expenses at Toufen Plant	33,000

## Operations Overview



Pollution Prevention Equipment Installed or Expenditure Content		Amount
26.	Wastewater treatment equipment operation and maintenance expenses at Toufen Plant	15,000
27.	Business waste removal and disposal expenses at Toufen Plant	2,000
28.	Air pollution prevention and control expenses at Toufen Plant	2,000
29.	Regular application for inspection of fixed sources of pollution at Toufen Plant	500
30.	Pressure vessel inspection expenses at Toufen Plant	500
31.	Noise improvement at Toufen Plant	400
32.	Purchase of equipment component inspection and testing instruments at Linyuan Plant	500
33.	Replacement of industrial water pipelines in NOVA process area at Cianjhen Plant	1,280
34.	Modification of the duct of the exhaust gas outlet of bag filter in zone packaging 30 in the EPS Section at Cianjhen Plant	171
35.	Replacement of old blowers (B6101 and B6102) of activated sludge tank in the wastewater plant at Cianjhen Plant	150
36.	Replacement of filter bag of the dust collector filter at Toufen Plant	121
37.	Glass wool chimney (P009 - P010) heightening project at Toufen Plant	365
38.	Annual exhaust gas inspection expenses of Zhongshan Plant	103
39.	Fire fighting system renewal project at Guanyin Plant	2,753
40.	Waterproof and heat insulation project for the top floor of foreign labor dormitory at Guanyin Plant	510
41.	Dorm fire door improvement project at Guanyin Plant	210
42.	Ice water machine repair at Guanyin Plant	191
43.	Office air conditioning maintenance and repair at Guangzhou Plant	830
44.	Cubicle planning and construction at Guangzhou Plant	478
45.	Installation of shutters and exhaust fans in the cubicles at Guangzhou Plant	14
46.	Installation of exhaust gas treatment facilities at Kunshan Plant	4,601
47.	Hazardous waste treatment at Kunshan Plant	473
48.	Waste disposal at Kunshan Plant	268
Total		101,915

The Company's expected expenditures on environmental protection in 2020 are listed as follows:

Unit: NT\$ thousands

Proposed Pollution Prevention Equipment or Expenditure		Amount
1.	Update of D-201D reactor at Renwu Plant No.1	55,000
2.	The second-stage budget of the discharge pipeline during operation and downtime at Renwu Plant No.1	8,000
3.	Application for purchase of L.D.V Valve Body spare parts for Renwu Plant No.1	5,500
4.	Improvement project of C-line VA injection pump inlet piping Renwu Factory No. 1 Factory	3,500
5.	Stripping system for waste solvent recycling at Renwu Plant	3,400
6.	V-260 catalyst unloading improvement project at Renwu Plant No.1	3,250
7.	Replacement of E-215 1st & E-216 2nd Recycle Cooler at Renwu Plant No.1	3,000

Proposed Pollution Prevention Equipment or Expenditure		Amount
8.	Application for purchase of spares of L-229C/E/F Die Plate for Renwu Plant No.1	3,000
9.	Renewal of D/E + F process control valve and positioners at Renwu Plant No.1	3,000
10.	Warehouse corrugated sheet renewal project at Renwu Plant No. 2	3,000
11.	EF-line modifier pump outlet high pressure pipeline renewal at Renwu Plant No. 1	3,000
12.	Application for purchase of spares of ethylene flow meters and SIS emergency shut down valve for Renwu Plant No. 1	2,500
13.	VA raw material unloading arm project at Renwu Plant No. 1	2,500
14.	Installation of ethylene material unloading arm project at Renwu Plant No. 1	2,500
15.	Installation of propylene material unloading arm project at Renwu Plant No. 1	2,500
16.	Installation of butene material unloading arm project at Renwu Plant No. 2	2,500
17.	E-215/E-216/E-217 inlet and outlet pipeline modification project at Renwu Plant No. 1	2,000
18.	Application for purchase of air hydraulic torque disassembly/locking tool set by Renwu Plant	1,800
19.	Application for purchase of spares of C-201C/E/F and F/G-2 & 3 Piston & Rod Assembly for Renwu Plant No. 1	1,700
20.	Ground Flare O2 Analyzer at Renwu Plant No. 2	1,700
21.	Renovation of E-208C Product Cooler at Renwu Plant No. 1	1,500
22.	Establishment of a new concentration tank in wastewater pool at Renwu Plant	1,500
23.	Improvement of operations in recycling areas at Renwu Plant No. 2: installation of filter screen on K5306, installation of hard pipe in skid tank, and ethylene glycol tank outlet pipeline modification	1,450
24.	Power conservation project at Renwu Plant	1,300
25.	V-513/V-515/EPT equipment platform/stair/ladder renewal project at Renwu Plant No. 1	1,000
26.	Establishment of a new skid tank at Renwu Plant No. 2	750
27.	Renewal of boiler tubes at Renwu Plant No. 1	500
28.	Application for purchase of C-202D two-stage cylinder spares for Renwu Plant No. 1	15,000
29.	Application for purchase of C-202B 1st / 2nd Stage Valve Core spares for Renwu Plant No. 1	3,000
30.	Establishment of a power monitoring system for Kaohsiung Plant by Renwu Plant	2,300
31.	Application for purchase of C-201C/E/F and P1/P2 Rod Packing Cup Assembly spares for Renwu Plant No. 1	900
32.	Application for purchase of sonic industrial imagers by Renwu Plant	800
33.	Energy conservation improvement project at Renwu Plant	600
34.	PSV spare (cooperate with external industrial inspection) system does not stop operating	3,500
35.	pump seal oil port modification at Renwu Plant	500

## Operations Overview



Proposed Pollution Prevention Equipment or Expenditure		Amount
36.	TO furnace to flare pipeline switching pneumatic valve setting (safe control after TO furnace trips) at Renwu Plant	300
37.	Addition of filter to C-9205 hydrogen compressor source pipeline at Renwu Plant	300
38.	Replacement of new eco-friendly VOC testing equipment at Linyuan Plant	600
39.	Replacement of old computing system for environmental protection monitoring at Linyuan Plant	900
40.	Replacement of old water quality analyzer (spectrophotometer) at Linyuan Plant	500
41.	Waste nickel cadmium battery recycling project at Linyuan Plant	500
42.	Replacement of old high-pressure boiler fan B-7202 at Linyuan Plant	1,000
43.	Installation of a cleaning system for Hopper V-3007/V-3008 automatic warehouse at Linyuan Plant	915
44.	TK-7202A/B TK-7204 pure water/soft water storage tank cover corrosion reinforcement project at Linyuan Plant	1,700
45.	Non-destructive inspection project of plant-wide key pipelines in 2020 at Linyuan Plant	1,200
46.	Heat and coolness reservation construction project and CUI inspection in 2020 at Linyuan Plant	4,000
47.	Addition of PVA-Gel aeration biological tank on line A of zone 82 at Linyuan Plant	4,750
48.	Replacement of a total of five old pumps in zone 13/24/25 at Linyuan Plant	3,550
49.	Upgrade of the material of carbon steel for RBD pipelines to stainless steel	2,590
50.	Addition of ABSL agglutinate frame filter press equipment in zone 22 at Linyuan Plant	2,300
51.	Renewal of the pipeline outlet and burner at the top of the combustion tower at Linyuan Plant	2,200
52.	Firefighting water connection project between Linyuan Plant and Taiwan Styrene Monomer Corporation	1,200
53.	Purchase of equipment component testing equipment at Linyuan Plant	500
54.	Replacement of old blower (B3112-7) in zone 31 at Linyuan Plant	185
55.	Upgrade of lighting to explosion-proof LED in zone 24 at Linyuan Plant	920
56.	Improvement fire detection system in finished product warehouse at Linyuan Plants No.1 and No. 2	170
57.	Exhaust duct in laboratories at Linyuan Plant	190
58.	Addition of water sealing groove in the tank area in zone 27 at Linyuan Plant	1,700
59.	Plant-wide replacement of gas detector hosts at Linyuan Plant	1,890
60.	Maintenance and repair of incinerator at Linyuan Plant	650
61.	(Monomer storage tank area) propylene storage tank (S1111-1 & S1111-2) and relevant pipeline paint in zones 11 and 11B at Linyuan Plant	410
62.	Addition of temporary storage area to the south of the incinerator at Linyuan Plant	700

Proposed Pollution Prevention Equipment or Expenditure		Amount
63.	Addition of an air pollution prevention (regenerative thermal oxidizer) in zone 26 at Linyuan Plant	22,150
64.	Erosion removal and painting of the equipment components, racks, and pipes in zone 21/22 at Linyuan Plant	1,500
65.	Replacement of old industrial water pipelines in NOVA process area at Cianjhen Plant	1,280
76.	Replacement of NOVA cooling water tower fan with FRP energy-saving blade at Cianjhen Plant	738
67.	Purchase of NOVA CA302 heat transfer oil glandless pump magnet spares at Cianjhen Plant	300
68.	Purchase of RTO spares at Cianjhen Plant	695
69.	Modification of the exhaust duct outlet of bag filter in zone packaging 30 in the EPS Section at Cianjhen Plant	171
70.	Addition of gas detector for EPS Section at Cianjhen Plant	154
71.	Replacement of old safety valves of reaction tank for the EPS Section at Cianjhen Plant	1,030
72.	Modification of conveying system and control system in zone 27 at Cianjhen Plant	1,280
73.	Replacement of old blowers (B6101 and B6102) of activated sludge tank in the wastewater plant at Cianjhen Plant	150
74.	Renewal of 2B3T process distributing board in pure water zone at Cianjhen Plant	400
75.	Replacement of breathing apparatus and purchase of protective outfit at Cianjhen Plant	223
76.	Painting of discharge pipelines and pipes for rust removal at Cianjhen Plant	1,000
77.	Operating and maintenance expenses for exhaust gas treatment equipment at Toufen Plant	43,000
78.	Operating and maintenance expenses for wastewater treatment equipment at Toufen Plant	15,000
79.	Air pollution prevention expenses of Toufen Plant	12,000
80.	Industrial waste cleanup and treatment expenses of Toufen Plant	3,000
81.	Regular application for the inspection of stationary pollution source at Toufen Plant	1,000
82.	Pressure vessel inspection expenses of Toufen Plant	500
83.	Noise improvement at Toufen Plant	400
84.	Replacement of filter bag of the dust collector filter at Toufen Plant	121
85.	Glass wool chimney (P009 - P010) heightening project at Toufen Plant	365
86.	Improvement of glass wool chimney (P001 P004) at Toufen Plant	1,300
87.	Improvement of wastewater from cubic printing at Toufen Plant	253
88.	Operating expenses of the environmental protection facilities at Zhongshan Plant	1,547
89.	Hazardous waste disposal expenses of Zhongshan Plant	513



Proposed Pollution Prevention Equipment or Expenditure		Amount
90.	Annual wastewater inspection expenses of Zhongshan Plant	123
91.	Annual exhaust gas inspection expenses of Zhongshan Plant	103
92.	The operation expenses for implementing the ISO14,001 system at Zhongshan Plant	150
93.	Plant maintenance at Guanyin Plant	3,300
94.	Replacement of cooling pipelines at Guanyin Plant	1,000
95.	Hot water Improvement project for staff dormitory at Guanyin Plant	160
96.	Noise improvement at Guangzhou Plant	430
97.	Partition at Guangzhou Plant	129
98.	Addition of office equipment at Guangzhou Plant	9
99.	Improvement of waste gas collection and treatment at Guangzhou Plant	2,180
100.	Mold cleaning volatile collection at Guangzhou Plant	155
101.	Improvement of machinery and equipment noise at Kunshan Plant	215
102.	Labor insurance expenditure at Kunshan Plant	258
103.	Rainwater and sewage diversion renovation at Kunshan Plant	1,505
104.	Pedestrian sidewalk renovation at Kunshan Plant	860
105.	Environment, health and safety project at Malaysia Plant	630
106.	Toilet improvement at Malaysia Plant	700
107.	Air conditioning equipment for Malaysia Plant	560
Subtotal		306,307

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

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

## V. Labor-management Relations:

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

### 1. Employee welfare measures

(1) The Company's salary system is based on employees' academic education, professional or technical skills, seniority, and experience, etc. Employees' salary does not vary with different genders, religions, races, parties, etc. Employee salaries include fixed salaries, performance bonuses and year-end bonuses.

(2) Annual salary is adjusted based on the Company's profitability. In 2019, employees' salary was increased by a range between

approximately 2.6% to 3.5%. Employees' compensation shall not be less than 1% of the distributable earnings of the current year. On March 9, 2020, the Board of Directors' meeting has approved to distribute employees' compensation in the amount of NT\$ 14,793,000 for 2020.

- (3) The Company regularly arranges health checkups for employees every year. In Taipei head office; there is fitness equipment and a shower room installed onsite. Individual plants have designated qualified nurses to provide relevant assistance in physical health and medication for employees, as well as some independent space set up for female employees who undergo menstruation or breastfeeding. The Company also collaborates with childcare institutions to provide such services for employees' children.
  - (4) Employees who have served in the Company for 3 months (or above), are entitled a birth allowance of NT\$ 10,000 for each new born child in the family. The amount is doubled for twins. Employees' application for unpaid parental leave can be submitted before their children reach the age of three and the leave can be extended to up to two years.
  - (5) Employee Welfare Committee is set up in accordance with the Employee Welfare Fund Act, and the welfare fund is appropriated accordingly. The fund is managed collectively by the Employee Welfare Committee and is used in holding various welfare activities to enhance employees' physical and mental health. All employees of the Company are entitled to fair access to all benefits provided by the Employee Welfare Committee. The retention and use of the employee welfare fund are processed by the Employee Welfare Committee.
2. Employee education and training
- (1) Every year, the Company shall conduct surveys on requirements of employee training, and complete annual training plans in accordance with the Company's employee training regulations. The Company shall also create budget for the implementation of trainings. Employee functional training, management training, seminars, health lectures and various types of conferences are all included in the scope of training. Employees can participate in learning through various learning methods including work instructions given by supervisors, classroom lectures, educational CDs or online learning.



- (2) In order to connect employees' training with employment promotion, the Company has specifically established general education courses regarding employment promotion to encourage employees' participation. Employees must complete the prescribed courses before they can be officially promoted.
- (3) For employees who demonstrate a strong willingness to learn and develop their potential, the Company provides grants for further education in local universities, which are supplemented with career adjustments in their respective positions in order to nurture leaders required by enterprises.
- (4) Employee training is recorded and archived. Every year, employees have to attend at least 8 hours of internal training, which is taken into account during employees' performance appraisal. The survey on employee's opinions and a review report is conducted at the end of each course. The Company conducts satisfaction surveys at year end to summarize employee's opinions and advices on employee's training and the result serve as a reference for improvement.
- (5) Expenditures on employees' training in the most recent fiscal year: The annual employees' training expenditure for 2019 was NT\$5,213,000.

Name of Representative Training	Recipients	Name of Representative Training	Recipients
[Keynote Speech] Sustainability: Driving Force of Corporate Development	Chairman's Office	[Ethics Seminar] Fair Trade Law and Practices	Sales and Marketing Division
Continuing Education Course for Directors and Supervisors: Impact of US-China Trade Dispute on Overseas Taiwanese Businesspeople and Response (Directors and Supervisors)	General Manager's Office	[Ethics Seminar] Protection and Reasonable Use of Patents	Human Resource Division
[Ethics Seminar] Common Disputes Regarding Business Secrets from Case to Case	Personnel Department	TA Instruments Rheology Academy—Seminar on Rheological Principles and Practical Applications	Research and Development Division
ISO Information Security Training—General Knowledge of Information Security	Information Systems Division	[Keynote Speech] Embrace Challenges and Seize Opportunities— Application of CBC	Advanced Material Division
Continuing Education Course for Directors and Supervisors: Response of Enterprises and Individuals to the Enforcement of the International Tax Co-operation Economic Substance Law and Global Anti-tax Evasion	Accounting Division	[Keynote Speech] Artificial Intelligence in Taiwan: Opportunities and Challenges of Industrial Transformation	Industrial Information Team
Certification Training for Pipeline Excavation and Construction Management in Kaohsiung City	Renwu Plant	TWI On-site Supervisor Management Training Course	Renwu Plant
Process Safety Assessment Personnel Training	Renwu Plant	Necessary Basic Work Safety Concepts and Common Sense for Employees of Kaohsiung Plant	Renwu Plant
Managerial Officer Weekend	Renwu Plant	Artificial Intelligence in Taiwan:	Renwu Plant

Name of Representative Training	Recipients	Name of Representative Training	Recipients
Workshop 2 (AI)		Opportunities and Challenges of Industrial Transformation	
2019 Safe Cities - 4th International Forum on Industrial Pipeline Management	Renwu Plant	Accountability and Project Management	Renwu Plant
2019 Professional Training Course for Chemical Manufacturing Processes	Renwu Plant	Fire Marshalling and Emergency Response Training	Renwu Plant
[Cross-border Salon] Italy on the Tip of the Tongue: Exploring the Culture and Art of the Boot Country from Cuisine	Managers/General employees	Safety and Health on-the-Job Training for Fixed Crane Operators	Fixed crane operators
[Keynote Speech] Artificial Intelligence in Taiwan: Opportunities and Challenges of Industrial Transformation	Managers/General employees	Safety and Health Observation and Education Training for Contractors	Contractor and work safety officer
[Keynote Speech] Sustainability: Driving Force of Corporate Development	Supervisors	Training on Use of Packaging Machine and Inkjet Machine	Material Storage and Transportation Section personnel
Continuing Education Course for Directors and Supervisors: Response of Enterprises and Individuals to the Enforcement of the International Tax Co-operation Economic Substance Law and Global Anti-tax Evasion	Supervisors	Training for Operators of Fixed Cranes with Hoisting Capacity of 3 Tons or More	Operators of fixed cranes with hoisting capacity of 3 tons or more
[Keynote Speech] Breaking Through the Framework—Paradigm-shifting Creative Thinking	Managers/General employees	Raw Material/Material Inspection, Test Development and Automotive Leather Inspection Retraining	Inspection personnel
[Keynote Speech] Double the Efficiency of Expression at Work	General employees	Emergency Response Drill for the Prevention of Typhoon for the PVC Fabric Section 1	PVC Fabric Section 1 personnel
[Keynote Speech] The Most Trendy Topic in Technology—Relevant Applications in the Digital Age	Supervisors	Safety and Health On-the-Job Training for High-Pressure Gas Operations Supervisors	High-pressure gas operations supervisors
[Keynote Speech] Leadership Training: Management Philosophy	Managers/General employees	On-the-Job Safety and Health Training for Employees Disposing of or Using Hazardous Chemicals	Employees disposing of or using hazardous chemicals
[Keynote Speech] Digital Life Guide: Search Engines and Electronic Invoice Applications	Supervisors	Methods and Steps of Enhancing A+ Supervisor's "Strategic Thinking Ability"	Supervisors
[Keynote Speech] Management Thinking in the Age of Changes	Managers/General employees	International Market Development and Order Increase Practice Course	Sales personnel
[Ethics Seminar] Legal Liability and Case Study of Breach of Trust	Supervisors	Pre-Machine Cleaning Power Off Operation Drill for the PVC Fabric Section 1	PVC Fabric Section 1 personnel
2019 CSR initil meeting	Managers/General employees	Emergency Response Drill for PVC Fabric Section 1	PVC Fabric Section 1 personnel
Emergency Response Education and Training in the Second Half of 2019	Managers/General employees	Class A Air Pollution Prevention Specialist Training	Class a air pollution prevention specialists
2019 International Conference on Underground Pipeline Mining Technology	Equipment Inspection Section	Emergency Response Drill for the PVC Fabric Section 2	PVC Fabric Section 2
2019 Employee Education and Training	Managers/General employees	Pre-Machine Cleaning Power off Operation Drill for PVC Fabric Section 2	PVC Fabric Section 2
2019 Taxation Regulations Seminar	Cost Section	Emergency Response Drill for PVC Fabric Section 2	PVC Fabric Section 2
2019 Certification Retraining for Pipeline Excavation and Construction Management in Kaohsiung City	Managers/General employees	Class A Professional Waste Disposal Technician Training	Class A professional waste disposal technicians
2019 Labor Insurance and Employment Insurance Law Conference	Administration Section	Type A Occupational Safety and Health Manager	Type A Occupational Safety and Health Manager
2019 Training on Qualification of	Manufacturing	Corporate Sustainability	CSR-related personnel

## Operations Overview



Name of Representative Training	Recipients	Name of Representative Training	Recipients
Technical Skills of Piping Engineers	Management Department	Management License Training	
2019 Technology Exchange Seminar for Kaohsiung Plants	Supervisors	Emergency Response Drill for PVC Fabric Section 3	PVC Fabric Section 3 Personnel
2019 First Emergency Response	Managers/General employees	Pre-Machine Cleaning Power Off Operation Drill for PVC Fabric Section 3	PVC Fabric Section 3 Personnel
2019 Labor Standards Act Seminar	Administration Section	Emergency Response Drill for PVC Fabric Section 3	PVC Fabric Section 3 Personnel
2019 Intellectual Property Classification Management Training Tips (Level A)—Self-assessment and Audit	Application Planning Section	Plastic Surface Treatment and Adhesion Improvement and Valuation Technique	R&D personnel
2019 Intellectual Property Classification Management Training Tips (Level A)—System Introduction	Application Planning Section	Self-Defense and Firefighting Team Training (2019 Part 1)	Self-defense and firefighting team personnel
DNVGL2019 Underground Pipeline Integrity Management Technique Seminar—Pipeline Risk Assessment Technology and Application	Equipment Inspection Section	Self-Defense and Firefighting Team Training (2019 Part 2)	Self-defense and firefighting team personnel
General Review prior to 2019 Group Annual General Meeting	General employees	Anti-Pinch and Pre-Machine Cleaning Power Off Operation Drill for the Health Management Section	Health Management Section
Hoisting Training on Fixed Cranes with Hoisting Capacity of 3 Tons or More	Maintenance Section	Typhoon Emergency Response Drill for the Health Management Section	Health Management Section
Taiwan AI School—Managerial Officers' Weekend Program	Supervisors	Emergency Response Drill for the Health Management Section	Health Management Section
AI Seminars	Managers/General employees	Internal Audit and Internal Control Practice of Enterprise Employee Reward System	Auditors
ASTM C1696 Industrial Insulation System and Corrosion Risk Safety Seminar	Engineering Section	Enterprise Succession Planning and Development	Supervisors
CORROSION TAIWAN 2019	Equipment Inspection Section	Business Management	Supervisors
DVD Course: Integrity Lecture—Copyright Protection and Reasonable Use	Managers/General employees	Crane Safe Operation Training	PVC Compound Section personnel
ISO45,001: 2018 Occupational Safety and Health Management System Conversion Training Program	Managers/General employees	Functional and Strategic Thinking for a Successful Supervisor	Supervisors
ISO Information Security Training—General Knowledge of Information Security	Information Systems Division	Emergency Response Drill for Material Section	Material Section personnel
Fieldbus Foundation Fieldbus Seminar	Electrical Section	Introduction to Horizontal Boiler Operation	Plastic Leather Section 2 personnel
MITALK Workshop for Young Scientists	Special Environmental Testing Section	Non-Asbestos Packing Introduction and Selection	Raw Materials Department personnel
Mechanical Integrity (MI)	Manufacturing Management Department	Security Inspector Training	Security inspectors
NACE CP3 Cathodic Protection Technician Training Course	Equipment Inspection Section	Quality and Safety Education and Training	Raw materials management personnel
PSM Education and Training—HAZOP Education and Training	Managers/General employees	Quality Review	Plastic Leather Section 2 personnel
VOCS Control Technology and Case Study, Bio-carbon Material Introduction, and Its Application	Managers/General employees	Supervisors of Specific Chemical Operations	Supervisors of specific chemical operations
Acetylene Welding Operator Training Course	Maintenance Section	CNS Standards and Market Practices of Building Material	Building materials salespeople

Name of Representative Training	Recipients	Name of Representative Training	Recipients
		Products	
Human Resources Management	Supervisors	Description of Each Feeding System of Building Materials Plants and Operation	Hard Tubing Section personnel
Operators of fixed cranes with hoisting capacity of 3 tons or more	Electrical Section	Emergency Response Drill for the Building Material Factory	Building material factory personnel
Description of Soil and Groundwater Industry Development and Technology Application Trends	Environmental protection technology development personnel	Safety and Health On-the-Job Training for First Aid Personnel	First-aid personnel
Soil and Groundwater Investigation and Testing Practice	Application Planning Section	First Aid Personnel Training	First-aid personnel
Soil Pollution Assessment Investigators Weekend Training Course	Application Planning Section	Selection and Maintenance of Pumps	Maintenance Section personnel
Introduction to Soil Pollution Investigation and Remediation Technologies and Case Study	Environmental protection technology development personnel	Occupational Safety and Health Personnel Training (Level B)	Occupational Safety and Health Personnel
Occupational Safety Environmental Education and Training	Managers/General employees	Emergency Response Drill for General Section Personnel	Polymerization Section personnel
Work Improvement	Supervisors	Food-Grade Product Safety and Health Training	Alkali-Chlorine Section personnel
Work Instruction, Talent Cultivation Planning, and Implementation	Supervisors	Emergency Drill at the Material Storage and Transportation Section	Material Storage and Transportation Section personnel
Workshop on Prevention of Common Chemical Hazards in the Workplace	Quality Control Section	Introduction to Vibration Analysis (VA1)	Engineering personnel
Engineering Geological Exploration Database (Basic Level)	Environmental protection technology development personnel	Vibration Analysis Mass Spectrometry Course (VA2)	Engineering personnel
SCIEX Phenomenex Mass Spectrometry Workshop	Quality Control Section	Energy Management Personnel Training Course	Energy management personnel
Type C Occupational Safety and Health Manager	Application Planning Section	Health Lecture: Colon Cancer	General employees
2019 Employee Education and Training by Linyuan Plant Enterprise Union of Taiwan VCM Corporation	Managers/General employees	Process Safety Assessment Personnel Training	Process Safety Assessment Personnel Training
Instruction in Online Application for Purchase Management Platform of Taiwan VCM Corporation	Managers/General employees	Project Assignment And Problem Analysis	General employees
Class A Boiler Operator Training	Utilities Section	Common Disputes of Business Secrets through Case Study	General employees
Target Management and Performance Appraisal	Supervisors	Selection and Calibration of Control Valves	Raw Materials Department personnel
Challenges of Production, Marketing, Transportation, and Storage of Petrochemicals—Prevention of Soil and Water Pollution	Environmental protection technology development personnel	Diameter Measuring Instrument Operation Training	Hard Tubing Section personnel
Art of Observing People among Enterprises	Supervisors	Measurement and Inspection Instruments Operation Instruction	Production Technology Section personnel
Underground Pipeline Cathodic Protection Level 3 Training Course	Equipment Inspection Section	New Chemical Fire Truck Operation Practical Education and Training	Fire truck drivers
Successful Performance Interview Skills	Supervisors	Continuing Education for Accounting Managers	Accountants
Fire Prevention Personnel Initial Training	Utilities Section	Ethics Seminar: Protection and Reasonable Use of Patents	General employees
Safe Selection Technology of Explosion-proof Electrical Equipment and Practice Seminar	Electrical Section	Audit of IT Department Audit and Review of Control for Information System	Auditors
Analysis of Income Tax Act Withholding Declaration and Verification Practice	Cost Section	Inter-departmental Communication and Team Consensus Building	General employees
Knowledge Management	Supervisors	Introduction to Electrolytic Tank	Alkali-Chlorine Section



## Operations Overview

Name of Representative Training	Recipients	Name of Representative Training	Recipients
		Materials and Application	personnel
Zi-Ding Project: Staff KPI and Function Seminar	General employees	Training on Laboratory Operation Standards	Inspection personnel
First-Aid Personnel Safety and Health Training	General employees	Steam Fire Extinguishing Training	Plastic Leather Section 2 personnel
Seminar on How First-Aid Personnel Respond at the Workplace	Managers/General employees	Process Hazard Assessment (PHA) Education and Training	Process Engineers
General Education and Operation Training in Toxic Disaster Response	Safety and Environmental Protection Office	Process Safety Assessment (PHA) Practice Drill	Process Engineers
Oxygen-Deficient Operation Supervisor Training	General employees	Process Quality Control Training (Quality Technology Section)	Plastic leather quality control personnel
Safety and Health On-the-Job Training for Oxygen-Deficient Operation Supervisors	General employees	Process Quality Control Training (Plastic Pellets Section)	PVC Compound Section personnel
High-Pressure Gas-Pump Operator Retraining	Supervisors	Process Equipment Operating Instruction	PVC Leather Section 1 personnel
High-Pressure Gas Manufacturing Safety Operation Supervisor Training	General employees	Process and Quality Training	Polymerization Section personnel
Problem Analysis and Solving	Supervisors	Process Change Management Education and Training	Process Engineers
Necessary Six Leadership Skills for Grassroots Supervisors	Supervisors	Training on Testing, Inspection and Certification Comparisons and Practices (1)	Inspection personnel
Forklift operators	General employees	Training on Testing, Inspection and Certification Comparisons and Practices (2)	Inspection personnel
Discussion on Leadership based on Romance of the Three Kingdoms	Supervisors	Training on Testing, Inspection and Certification Comparisons and Practices (3)	Inspection personnel
Seminar on Promotion of the Installation of Solar Photovoltaic Facilities in Buildings in Kaohsiung	Electrical Section	Safety and Health On-the-Job Training for Occupational Safety and Health Committee Members	Occupational Safety and Health Committee members
Industrial Analysis Trilogy—Information Collection, Information Expression, and Interpretation Skills	Environmental protection technology development personnel	Health Seminar	Food product process-related personnel
Industry Safety and Health Technical Guidance Results Presentation	Equipment Inspection Section	Training on Testing, Inspection and Certification Comparisons and Practices (4)	Inspection personnel
Type I pressure vessel operators	Utilities Section	Plastic Sheet Operations Techniques and Process Abnormality Handling Training	Technical Quality Control Section personnel
Communications and Effective Leadership in Organizations	Supervisors	Instrument and Electrical Engineering Training—Air Compression and Pump Energy Conservation Technology	Electronic control personnel
Creating a High-Performance Team	Supervisors	Instrument and Electrical Maintenance and Repair Training	Plastic sheet maintenance personnel
Labor Incident Act and Response of Enterprises Receiving Labor Inspection	Management Department/Management Section	Emergency Response Drill for PVC Sheet Maintenance Section	PVC Sheet Maintenance Section Personnel
Labor law human resources study group	Supervisors	PVC Sheet Quality Control Training	Plastic sheet factory personnel
Complaint and Conflict Management	Supervisors	PVC Sheet Quality Inspection Training	Plastic sheet quality control personnel
GHG Internal Assurance Training Course	Managers/General employees	Plastic Sheet Raw Materials and Formula Training	Plastic sheet quality control personnel
Continuing Courses for Directors and Supervisors: Impact of US-China Trade Disputes on Overseas Taiwanese Businesspeople and Response	Supervisors	Introduction to Plastic Leather Raw Materials	PVC Leather Section 1 personnel

Name of Representative Training	Recipients	Name of Representative Training	Recipients
Predictive Maintenance and Laboratory Calibration Technique Seminar	Electrical Section	Safety and Health On-the-Job Training for Boiler Operators	Boiler operators
Anaerobic Operation Station A35 Education Training and Implementation	Special Environmental Testing Section	Emergency Drill at Plastic Leather Factory	Personnel at PVC leather factory
Managing Cycle Implementation	Supervisors	Emergency Drill for PVC Compound Section	PVC Compound Section personnel
Green Environmental Protection Cooling Water Tower Technology Seminar	Managers/General employees	Mechanical Maintenance Training	Plastic sheet maintenance personnel
Understanding ISO9001	Supervisors	Occupational Safety Management Specialist Safety and Health Training (Required Hours Offsetting Program)	Occupational Safety Management Specialist
Negotiation Skills	Supervisors	Counseling and Examination Training For Skid Loader Operation Skill Certification	Skid loader operators
Radiation Source Import and Export Signing System Update and Radiation Protection Control Practice Seminar	Managers/General employees	SCBA Breathing Apparatus and Fireproof Outfit Wearing Method—2	On-site operators
Office and Laboratory Firefighting Equipment Instruction and Exercise	Managers/General employees	2019 Emergency Response Employee Education and Training	Employees in all plants
Environmental Microbiological Testing and Biological Toxicity Testing	Special Environmental Testing Section	2019 Technology Exchange Seminar for Kaohsiung Plants	Relevant employees
Quality Assurance Requirements for Environmental Inspection	Application Planning Section	CSR Information Work Platform Education and Training	Relevant Employees
Presentation Skills	Supervisors	Dvd Course: Nevada Chemical Plant Explosion	Employees in all plants
Information Security Norms and Management Practices—ISO Pre-External Audit Education and Training	General employees	DVD Course: Explosion in the North Sea and Explosion in the Texas Refinery	Employees in all plants
Process Safety Management Achievement and Practice Seminar of Occupational Safety and Health Administration	Equipment Inspection Section	DVD Course: Bhopal Disaster in India and Engineering Breakthroughs	Employees in all plants
Occupational Disaster First-aid Personnel Retraining	Maintenance Section	DVD Course: London Metro Fire	Employees in all plants
5S Activity Training	Material Storage and Transportation Section personnel	MOC Education and training	On-site operators
ISO/IEC17,025: 2017 Laboratory Management System Internal Auditor Training	General Manager's Office personnel	Type I Pressure Vessel Operators On-the-Job Training Program	On-site operators
ISO/IEC17,025: 2017 Laboratory Management System Provisions Instruction	ISO/IEC 17025-related personnel	DVD Course: Ethics Seminar: Copyright Protection and Reasonable Use	Employees in all plants
TAF Certification Test Standards (All) Finished Product Inspection Retraining	Inspection personnel	Zi-Ding Project: KPI and Function Seminar for Staff below Grade 7	Employees in all plants
Safety and Health On-the-job Education and Training for Acetylene Welding Operator	Acetylene welding operator	Safety and Health On-the-job Education and Training for Special High-Pressure Gas Equipment Operators	On-site operators
ISO 50001 Energy Management System Establishment Training (1)	ISO 50001-related personnel	Keynote Speech: Business Management in the Era of Changes	Employees in all plants
ISO 50001 Energy Management System Establishment Training (2)	ISO 50001-related personnel	CommonWealth Magazine LeaderCampus	Senior Manager
ISO 50001 Energy Management System Establishment Training (3)	ISO 50,001 related personnel	Keynote Speech: Digital Life Guide: Search Engines and Electronic Invoice Applications	Employees in all plants

## Operations Overview



Name of Representative Training	Recipients	Name of Representative Training	Recipients
LED-UV Curing Application Seminar	R&D personnel	Process Safety Management (PSM)—Mechanic Integrity (MI) Education and Training	Employees in all plants
Class B Boiler Operator Training	Class B Boiler operators	On-the-job Education and Training for Supervisors of Organic Solvent Operations	On-site operators
Occupational Safety and Fire Prevention Promotion	Polymerization Section personnel	Organic Solvent Operations Supervisor Training	On-site operators
Work Safety Promotion	Plastic sheet maintenance personnel	Sludge Weight Loss and Dust Control Technology Seminar	Relevant employees
Industrial Chromatology (1)	Plastic Leather Section 2 personnel	Employee Improvement Project Supervisor Seminar	Senior Manager
Mid-level Piping Engineer Training	Engineering personnel	Specific Chemical Operations Supervisor Training	On-site operators
Seminar on Internal Audit Practices: How to Deal with Corporate Crisis	Auditors	Oxygen-deficient operations supervisor training	On-site operators
Regulations and Practices of the Fair Trade Law/2 hours/96 persons	General employees	High-Pressure Gas-Specific Equipment Operator Training	On-site operators
Emergency Response Drill for the Processing, Storage & Transportation Section	Processing, Storage & Transportation Section personnel	Type I Pressure Vessel Operator Training	On-site operators
Presentation Creating and Corporate Document Writing Skills	General employees	Manufacturing Process Safety Management General Training	Employees in all plants
Radiation Protection Workshop	Radiation equipment operators	Leadership Training: Business Philosophy	Senior Manager
Introduction to Environmental Materials Features and Production	PVC Leather Section 1 personnel	Waste Reduction Technology Seminar	Relevant employees
Emergency drill at General Affairs Section	General Affairs Section personnel	Online Application for Purchase Management Platform	Relevant employees
Emergency Response Drill for the Alkali-Chlorine Section	Alkali-Chlorine Section personnel	Eco-Friendly Life Cycle Score—14001 (2015 Version)	Relevant employees
ISO 9712: 2012 Non-destructive Testing Training	Yuan-Hung Huang	Pipeline excavation personnel training	Employees of the Engineering Section
Introduction to Ultrasonic Fundamentals and Thickness Gauge Training	Engineering Section/Inspection Section personnel	Regenerative Thermal Oxidizer Process Education and Training	Manufacturing Section/Synthesis Section personnel
BIR Air Compressor Education and Training	Employees of the Machinery Repairs Section	Plant Process Equipment Repair Project Management Practices	Employees of the Machinery Repairs Section
Crane Operations (Retraining)	Employees of the Machinery Repairs Section	Artificial Intelligence Managerial Officer Weekend Workshop	Huang, Chi-Feng
New Employee Certification Course	Chien, Ying-Lun	ISO 50001 Energy Management System Training Course	Employees at the Linyuan Plant
Organic Solvent Operations Supervisor Training	Employees of the Synthesis Section	2019 KPI Content Advancement Course	Employees at the Linyuan Plant
Process Safety Assessment Training	Chen, Chun-Hung/Lin, Shih-Wei	API570 Process Pipeline Inspector Training	Kao, Chiang-Chun
Forklift operations training	Machine Maintenance/Finished Goods Section personnel	2019 International Industrial Pipeline Management Forum	Manufacturing Management Division
NACE CP3 Cathodic Protection Technique Training Course	Lin, Shih-Chuan	Information Platform Program Teaching	Employees at the Linyuan Plant
Acetylene Welding Operation Training	Employees of the Machinery Repairs Section	Road Excavation and Management Training	Hsu, Hung-Chia/Kao, Chiang-Chun
Labor Standards Act Promotion Course	Chang-Chien, Chu-Sheng	High-Pressure Gas Manufacturing Safety Operation Supervisor Training	Employees of the Synthesis Section
Underground Pipeline Emergency Response, Scenario Planning, and Response Equipment Exercise	Employees at the Linyuan Plant	AI Seminar—AI in Taiwan: Opportunities and Challenges of Industrial Transformation	Employees at the Linyuan Plant

Name of Representative Training	Recipients	Name of Representative Training	Recipients
Supervisor training on dust operations	Employees of the Synthesis Section	2019 Labor Education and Training	Employees at the Linyuan Plant
2019 Taxation Regulations Seminar	Wei, Hua-Ling	Occupational Safety and Health Management Personnel Training	Liao, Wen-Shih
Plastic Surface Treatment and Adhesion Improvement and Valuation Technique	Chang, Chi-Shun	Air Compressor System Energy Conservation Training	Manufacturing Department/Manufacturing Technique Section personnel
Dengue Fever Prevention Dedicated Employee Training in Kaohsiung City	Affairs Section	Seminar on Sustainability: Driving Force of Corporate Development	Employees at the Linyuan Plant
On-site Supervisor TWI Management Ability Training	Employees at the Linyuan Plant	Green Environmental Protection Cooling Water Tower Technology Seminar	Employees at the Linyuan Plant
Fire Prevention Personnel Training	Lin, Shih-Wei/Hsu, Ting-Hsiang	The Corrosion Engineering Association of the Republic of China	Lin, Shih-Chuan/Hsu, Hung-Chia
Gender Mainstream Education and Training	Chou, Wen-Hsien	First-Aid Personnel Training	Yen, Hung-Wen/Li, Yi-Ta
Falling Prevention Management Practice and Relevant Laws And Regulations as well as Criminal Liability Discussion	Lin, Shih-Wei	Interim Mechanism for Non-traditional Models to Participate in Real-time Backup Auxiliary Services	Tsai, Yung-Yu/Hu, Chen-Ti
Labor Health Service Nursing Personnel (Retraining)	Yeh, Hsueh-Mei	2019 Accounting Manager Continuing Education Course	Chen, Cheng-Shun
GC7890 Operation and Maintenance Training	Wu, Cheng-Cheng	Health Seminar: Chinese Medicine Weight Reduction Clinic	Employees at the Linyuan Plant
Type 1 Pressure Vessel Operation Training	Synthesis/Finished Goods Section personnel	Overall Performance Management and Talent Development System	Employees at the Linyuan Plant
Regulations and Practices of Fair Trade Law	Employees at the Linyuan Plant	Oxygen-deficient Operations Training for Supervisors	Yen, Hung-Wen/Li, Yi-Ta
Specific Chemical Operation Training for Supervisors	Lu, Chung-Yi/Li, Yi-Ta	Electronic Invoice Approval Training	Employees at the Linyuan Plant
Management of Change (MOC)	Lin, Chun-Hsu/Kuo, Tien-Chieh	Safety and Health and Disaster Prevention Training	Employees at the Linyuan Plant
Health Seminar—How to Understand the Health Examination Report and Self-management	Employees at the Linyuan Plant	Radiation Protection Training Course	Inspection Section/Machine Repair Section personnel
Mechanical Integrity (MI)	Kao, Chiang-Chun/Hsu, Hung-Chia	USI Group EMBA (Economics/Accounting)	Chen, Chun-Hung/Hsieh, Wang-Chuan
Introduction to Provisions of ISO 50001: 2018	Employees at the Linyuan Plant	2019 LiveABC Training	Chang, Chi-Shun
2019 Accounting Manager Continuing Education Course	Chan, Mei-Lan	International Trade and Practice	Chang, Chi-Shun
Labor Incident Act and Response of Enterprises Receiving Labor Inspection	Personnel Section personnel	Boiler Operation Training	Lin, Shih-Chen/Huang, Chuan-Wen
Opportunities and Challenges of Industrial Transformation	Chen, Cheng-Shun/Lin, Chia-Huei	Common Disputes of Business Secrets through Case Study	Lin, Chia-Huei/Shih, Ju-Hsuan
Impact of US-China Trade Disputes on Overseas Taiwanese Businesspeople and Response	Chen, Cheng-Shun	Security Incident Response Mechanism and Key Audit Matters	Lin, Chia-Huei
Introduction to Selection Technology and Practice of Explosion-proof Electrical Equipment	Lin, Shih-Chang/Lai, Hung-Ming		



### 3. Employee retirement system

Item	Labor Pension	
	Old	New
Legal Basis	Labor Standards Act	Labor Pension Act (Effective from July 1, 2005)
Proportion of Salary Contributed to Pension	The Company set up the "Labor Pension Reserve Supervision Committee," and contributes 12% of employees' monthly salaries to the pension reserve fund.	Employer: Employee's monthly salary 6% Employee: 0-6% per month (which can be fully exempted from employees' individual consolidated income tax amount of the current year)
Custodian Institution	Bank of Taiwan	Labor and Insurance Bureau
Eligibility and Application Method	When an employee whose service for a company constitutes the eligibility for pension payment in accordance with Labor Standards Act for the employee, the employer shall make such payment upon the employee's retirement.	At the age of 60, an employee may apply for return to the Labor Insurance Bureau for the accumulated amount in his/her individual pension account.
Degree of Employees' Participation in Pension Plan	100%	100%
Appropriation	Accumulated appropriation of NT\$2,200,488,000	Annual appropriation of NT\$145,458,000 in 2019
<p>Note:</p> <ol style="list-style-type: none"> <li>In old pension system, if the balance in the fund, after actuarial evaluation, is insufficient to pay to all employees qualified for retirement in following year, the Company shall make up the difference in one appropriation by the end of March in the following year. The appropriation shall be submitted to the Supervisory Committee of Labor Retirement Reserve for deliberation.</li> <li>The amended Labor Pension Act took effect on July 1, 2005. Employees who were hired prior to the enactment of the amended articles and remain working for the Company thereafter are allowed to choose between the amended or the old system until July 15, 2005. Those who failed to make decision before the aforementioned deadline shall continually apply to the old system. Employees applicable to the amended pension system shall make pension contribution from their salaries starting from July 1, 2005. Employees, who continuously choose to be applicable to the old mechanism may, within five years (before June 30, 2010), choose to be applicable to the amended pension system. Employees who are employed after July 1, 2005 or are re-employed after resignation after the aforementioned date shall be applicable to the amended pension system.</li> <li>Employees who are applicable to the amended pension system in accordance with the Labor Standards Act may not choose to be applicable to the old pension system.</li> <li>Provisions of Labor Pension Act applicable to the Company include the following:                      Voluntary retirement:                      A worker may apply for voluntary retirement under any of the following conditions: (the provisions shall apply, mutatis mutandis, to those who are in the amended Labor Pension Act system)                     <ol style="list-style-type: none"> <li>Where the worker attains the age of fifty-five and has worked for fifteen years.</li> <li>Where the worker has worked for more than twenty-five years.</li> <li>Where the worker attains the age of sixty and has worked for ten years.</li> </ol>                     Mandatory retirement:                      Unless any one of the following circumstances is met, the Company shall not force an employee to retire:                     <ol style="list-style-type: none"> <li>Where the worker attains the age of sixty-five</li> <li>Where the worker is totally incompetent at work due to mental disorders or physical disabilities.</li> </ol>                     The Company may request the central competent authority to adjust the age prescribed above if the specific job entails risk, requires substantial physical strength or otherwise of a special nature; provided. However, that the age shall not be reduced below fifty-five.                      Pension payment standard:                     <ol style="list-style-type: none"> <li>Employees who have service seniority accumulated before or after the application of the Labor Standards Act, and choose to be applicable to the Labor Standards Act in accordance with Labor Pension Act or service seniority preserved before the application of the Labor Pension Act, shall have their retirement benefit paid in accordance with Article 55 and Article 84-2 of the Labor Standards Act.</li> <li>Employees who have service seniority calculated according to the preceding pension payment standard and are forced to retire in accordance with Subparagraph 2 of Paragraph 1 of Article 35 of the Labor Standards Act, an additional 20% on top of the amount calculated according to the preceding pension payment standard shall be given to the worker forced to retire due to disability incurred from the execution of their duties, as set forth in Subparagraph 2 of Paragraph 1 of Article 55.</li> <li>For employees who are applicable to the provisions of the Labor Pension Act, 6% of the amount of employee's salary into employees' individual account of labor pension.</li> </ol>                     Pension payment:                      The Company shall pay the due amount of pension within 30 days after an employee's retirement.                 </li> </ol>		

4. Agreements between the Company and employees and measures for protecting employees' rights and interests  
In order to establish a rule-based channel for agreements between the employer and employees, meetings are regularly held between the employer and employees in order to effectively solve problems between the employer and employees.
5. Related certifications obtained from the relevant competent authorities by personnel of the Company involved with the transparency of financial information

Department	Name	Relevant Certification
Accounting Division	Kuo, Chuan-Hua	Continuing Education Course for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges offered by the Accounting Research and Development Foundation
	Kuo, Chien-Chou	Continuing Education Course for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges offered by the Accounting Research and Development Foundation
	Chen, Cheng-Shun	Continuing Education Course for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges offered by the Accounting Research and Development Foundation
		Passed the Accountant Examination in the 2008 Advanced Examination for Professional and Technical Personnel held by the Ministry of Examination Certificate No.: (97) Chuan Kao Hui Tzu No. 000012
	Lin, Chin-Tsai	Continuing Education Course for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges offered by the Accounting Research and Development Foundation
	Chang, Sheng-Chuan	Continuing Education Course for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges offered by the Accounting Research and Development Foundation
		Passed the Accountant Examination in the 2007 Advanced Examination for Professional and Technical Personnel held by the Ministry of Examination Certificate No.: (96) Chuan Kao Hui Tzu No. 000147
Wu, Chia-Ling	Passed the Accountant Examination in the 2011 Advanced Examination for Professional and Technical Personnel held by the Ministry of Examination Certificate No.: (100) Chuan Kao Hui Tzu No. 000114	
Audit Office	Chiang, I-Ting	CIA
		Network and System Log Analysis and Practical Operations Certificate No.: Tien Hsieh Cheng Tzu No. 1080154
		Audit of IT Department Audit and Review of Control for Information System Certificate No.: Tien Hsieh Cheng Tzu No. 1080247
	Hsu, Liang-Wei	Internal Audit Association of the Republic of China Certificate No.: Chi Hsieh Pei Cheng Fa Tzu No. 1082653
		Securities & Futures Institute Certificate No.: (108) Corporate Internal Audit & On-Job Training Cheng Chi Tzu No. 00428
	Lin, Chia-Huei	International Certified Internal Auditor certification Certificate No.: Chi Hsieh Cheng Tzu No. 1060022
		Computer Audit Association Certificate No.: Tien Hsieh Cheng Tzu No. 1080682
		Computer Audit Association Certificate No.: Tien Hsieh Cheng Tzu No. 1080900



Department	Name	Relevant Certification
	Chuang, Chia-Fang	Internal Audit Association of the Republic of China Certificate No.: Chi Hsieh Bei Cheng Fa Tzu No. 1082010
		Internal Audit Association of the Republic of China Certificate No.: Chi Hsieh Pei Cheng Fa Tzu No. 1082652
	Tu, Ying-Chun	CIA
		Certification of Qualification for Enterprise Internal Control Basic Abilities Test offered by the Securities and Futures Institute
Jiang, Kang-Nian	CIA	
I, Wei-Ching	Certificate of Qualification in the Professional Development Course and Test for Internal Auditors of Publicly Listed Companies Certificate No.: ARDF (108) Hui Chiao (Chi) Tzu No. 1023015 Certificate No.: Internal Audit Association of the Republic of China Audit Pei Cheng Fa Tzu No. 1087877	

#### 6. Employees' code of conduct or ethics

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

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

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

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

safety

- (1) The Company has successfully obtained the ISO14001 and OHSAS18001 Management System Certifications, and actively promotes improvement activities including energy conservation, disaster prevention and pollution prevention.
- (2) In order to enhance self-inspection of all aspects of work safety, the Company complies with the "Group Safety and Health Partners Regional Joint Rescue" system recommended and guided by the South Labor Inspection Institute, and actively participates in the events organized by Renda Safety and Health Promotion Association.
- (3) The Company actively attends activities held by Taiwan Responsible Care Association (TRCA) in the chemical engineering industry and upholds its spirit, as well as helps contractors build a safe and healthy environmental management system. In addition, the Company also participates in community events and cares for product protection in order to create a better living environment.
- (4) The Company provides its employees with comprehensive health care. In addition to the formulation of guidelines related to employee assistance services and gender equality in the workplace, the Company also provides group insurance, annual health checkups, sports and fitness equipment, as well as organizes various outdoor recreational activities and talks on mental, emotional and spiritual health.
- (5) With regards to employees' personal safety protection, the Company not only provides employees with personal protective equipment such as goggles, earplugs and earmuffs and vertical fall arresters, but also continuously provides training related to employee safety, with hopes that manufacturing equipment can run safely in plants, thereby achieving production goals in a smooth manner.

#### 8. Fulfilling Social Responsibilities

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



## Operations Overview

regulations, and achieve the objectives of the Group's environmental policies (environmental protection responsibilities (carbon reduction and greenhouse effect reduction) such as using eco-friendly refrigerants and energy-saving lamps).

- (4) The Company does its best to take in to account local cultural and social traditions when conducting various business activities.
- (5) The Company has always been committed to the principle of equal opportunities and recognizes the contribution of employees from different backgrounds. The Company adopts an open selection process and hires the right talent for the right position, instead of restricting employees' career development based on their race, gender, age, religion, nationality or political affiliation.

(II) In the most recent years as of the publication date of the annual report, the losses suffered due to the labor disputes (including matters with labor inspection results that violate the Labor Standards Act, the punishment date, the punishment font size, the provisions of the statute violated, the content of the statute violated, and the punishment content are listed), and the current and future estimated amounts and responding measures shall be estimated. If it cannot be estimated reasonably, state the fact that it cannot be estimated reasonably:

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

### VI. Important Contracts:

Nature of Contract	Contracting Party	Contract Start/End Date	Main Content	Restrictive Clause
Ethylene and Propylene	CPC Corporation	2020.01.01-2020.12.31	Annual volume and price of ethylene and propylene supplied to USI Corporation's	None.

Nature of Contract	Contracting Party	Contract Start/End Date	Main Content	Restrictive Clause
Purchase Contract			Renwu Plant	
Ethylene Purchase Contract	Mitsubishi Corporation	2020.01.01-2020.12.31	Annual volume and price of vinyl acetate supplied to USI Corporation's Renwu Plant	None.
Ethylene Purchase Contract	Marubeni	2020.01.01-2020.12.31	Annual volume and price of vinyl acetate supplied to USI Corporation's Renwu Plant	None.
Ethylene Purchase Contract	SABIC	2020.01.01-2020.12.31	Annual volume and price of vinyl acetate supplied to USI Corporation's Renwu Plant	None.
Vinyl Acetate Purchase Contract	Dairen Chemical Corporation	2020.01.01-2020.12.31	Annual volume and price of vinyl acetate supplied to USI Corporation's Renwu Plant	None.
Vinyl Acetate Purchase Contract	HELM AG	2020.01.01-2020.12.31	Annual volume and price of vinyl acetate supplied to USI Corporation's Renwu Plant	None.
2015-1 Unsecured Corporate Bonds (Bond A)	Trustee: Trust Department, Mega International Commercial Bank	2015.02.12-2020.02.12	USI Corporation issued corporate bonds worth NT\$ 1 billion in total; the bonds were fully issued at par value of NT\$ 1 million; a 5-year term with fixed interest rate of 1.55%.	None.
2015-1 Unsecured Corporate Bonds (Bond B)	Trustee: Trust Department, Mega International Commercial Bank	2015.02.12-2022.02.12	USI Corporation issued corporate bonds worth NT\$ 1 billion in total; the bonds were fully issued at par value of NT\$ 1 million; a 7-year term with fixed interest rate of 1.90%.	None.
2016-1 Unsecured Ordinary Corporate Bonds	Trustee: Taipei Fubon Commercial Bank Co., Ltd	2016.10.28-2021.10.28	USI issued corporate bonds worth NT\$ 2 billion in total; the bonds were fully issued at par value of NT\$ 1 million; a 5-year term with fixed interest rate of 0.80%.	None.
2017-1 Unsecured Ordinary Corporate Bonds	Trustee: Taipei Fubon Commercial Bank Co., Ltd	2017.10.27-2022.10.27	USI issued corporate bonds worth NT\$ 2 billion in total; the bonds were fully issued at par value of NT\$ 1 million; a 5-year term with fixed interest rate of 1.10%.	None.
2019-1 Unsecured Ordinary Corporate Bonds	Trustee: Taipei Fubon Commercial Bank Co., Ltd	2019.04.26-2024.04.26	USI issued corporate bonds worth NT\$2 billion in total; the bonds were fully issued at par value of NT\$1 million; a 5-year term with fixed interest rate of 0.98%.	None.
Medium-term	Chang Hwa Bank	2018.09.14-2023.08.31	USI and Chang Hwa Bank signed a five-year	None.

## Operations Overview



Nature of Contract	Contracting Party	Contract Start/End Date	Main Content	Restrictive Clause
Secured Lending Limit Contract			medium-term secured lending limit contract worth NT\$ 1 billion, which is a revolving loan facility.	
Medium-term Lending and Commercial Paper Guarantee Comprehensive Limit Contract	Yuanta Commercial Bank	2019.09.11-2021.09.11	USI and Yuanta Commercial Bank signed a three-year medium-term lending and commercial paper guarantee comprehensive limit contract worth NT\$ 500 million, which is a revolving loan facility.	Based on the consolidated annual report or semi-annual report of USI Corporation, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 150%.
Medium-term Lending Limit Contract	Bank SinoPac	2019.06.30-2020.06.30	USI and Bank SinoPac signed a three-year medium-term lending limit contract worth NT\$500 million, which is a revolving loan facility.	Based on the consolidated financial report of USI, its current ratio shall not be less than 150%, and its debt ratio (debt/net value) shall not be greater than 150%.
Medium-term Lending Limit Contract	Taipei Fubon Commercial Bank	2019.12.17-2022.12.12	USI and Taipei Fubon Commercial Bank signed a three-year medium-term lending limit contract worth NT\$ 500 million, which is a revolving loan facility.	Based on the consolidated annual report/semi-annual report of USI, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 150%, and its net value shall not be less than NT\$30 billion.
Medium-term Lending Limit Contract	Bank of China, Taipei Branch	2018.12.03-2021.12.02	USI and Bank of China, Taipei Branch, signed a three-year medium-term lending limit contract worth NT\$500 million, which is a revolving loan facility.	None.
Medium-term Lending Limit Contract	Entie Commercial Bank	2019.09.10-2022.08.01	USI and Entie Commercial Bank signed a three-year medium-term lending limit contract worth NT\$500 million, which is a revolving loan facility.	None.
Medium-term Lending Limit	The Export–Import Bank of the Republic of China	2020.03.10-2023.03.10	USI and the Export–Import Bank of the Republic of China signed a three-year medium-term lending limit	None.

Nature of Contract	Contracting Party	Contract Start/End Date	Main Content	Restrictive Clause
Contract			contract worth NT\$300 million, which is a revolving loan facility.	
Medium-term Lending Limit Contract	First Commercial Bank	2019.04.03-2022.04.03	USI and First Commercial Bank signed a three-year medium-term lending limit contract worth NT\$500 million, which is a revolving loan facility.	None.
Medium-term Lending and Commercial Paper Guarantee Comprehensive Limit Contract	Far Easter International Bank	2019.01.25-2022.01.25	USI and Far Easter International Bank signed a three-year medium-term lending and commercial paper guarantee comprehensive limit contract worth NT\$500 million, which is a revolving loan facility.	Based on the parent company only annual report of USI, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 150%.
Medium-term Lending and Commercial Paper Guarantee Comprehensive Limit Contract	Chang Hwa Bank	2018.12.13-2021.12.13	Union Polymer International Investment Co., Ltd. and Chang Hwa Bank signed a three-year medium-term lending and commercial paper guarantee comprehensive limit contract worth NT\$500 million, which is a revolving loan facility.	None.
Medium-term Lending and Commercial Paper Guarantee Comprehensive Limit Contract	Hua Nan Bank	2019.08.02-2022.08.02	Union Polymer International Investment Co., Ltd. and Hua Nan Bank signed a three-year medium-term lending and commercial paper guarantee comprehensive limit contract worth NT\$ 500 million, which is a revolving loan facility.	None.
Medium-term Lending and Commercial Paper Guarantee Comprehensive Limit	Taipei Fubon Commercial Bank	2019.12.13-2022.12.12	Union Polymer International Investment Co., Ltd. and Taipei Fubon Commercial Bank signed a three-year medium-term lending and commercial paper guarantee comprehensive limit contract worth NT\$500 million, which is a revolving loan facility.	Based on the individual financial report of Union Polymer International Investment Co., Ltd., its debt ratio (debt/net value) shall not be higher than 150% and its net value shall not be less than NT\$2.8

## Operations Overview



Nature of Contract	Contracting Party	Contract Start/End Date	Main Content	Restrictive Clause
Contract				billion.
Medium-term Lending Limit Contract	Bank SinoPac	2019.06.30-2022.06.30	Union Polymer International Investment Co., Ltd. and Bank SinoPac signed a three-year medium-term lending limit contract worth NT\$500 million, which is a revolving loan facility.	Based on the consolidated annual report/semi-annual report of USI, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 150%, and its net value shall not be less than NT\$30 billion.
Joint Venture Contract	Joint venture with companies including Ho Tung Chemical Corporation, LCY Group, Asia Polymer Corporation, 101,Hsintay Petroleum Co., Ltd., Chenergy Global Co., Ltd., Lien Hwa International Corporation, CTCI Corporation, Fubon Financial Holding Co., Ltd., and Hongfu Investment Co., Ltd.	2016.12.18	USI Corporation and other nine companies jointly invested in the Gulei Industrial Park located in Zhangzhou, Fujian Province, China, to produce petrochemical-related products.	Restrictions on share transfer and creation of pledge
Joint Venture Contract	Ever Victory Global Limited and DOR PO Company	2019.06.05	Jointly invested in Dynamic Ever Investments Limited before jointly investing in Gulei Park, Zhangzhou, Fujian Province, to produce petrochemical-related products.	Restrictions on share transfer and creation of pledge.
Material Purchase Contract	Formosa Plastics Corporation	2019.03.01-2020.12.31	Taiwan VCM Corporation and Formosa Plastics Corporation signed a contract for the purchase of dichloroethane. The price is agreed upon by both parties.	None.
Material Purchase Contract	MITSUI & CO., LTD.	2019.01.01-2020.12.31	Taiwan VCM Corporation and Mitsui & Co., Ltd. signed a contract for the purchase of dichloroethane, with the price of the material agreed by both the buyer and the seller.	None.
Material Purchase Contract	CPC Corporation	2019.01.01-2020.12.31	Taiwan VCM Corporation and CPC Corporation signed a contract for the purchase of ethylene. The price is agreed upon by both parties.	None.
Medium-term Secured	Chang Hwa Bank	2018.02.14-2023.07.31	China General Plastics Corporation and Chang Hwa Bank signed a five-year	None.

Nature of Contract	Contracting Party	Contract Start/End Date	Main Content	Restrictive Clause
Lending Limit Contract			medium-term secured lending limit contract worth NT\$1 billion, which is a revolving loan facility.	
Medium-term Secured Lending Limit Contract	KGI Bank	2016.11.30-2021.11.30	CGPC Polymer Corporation and KGI Bank signed a five-year medium-term secured lending limit contract worth NT\$1 billion, which is a revolving loan facility.	None.
Medium-term Lending and Commercial Paper Guarantee Comprehensive Credit Limit Contract in Foreign Currencies	KGI Bank	2019.03.20-2022.03.20	China General Plastics Corporation signed with KGI Bank to secure a 3-year medium-term lending and commercial paper guarantee comprehensive limit contract in foreign currencies with a revolving credit limit of NT\$500 million.	Based on the consolidated annual report/semi-annual report of CGPC, its current ratio shall not be less than 175%, and its debt ratio (debt/net worth) shall not be greater than 125%.
Medium-term Lending Limit Contract	Taishin International Bank	2019.06.30-2022.06.30	Taiwan VCM CorporationI and Taishin International Bank signed a three-year medium-term lending limit contract worth NT\$300 million, which is a revolving loan facility.	Based on the consolidated annual report/semi-annual report of Taiwan VCM Corporation, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 100%, and the net value shall not be lower than NT\$3 billion.
Medium-term Lending Limit Contract	Bank SinoPac	2019.06.30-2022.06.30	Taiwan VCM Corporation and Bank SinoPec signed a three-year medium-term lending limit contract worth NT\$500 million, which is a revolving loan facility.	Based on the financial report of Taiwan VCM Corporation, its current ratio shall not be less than 150%, and its debt ratio (debt/net value) shall not be greater than 150%.
Medium-term Lending Limit Contract	The Export–Import Bank of the Republic of China	2020.03.25-2023.03.25	Taiwan VCM Corporation and the Export–Import Bank of the Republic of China signed a three-year medium-term lending limit contract worth NT\$300 million.	None.
Material	CPC Corporation	2019.01.01-	Supply of ethylene to Asia	None.

## Operations Overview



Nature of Contract	Contracting Party	Contract Start/End Date	Main Content	Restrictive Clause
Purchase Contract		2019.12.31 2020.01.01- 2020.12.31	Polymer Corporation, where the price of the material is mainly calculated based on ethylene and naphtha prices for the current month.	
Medium-term Lending Limit Contract	Bank SinoPac	2019.06.30- 2022.06.30	APC and Bank SinoPac signed a three-year medium-term lending limit contract worth NT\$500 million, which is a revolving loan facility.	Based on the consolidated annual report of APC, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 100%.
Medium-term Lending Limit Contract	Taishin International Bank	2019.06.30- 2022.06.30	APC and Taishin International Bank signed a three-year medium-term lending limit contract worth NT\$500 million, which is a revolving loan facility.	Based on the consolidated annual report/semi-annual report of APC, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 100%, and the net value shall not be lower than NT\$7 billion.
Medium-term Lending Limit Contract	E. SUN Commercial Bank	2018.09.11- 2021.09.11	APC and E. SUN Commercial Bank signed a three-year medium-term lending limit contract worth NT\$300 million, which is a revolving loan facility.	None.
Medium-term Lending Limit Contract	Chang Hwa Bank	2019.07.01- 2022.06.30	APC and Chang Hwa Bank signed a three-year medium-term lending limit contract worth NT\$500 million, which is a revolving loan facility.	None.
Medium-term Lending Limit Contract	Yuanta Commercial Bank	2018.01.19- 2021.01.19	APC and Yuanta Commercial Bank signed a three-year medium-term lending limit contract worth NT\$500 million, which is a revolving loan facility.	None.
Medium-term Lending and Commercial Paper Guarantee Comprehensive	Shin Kong Bank	2018.06.28- 2021.06.28	APC and Shin Kong Bank signed a three-year medium-term lending and commercial paper guarantee comprehensive limit contract worth NT\$450 million, which is a revolving loan facility.	Based on the consolidated annual report/semi-annual report of APC, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall

Nature of Contract	Contracting Party	Contract Start/End Date	Main Content	Restrictive Clause
nsive Limit Contract				not be greater than 150%, and the net value shall not be lower than NT\$7 billion.
Medium-term Lending Limit Contract	KGI Bank	2018.06.02-2021.06.02	APC and KGI Bank signed a three-year medium-term lending limit contract worth NT\$400 million, which is a revolving loan facility.	Based on the consolidated annual report or semi-annual report of APC, its current ratio shall not be less than 150%, and its debt ratio (debt/net value) shall not be greater than 125%.
Medium-term Lending Limit Contract	Taipei Fubon Commercial Bank	2019.12.12-2022.12.12	APC and Taipei Fubon Commercial Bank signed a three-year medium-term lending limit contract worth NT\$500 million, which is a revolving loan facility.	Based on the consolidated annual report of APC, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 150%, while its net value shall not be less than NT\$ 7 billion.
Medium-term Lending Limit Contract	First Commercial Bank	2018.11.19-2021.11.19	APC and First Bank signed a three-year medium-term lending limit contract worth NT\$500 million, which is a revolving loan facility.	None.
Medium-term Lending Limit Contract	O-Bank	2017.08.08-2020.08.07	APC and O-Bank signed a three-year medium-term lending limit contract worth NT\$250 million, which is a revolving loan facility.	None.
Medium-term Lending and Commercial Paper Guarantee Comprehensive Limit Contract	Far Easter International Bank	2019.01.25-2022.01.25	APC and Far Easter International Bank signed a three-year medium-term lending and commercial paper guarantee comprehensive limit contract worth NT\$300 million, which is a revolving loan facility.	Based on the parent company only annual report of APC, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 150%.
Medium-term Lending Limit Contract	Hua Nan Bank	2019.03.22-2022.03.22	APC and Hua Nan Bank signed a three-year medium-term lending limit contract worth NT\$500 million, which is a revolving loan facility.	None.
Medium-term	Bank of China, Taipei Branch	2019.12.02-2022.12.01	APC and Bank of China, Taipei Branch, signed a three-year	Based on the consolidated annual

## Operations Overview



Nature of Contract	Contracting Party	Contract Start/End Date	Main Content	Restrictive Clause
Lending Limit Contract			medium-term lending limit contract worth NT\$300 million, which is a revolving loan facility.	report/semi-annual report of APC, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 50%, and the net value shall not be less than NT\$7 billion.
Medium-term Lending Limit Contract	Entie Commercial Bank	2019.08.01-2022.08.01	APC and Entie Commercial Bank signed a three-year medium-term lending limit contract worth NT\$500 million, which is a revolving loan facility.	None.
Purchase of material	Taiwan Styrene Monomer Corporation	2017.04.01-2020.03.31	Purchase of styrene from Taiwan Styrene Monomer Corporation to be supplied to Taita Chemical's Cianjhen Plant and Linyuan Plant every year, where the price of the material is calculated based on the mutual agreement between both parties.	None.
Purchase of material	Formosa Chemicals & Fibre Corporation	2019.01.01-2019.12.31 (Contract renewal every year)	Purchase of styrene from Formosa Chemicals & Fibre Corporation to be supplied to Taita Chemical's Cianjhen Plant and Linyuan Plant every year, where the price of the material is calculated based on the mutual agreement between both parties.	None.
Purchase of material	CPC Corporation	2019.01.01-2019.12.31 (Contract renewal every year)	CPC Corporation agreed to sell and supply butadiene to Taita Chemical's Linyuan Plant every year, where the price of the material is calculated based on the price set by CPC Corporation. Payment for the material must be settled on the 15th of the following month after delivery.	None.
Purchase of material	Formosa Petrochemical Corporation	2019.01.01-2019.12.31 (Contract renewal every year)	Formosa Petrochemical Corporation agreed to sell and supply butadiene to Taita Chemical's Linyuan Plant every year, where the price of the material is calculated based on the price set by Formosa Petrochemical Corporation. Payment for the material must	None.

Nature of Contract	Contracting Party	Contract Start/End Date	Main Content	Restrictive Clause
			be settled on the 15th of the following month after delivery.	
Purchase of material	China Petrochemical Development Corporation	2019.01.01-2020.12.31	China Petrochemical Development Corporation agreed to sell and supply acrylonitrile to Taita Chemical's Linyuan Plant every year, where the price of the material is calculated based on the mutual agreement between both parties. Payment for the material must be settled on the 15th of the following month after delivery.	None.
Purchase of material	CNOOC and Shell Petrochemical Co., Ltd (CSPC)	2019.01.01-2019.12.31 (Contract renewal every year)	Import of styrene from CHOOC and Shell Petrochemicals Co., Ltd. to be supplied to Taita Chemical's Zhongshan Plant every year, where the price of the material is calculated based on the mutual agreement between both parties, and a domestic letter of credit should be issued before shipment.	None.
Purchase of material	SinoPec Chemical Commercial (Huanan) Holding Co., Ltd.	2019.01.01-2019.12.31 (Contract renewal every year)	SinoPec Chemical Sales (Huanan) Co., Ltd. agreed to sell and supply styrene to Taita Chemical's Zhongshan Plant every year, where the price of the material is calculated based on the mutual agreement between both parties. Payment for the material must be settled before delivery.	None.
Purchase of material	CNOOC Oriental Petrochemical Co., Ltd.	2019.01.01-2019.12.31 (Contract renewal every year)	Purchase of styrene from CNOOC Oriental Petrochemical Co., Ltd. to be supplied to Taita Chemical's Zhongshan Plant every year, where the price of the material is calculated based on the mutual agreement between both parties, and a domestic letter of credit should be issued before shipment.	None.

## Operations Overview



Nature of Contract	Contracting Party	Contract Start/End Date	Main Content	Restrictive Clause
Technical cooperation	TAICA (Japanese Company)	Starting from November 25, 1996, the request will be automatically extended every five years if there is no objection by both parties after the contract expires.	This contract involves the transfer of cubic printing technology to Taita Chemical Co., Ltd., where this technology is the first of its kind in the world and enables printing of various patterns on uneven surfaces (such as telephones, automobile parts and components), thereby enhancing the added value of products. This technology has been patented in many countries, including the U.S., Japan, Canada, Western Germany, the Netherlands, France and the United Kingdom.	None.
Provision of technology	Owens Corning Company (American Company)	2014.04.01-2024.03.31	Provision of expertise to Taita Chemical with regards to the manufacture of glass wool insulation products.	None.
Medium-term Lending, Medium-term Secured Lending, and Commercial Paper Guarantee Comprehensive Limit Contract	Chang Hwa Bank	2017.07.27-2022.06.30	Taita Chemical Co., Ltd. and Chang Hwa Bank signed a five-year medium-term lending, medium-term secured lending, and commercial paper guarantee comprehensive limit contract worth NT\$1 billion, which is a revolving loan facility.	None.
Medium-term Lending and Commercial Paper Guarantee Comprehensive Limit Contract	O-Bank	2017.10.17-2020.10.16	Taita Chemical Co., Ltd. and O-Bank signed a three-year medium-term lending and commercial paper guarantee comprehensive limit contract worth NT\$300 million, which is a revolving loan facility.	None.
Medium-term Lending Comprehensive	KGI Bank	2019.05.24-2022.05.24	Taita Chemical Co., Ltd. and KGI Bank signed a three-year medium-term lending comprehensive credit limit contract in foreign currencies	Based on its consolidated annual report/semi-annual report, its current ratio shall not be less than

Nature of Contract	Contracting Party	Contract Start/End Date	Main Content	Restrictive Clause
Credit Limit Contract in Foreign Currencies			worth NT\$300 million, which is a revolving loan facility.	100%, and its debt ratio (debt/net worth) shall not be greater than 175%.
Medium-term Secured Lending Limit Contract	Mega International Commercial Bank	2017.09.11-2022.09.01	The land and plant of Acme Electronics' Guanyin Plant is collateral for a loan of NT\$300 million.	The total drawdown by Acme Electronics from Mega International Commercial Bank shall not exceed NT\$ 350 million.
Medium-term Unsecured Lending Limit Contract	Mega International Commercial Bank	2020.02.26-2021.02.25	The land and plant of Acme Electronics' Guanyin Plant is collateral for a loan of NT\$100 million.	The total drawdown by Acme Electronics from Mega International Commercial Bank shall not exceed NT\$ 350 million.
Medium-term Unsecured Lending Limit Contract	O-Bank	2019.12.05-2021.12.04	The credit line for Acme Electronics is NT\$200 million.	Limits on net value and current ratio.



## Chapter 6. Financial Summary

### I. Condensed Balance Sheet, Statement of Comprehensive Income, as well as Name and Audit Opinions of CPAs in the Most Recent Five Years

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

##### 1. Condensed consolidated balance sheet – IFRS

Unit: NT\$ thousands

Item	Year	Financial information in the most recent five fiscal years (audited and verified)					Financial information of the current fiscal year up to March 31, 2020 (reviewed)
		2019	2018	2017	2016	2015	
Current assets		28,020,172	30,099,382	30,484,428	33,880,175	29,919,050	28,885,330
Property, plant and equipment		23,228,911	23,825,239	23,758,495	22,804,814	22,600,211	22,994,244
Intangible assets		286,030	302,403	362,375	417,620	483,938	283,901
Other assets		19,890,673	14,764,014	9,788,553	4,892,866	4,494,947	19,316,884
Total assets		71,425,786	68,991,038	64,393,851	61,995,475	57,498,146	71,480,359
Current liabilities	Before distribution	12,634,382	14,651,784	12,863,294	14,291,961	14,369,867	10,824,282
	After distribution (Note 1)	- (Note 2)	15,008,413	13,212,930	14,863,262	14,941,168	- (Note 2)
Non-current liabilities		19,614,457	17,884,545	16,722,138	15,684,028	12,078,986	19,625,165
Total Liabilities	Before distribution	32,248,839	32,536,329	29,585,432	29,975,989	26,448,853	30,449,447
	After distribution (Note 1)	- (Note 2)	32,892,958	29,935,068	30,547,290	27,020,154	- (Note 2)
Equity attributable to owners of parent company		18,659,503	18,187,153	18,124,407	17,726,796	17,025,008	18,474,202
Capital		11,887,635	11,887,635	11,654,544	11,426,024	11,426,024	11,887,635
Capital surplus		271,613	253,738	238,194	216,135	197,714	305,578
Retained earnings	Before distribution	7,756,919	6,814,829	6,738,561	6,474,504	5,930,728	7,973,875
	After distribution (Note 1)	- (Note 2)	6,458,200	6,388,925	5,903,203	5,359,427	- (Note 2)
Other equity		(781,058)	(293,443)	(31,286)	85,739	(53,852)	(1,217,280)
Treasury stock		(475,606)	(475,606)	(475,606)	(475,606)	(475,606)	(475,606)
Non-controlling interests		20,517,444	18,267,556	16,684,012	14,292,690	14,024,285	22,556,710
Total equity	Before distribution	39,176,947	36,454,709	34,808,419	32,019,486	31,049,293	41,030,912
	After distribution (Note 1)	- (Note 2)	36,098,080	34,458,783	31,448,185	30,477,992	- (Note 2)

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

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

### Condensed consolidated statement of comprehensive income – IFRS

Unit: NT\$ thousands

Item	Year	Financial information for the most recent five fiscal years (audited and certified)					Financial information of the current fiscal year up to March 31, 2020 (reviewed)
		2019	2018	2017	2016	2015	
Operating Revenue		55,656,741	60,892,513	58,133,943	53,101,997	52,373,585	11,356,408
Gross profit		6,732,369	5,794,740	7,126,932	6,881,135	5,437,516	1,839,250
Operating margin		2,931,733	1,932,799	3,377,667	3,161,484	1,772,121	991,802
Non-operating revenue and expenses		429,637	589,628	110,603	(90,260)	215,517	(103,286)
Net profit before tax		3,361,370	2,522,427	3,488,270	3,071,224	1,987,638	888,516
Income from operations of continued segments - after tax		2,541,226	1,868,349	2,712,050	2,357,701	1,569,029	644,952
Gain (loss) from discontinued operations		4,175	7,467	(2,197)	21,777	(31,923)	719
Net profit		2,545,401	1,875,816	2,709,853	2,379,478	1,537,106	645,671
Other comprehensive income - Net amount after taxes		(993,485)	(60,577)	(370,554)	(242,451)	(947,207)	(609,962)
Total comprehensive income for the year		1,551,916	1,815,239	2,339,299	2,137,027	589,899	35,709
Net income attributable to owners of parent company		1,281,364	539,935	1,111,290	1,189,570	879,631	216,956
Net income attributable to non-controlling interests		1,264,037	1,335,881	1,598,563	1,189,908	657,475	428,715
Total comprehensive income attributable to owners of parent company		822,153	366,533	970,032	1,255,498	151,781	(219,266)
Total comprehensive income attributable to non-controlling interests		729,763	1,448,706	1,369,267	881,529	438,118	254,975
Earnings per share	Before adjustment	1.19	0.50	1.06	1.15	0.85	0.20
	After adjustment	-(Note 2)	0.50	1.04	1.13	0.84	-(Note 2)

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

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



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

1. Parent company-only condensed balance sheet – IFRS

Unit: NT\$ thousands

Item	Year	Financial information in the most recent five fiscal years (audited and verified)				
		2019	2018	2017	2016	2015
Current assets		6,038,900	6,585,770	7,133,917	9,215,956	7,814,724
Property, plant and equipment		6,609,957	6,682,004	6,536,559	5,187,836	4,741,978
Intangible assets		333	470	33,638	54,209	75,100
Other assets		18,682,731	16,199,526	13,017,931	9,978,016	9,738,321
Total assets		31,331,921	29,467,770	26,722,045	24,436,017	22,370,123
Current liabilities	Before distribution	3,102,159	3,293,739	2,076,844	2,086,624	2,372,845
	After distribution (Note 1)	- (Note 2)	3,650,368	2,426,480	2,657,925	2,944,146
Non-current liabilities		9,570,259	7,986,878	6,520,794	4,622,597	2,972,270
Total Liabilities	Before distribution	12,672,418	11,280,617	8,597,638	6,709,221	5,345,115
	After distribution (Note 1)	- (Note 2)	11,637,246	8,947,274	7,280,522	5,916,416
Capital		11,887,635	11,887,635	11,654,544	11,426,024	11,426,024
Capital surplus		271,613	253,738	238,194	216,135	197,714
Retained earnings	Before distribution	7,756,919	6,814,829	6,738,561	6,474,504	5,930,728
	After distribution (Note 1)	- (Note 2)	6,458,200	6,388,925	5,903,203	5,359,427
Other equity		(781,058)	(293,443)	(31,286)	85,739	(53,852)
Treasury stock		(475,606)	(475,606)	(475,606)	(475,606)	(475,606)
Total equity	Before distribution	18,659,503	18,187,153	18,124,407	17,726,796	17,025,008
	After distribution (Note 1)	- (Note 2)	17,830,524	17,774,771	17,155,495	16,453,707

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

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

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

Unit: NT\$ thousands

Item	Year	Financial information for the most recent five fiscal years (audited and certified)				
		2019	2018	2017	2016	2015
Operating Revenue		10,966,471	11,763,140	11,551,511	11,458,198	10,798,122
Gross profit		1,382,167	807,962	1,200,915	1,578,859	1,395,128
Operating margin		702,720	112,137	503,786	823,522	723,502
Non-operating revenue and expenses		756,267	508,205	703,152	459,038	288,063
Net profit before tax		1,458,987	620,342	1,206,938	1,282,560	1,011,565
Net profit		1,281,364	539,935	1,111,290	1,189,570	879,631
Other comprehensive income - Net amount after taxes		(459,211)	(173,402)	(141,258)	65,928	(727,850)
Total comprehensive income for the year		822,153	366,533	970,032	1,255,498	151,781
Net income attributable to owners of parent company		1,281,364	539,935	1,111,290	1,189,570	879,631
Total comprehensive income attributable to owners of parent company		822,153	366,533	970,032	1,255,498	151,781
Earnings per share	Before adjustment	1.19	0.50	1.06	1.15	0.85
	After adjustment	- (Note 2)	0.50	1.04	1.13	0.84

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

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

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

Year	Name of Accounting	Name of CPAs	Audit opinion
2015	Deloitte, Taiwan	CPAs Kuo, Tzu-Jung and Wu, Shih-Tsung	Unqualified opinion
2016	Deloitte, Taiwan	CPAs Kuo, Tzu-Jung and Wu, Shih-Tsung	Unqualified opinion
2017	Deloitte, Taiwan	CPAs Kuo, Tzu-Jung and Wu, Shih-Tsung	Unqualified opinion
2018	Deloitte, Taiwan	CPAs Chuang, Pi-Yu and Kuo, Cheng-Hung	Unqualified opinion
2019	Deloitte, Taiwan	CPAs Chuang, Pi-Yu and Kuo, Cheng-Hung	Unqualified opinion



II. Financial Analysis in the Most Recent Five Years

(I) Financial analysis – IFRS

USI and its subsidiaries

Analysis Item		Year	Financial Analysis of the Most Recent Five Fiscal Years (audit and certification)					Current year up to March 31, 2020 (verified)
		2019	2018	2017	2016	2015		
Financial structure (%)	Debt-to-assets ratio	45.15	47.16	45.94	48.35	46.00	42.60	
	Ratio of long-term capital to property, plant and equipment	253.10	228.07	216.89	209.18	190.83	236.42	
Solvency (%)	Current ratio	221.78	205.43	236.99	237.06	208.21	266.86	
	Quick ratio	176.65	154.61	177.67	185.45	156.02	211.88	
	Interest coverage ratio	1,205	1,020	1,475	1,356	826	1,424	
Operation ability	Receivables turnover ratio (times)	7.05	7.23	7.58	7.48	6.86	6.75	
	Average collection days	52	50	48	49	53	54	
	Inventory turnover ratio (times)	8.42	8.13	7.54	6.78	6.00	7.49	
	Payables turnover ratio (times)	15.91	14.98	13.52	13.77	14.57	15.71	
	Average days for sale	43	45	48	54	61	49	
	Property, plant, and equipment turnover ratio (times)	2.37	2.56	2.50	2.34	2.44	1.97	
	Total asset turnover ratio (times)	0.79	0.91	0.92	0.89	0.90	0.64	
Profitability	Return on assets (%)	3.96	3.12	4.60	4.28	2.97	3.91	
	Return on equity (%)	6.73	5.26	8.11	7.55	4.95	6.44	
	Income before tax to paid-in capital ratio (%)	28.28	21.22	29.93	26.88	17.40	29.90	
	Net profit margin (%)	4.57	3.08	4.66	4.48	2.93	5.69	
	Earnings per share (NT\$)	Before adjustment	1.19	0.50	1.06	1.15	0.85	0.20
After adjustment		1.19※	0.50	1.04	1.13	0.84	0.20※	
Cash flow	Cash flow ratio (%)	48.06	15.15	33.68	31.49	19.95	23.65	
	Cash flow adequacy ratio (%)	62.54	56.13	62.63	88.48	76.08	387.92	
	Cash reinvestment ratio (%)	6.53	2.26	4.78	5.33	3.48	2.85	
Leverage	Operating leverage	1.76	2.06	1.58	1.57	1.92	1.60	
	Financial leverage	1.11	1.14	1.08	1.07	1.13	1.07	
<p>Reasons for changes in financial ratios for the most recent two years: (Analysis is not be required if such changes are within 20%.)</p> <p>This year, due to the decline in raw material costs, the expansion of product spreads, and increased profits, resulting in an increase in return on asset, return on equity, the ratio of net income before tax to paid-in capital, net profit margin, earnings per share, cash flow ratio, and cash reinvestment ratio by 27%, 28%, 33%, 48%, 138%, 217% and 189%, respectively.</p>								

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

## USI

Analysis Item		Financial Analysis of the Most Recent Five Fiscal Years (audit and certification)					
		2019	2018	2017	2016	2015	
Financial structure (%)	Debt-to-assets ratio	40.45	38.28	32.17	27.46	23.89	
	Ratio of long-term capital to property, plant and equipment	427.08	391.71	377.04	430.80	421.71	
Solvency (%)	Current ratio	194.67	199.95	343.50	441.67	329.34	
	Quick ratio	155.74	153.14	271.48	376.28	276.73	
	Interest coverage ratio	1,285	787	2,007	2,591	1,974	
Operation ability	Receivables turnover ratio (times)	7.40	8.16	9.77	11.07	10.34	
	Average collection days	49	45	37	33	35	
	Inventory turnover ratio (times)	7.93	8.08	8.20	8.57	7.16	
	Payables turnover ratio (times)	10.26	9.69	9.29	11.19	11.28	
	Average days for sale	46	45	45	43	50	
	Property, plant, and equipment turnover ratio (times)	1.65	1.78	1.97	2.31	2.65	
	Total asset turnover ratio (times)	0.36	0.42	0.45	0.49	0.49	
Profitability	Return on assets (%)	4.50	2.10	4.49	5.16	4.03	
	Return on equity (%)	6.96	2.97	6.20	6.85	5.12	
	Income before tax to paid-in capital ratio (%)	12.27	5.22	10.36	11.22	8.85	
	Net profit margin (%)	11.68	4.59	9.62	10.38	8.15	
	Earnings per share (NT\$)	Before adjustment	1.19	0.50	1.06	1.15	0.85
		After adjustment	1.19 ※	0.50	1.04	1.13	0.84
Cash flow	Cash flow ratio (%)	27.71	10.13	48.66	48.05	(23.90)	
	Cash flow adequacy ratio (%)	17.23	21.87	28.06	41.18	53.75	
	Cash reinvestment ratio (%)	1.54	(0.05)	1.54	1.67	(4.34)	
Leverage	Operating leverage	1.74	4.84	1.79	1.31	1.21	
	Financial leverage	1.17	2.16	1.10	1.03	1.01	

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

1. Because of the decline in raw material costs this year, the expansion of product spreads and increased profit led to increase in the interest coverage ratio, return on asset, return on equity, ratio of net profit to paid-in capital, net profit margin, earnings per share, cash flow ratio, and cash reinvestment ratio by 63%, 114%, 134%, 135%, 155%, 137%, 173%, and 3,061%, respectively. Degree of operating leverage and degree of financial leverage decreased by 64% and 46%, respectively.

2. A decrease of 21% in cash flow adequacy ratio: It is mainly caused by increase in capital expenditures in the most recent five years.

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

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

1. Financial structure

(1) Debt-to-assets ratio = Total liabilities / Total assets.



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

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

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

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

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

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

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



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

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

The Audit Committee has completed the review of the 2019 Business Report, produced by the Board of Directors, and financial statements (including consolidated financial statements and parent company-only financial statements) and earnings distribution plan, audited by CPAs Chuang, Pi-Yu and Kuo, Cheng-Hung from Deloitte & Touche, in accordance with the law, and no inconsistencies were found. Please review the Report which has been prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely yours,

2020 Annual General Meeting, USI Corporation

Audit Committee of USI Corporation

Independent Director: Chen, Chung

Independent Director: Tu, Tzu-Chun

Independent Director: Hai, Ying-Chun

March 20, 2020

## IV. Financial Statements in the Most Recent Fiscal Year

### **DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES**

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2019 are all the same as the companies required to be included in the consolidated financial statements of USI Corporation and its subsidiaries as provided in International Financial Reporting Standard No. 10, “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of USI Corporation and its subsidiaries. Consequently, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

USI CORPORATION

By:

---

YI-GUI WU  
Chairman

March 9, 2020



## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
USI Corporation

### **Opinion**

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

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

### **Basis for Opinion**

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

### **Key Audit Matters**

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

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2019 is stated as follows:

#### Assessment of Inventory Valuation Loss

As of December 31, 2019, the net carrying amount of inventory was NT\$4,919,506 thousand (the gross amount of inventory costs NT\$5,545,061 thousand deducted the allowance for inventory valuation loss of NT\$625,555 thousand), which accounted for 7% of the total consolidated assets. The Group'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(f), 5(b) and 11 to the consolidated 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 Group 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.

#### **Other Matter**

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our 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 consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.*

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

## USI CORPORATION AND SUBSIDIARIES

**CONSOLIDATED 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)	\$ 7,927,403	11	\$ 8,123,304	12
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	6,358,025	9	5,084,305	7
Financial assets at fair value through other comprehensive income (FVTOCI) - current (Notes 4 and 8)	174,789	-	158,602	-
Financial assets measured at amortized cost - current (Notes 4, 9 and 37)	506,129	1	439,135	1
Notes receivable, net (Notes 4 and 10)	634,435	1	1,015,882	2
Accounts receivable, net (Notes 4, 5 and 10)	6,411,077	9	7,532,851	11
Other receivables (Notes 4, 10 and 36)	277,131	-	279,612	-
Current tax assets (Notes 4 and 30)	11,919	-	8,116	-
Inventories (Notes 4, 5 and 11)	4,919,506	7	6,703,104	10
Prepayments (Notes 3 and 19)	782,608	1	742,562	1
Other current assets	17,150	-	11,909	-
<b>Total current assets</b>	<b>28,020,172</b>	<b>39</b>	<b>30,099,382</b>	<b>44</b>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 4, 8 and 37)	2,196,724	3	2,521,855	4
Financial assets measured at amortized cost - non-current (Notes 4, 9, 37 and 38)	311,942	-	311,758	-
Investments accounted for using the equity method (Notes 4 and 14)	14,867,168	21	10,338,945	15
Property, plant and equipment (Notes 4, 5, 15 and 37)	23,228,911	33	23,825,239	35
Right-of-use assets (Notes 3, 4, 16 and 37)	885,508	1	-	-
Investment properties (Notes 3, 4, 17 and 37)	524,408	1	182,424	-
Goodwill (Notes 4 and 18)	269,026	-	269,026	-
Other intangible assets (Notes 4 and 18)	17,004	-	33,377	-
Deferred tax assets (Notes 4 and 30)	643,715	1	633,334	1
Long-term prepayments for leases (Notes 3, 4, 16, 19 and 37)	-	-	459,542	1
Other non-current assets (Note 37)	461,208	1	316,156	-
<b>Total non-current assets</b>	<b>43,405,614</b>	<b>61</b>	<b>38,891,656</b>	<b>56</b>
<b>TOTAL</b>	<b>\$ 71,425,786</b>	<b>100</b>	<b>\$ 68,991,038</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 20 and 37)	\$ 4,258,980	6	\$ 6,726,854	10
Short-term bills payable (Note 20)	1,352,810	2	1,514,784	2
Financial liabilities at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	4,136	-	11,135	-
Notes and accounts payable (Note 22)	2,757,368	4	3,392,687	5
Other payables (Note 23)	1,938,026	3	1,897,550	3
Current tax liabilities (Notes 4 and 30)	517,913	1	270,351	-
Lease liabilities - current (Notes 3, 4 and 16)	70,814	-	-	-
Current portion of long-term borrowings (Notes 20, 21 and 37)	1,443,156	2	525,000	1
Refund liabilities - current (Note 23)	28,221	-	30,034	-
Other current liabilities	262,958	-	283,389	-
<b>Total current liabilities</b>	<b>12,634,382</b>	<b>18</b>	<b>14,651,784</b>	<b>21</b>
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Note 21)	6,991,327	10	5,992,604	9
Long-term borrowings (Notes 20 and 37)	9,049,770	12	8,617,624	13
Provisions - non-current (Notes 24 and 38)	136,375	-	136,375	-
Deferred tax liabilities (Notes 4 and 30)	1,411,901	2	1,408,232	2
Lease liabilities - non-current (Notes 3, 4 and 16)	481,964	1	-	-
Net defined benefit liabilities - non-current (Notes 4, 5 and 25)	1,473,867	2	1,658,228	2
Other non-current liabilities (Note 26)	69,253	-	71,482	-
<b>Total non-current liabilities</b>	<b>19,614,457</b>	<b>27</b>	<b>17,884,545</b>	<b>26</b>
<b>Total liabilities</b>	<b>32,248,839</b>	<b>45</b>	<b>32,536,329</b>	<b>47</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 3, 4, 8, 13, 25, 27 and 30)</b>				
Share capital	11,887,635	17	11,887,635	17
Capital surplus	271,613	-	253,738	-
Retained earnings				
Legal reserve	2,979,753	4	2,925,759	4
Special reserve	430,526	1	375,127	1
Unappropriated earnings	4,346,640	6	3,513,943	5
Total retained earnings	7,756,919	11	6,814,829	10
Other equity	(781,058)	(1)	(293,443)	-
Treasury shares	(475,606)	(1)	(475,606)	(1)
<b>Total equity attributable to owners of the Company</b>	<b>18,659,503</b>	<b>26</b>	<b>18,187,153</b>	<b>26</b>
<b>NON-CONTROLLING INTERESTS</b>	<b>20,517,444</b>	<b>29</b>	<b>18,267,556</b>	<b>27</b>
<b>Total equity</b>	<b>39,176,947</b>	<b>55</b>	<b>36,454,709</b>	<b>53</b>
<b>TOTAL</b>	<b>\$ 71,425,786</b>	<b>100</b>	<b>\$ 68,991,038</b>	<b>100</b>

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

## USI CORPORATION AND SUBSIDIARIES

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

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 28)				
Sales	\$ 55,656,741	100	\$ 60,892,513	100
COST OF GOODS SOLD (Notes 4, 11, 15, 16, 18, 25 and 29)	<u>48,924,372</u>	<u>88</u>	<u>55,097,773</u>	<u>91</u>
GROSS PROFIT	<u>6,732,369</u>	<u>12</u>	<u>5,794,740</u>	<u>9</u>
OPERATING EXPENSES (Notes 4, 10, 15, 16, 18, 25, 29 and 36)				
Selling and marketing expenses	2,042,577	4	2,048,027	3
General and administrative expenses	1,341,976	2	1,392,314	2
Research and development expenses	<u>416,083</u>	<u>1</u>	<u>421,600</u>	<u>1</u>
Total operating expenses	<u>3,800,636</u>	<u>7</u>	<u>3,861,941</u>	<u>6</u>
PROFIT FROM OPERATIONS	<u>2,931,733</u>	<u>5</u>	<u>1,932,799</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4, 15, 29 and 36)	729,191	1	616,677	1
Other gains and losses (Notes 4, 13, 19, 25, 29 and 40)	(1,929)	-	185,075	-
Finance costs (Notes 4, 16, 20, 21 and 29)	(285,222)	-	(244,395)	-
Share of (loss) gain of joint ventures accounted for using the equity method (Notes 4 and 14)	<u>(12,403)</u>	<u>-</u>	<u>32,271</u>	<u>-</u>
Total non-operating income and expenses	<u>429,637</u>	<u>1</u>	<u>589,628</u>	<u>1</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	3,361,370	6	2,522,427	4
INCOME TAX EXPENSE (Notes 4 and 30)	<u>820,144</u>	<u>1</u>	<u>654,078</u>	<u>1</u>
NET PROFIT FROM CONTINUING OPERATIONS	2,541,226	5	1,868,349	3
NET PROFIT FROM DISCONTINUED OPERATIONS (Notes 4 and 12)	<u>4,175</u>	<u>-</u>	<u>7,467</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>2,545,401</u>	<u>5</u>	<u>1,875,816</u>	<u>3</u>

(Continued)

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

	2019		2018	
	Amount	%	Amount	%
<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 25)	\$ 8,291	-	\$ 4,895	-
Loss of equity instruments measured at FVTOCI (Notes 4 and 27)	(179,751)	-	(24,377)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4, 27 and 30)	(219)	-	17,566	-
	<u>(171,679)</u>	<u>-</u>	<u>(1,916)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Notes 4 and 27)	(974,471)	(2)	(74,387)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4, 27 and 30)	152,665	-	15,726	-
	<u>(821,806)</u>	<u>(2)</u>	<u>(58,661)</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(993,485)</u>	<u>(2)</u>	<u>(60,577)</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 1,551,916</u>	<u>3</u>	<u>\$ 1,815,239</u>	<u>3</u>
<b>NET PROFIT ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 1,281,364	3	\$ 539,935	1
Non-controlling interests	<u>1,264,037</u>	<u>2</u>	<u>1,335,881</u>	<u>2</u>
	<u>\$ 2,545,401</u>	<u>5</u>	<u>\$ 1,875,816</u>	<u>3</u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 822,153	2	\$ 366,533	1
Non-controlling interests	<u>729,763</u>	<u>1</u>	<u>1,448,706</u>	<u>2</u>
	<u>\$ 1,551,916</u>	<u>3</u>	<u>\$ 1,815,239</u>	<u>3</u>

(Continued)

## USI CORPORATION AND SUBSIDIARIES

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

---

	2019		2018	
	Amount	%	Amount	%
EARNINGS PER SHARE (Note 31)				
From continuing and discontinued operations				
Basic	<u>\$ 1.19</u>		<u>\$ 0.50</u>	
Diluted	<u>\$ 1.19</u>		<u>\$ 0.50</u>	
From continuing operations				
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 consolidated financial statements.

(Concluded)

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

	Equity Attributable to Owners of the Company											Non-controlling Interests (Notes 3, 8, 13, 14 and 27)	Total Equity	
	Share Capital (Notes 4 and 27)	Treasury Share Transactions (Note 27)	Capital Surplus		Retained Earnings			Other Equity			Total			
			Shares of Changes in Capital Surplus of Associates (Notes 4, 13 and 27)	Others (Note 27)	Legal Reserve (Note 27)	Special Reserve (Note 27)	Unappropriated Earnings (Notes 3, 4, 8, 13 and 27)	Exchange Differences on Translating Foreign Operations (Notes 4, 27 and 30)	Unrealized Gain on Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets Measured at FVTOCI (Notes 4, 8, 27 and 30)				Treasury Shares (Note 27)
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	\$ 16,684,012	\$ 34,808,419
Effects of retrospective application	-	-	-	-	-	-	30,762	-	(159,594)	181,005	-	52,173	44,007	96,180
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	16,728,019	34,904,599
Appropriation of the 2017 earnings														
Legal reserve	-	-	-	-	111,129	-	(111,129)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(349,636)	-	-	-	-	(349,636)	-	(349,636)
Share dividends distributed by the Company	233,091	-	-	-	-	-	(233,091)	-	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(615,849)	(615,849)
Net profit for the year ended December 31, 2018	-	-	-	-	-	-	539,935	-	-	-	-	539,935	1,335,881	1,875,816
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	-	12,396	1,510	-	(187,308)	-	(173,402)	112,825	(60,577)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	-	552,331	1,510	-	(187,308)	-	366,533	1,448,706	1,815,239
Changes in capital surplus and retained earnings from investments in subsidiaries	-	-	1,596	-	-	-	(2,931)	-	-	-	-	(1,335)	6,456	5,121
Other changes in capital surplus	-	-	-	2,675	-	-	-	-	-	-	-	2,675	-	2,675
Disposals of subsidiaries	-	-	-	-	-	-	-	(18,937)	-	-	-	(18,937)	(20,086)	(39,023)
Changes in capital surplus from distributing cash dividends to subsidiaries	-	11,273	-	-	-	-	-	-	-	-	-	11,273	-	11,273
Disposal of equity instruments measured at FVTOCI	-	-	-	-	-	-	78,833	-	-	(78,833)	-	-	-	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	720,310	720,310
BALANCE, 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	18,267,556	36,454,709
Effects of retrospective application	-	-	-	-	-	-	(9,509)	-	-	-	-	(9,509)	(4,490)	(13,999)
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	18,263,066	36,440,710
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)	-	(356,629)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(705,440)	(705,440)
Net profit for the year ended December 31, 2019	-	-	-	-	-	-	1,281,364	-	-	-	-	1,281,364	1,264,037	2,545,401
Other comprehensive loss for the year ended December 31, 2019, net of income tax	-	-	-	-	-	-	(3,563)	(393,947)	-	(61,701)	-	(459,211)	(534,274)	(993,485)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	1,277,801	(393,947)	-	(61,701)	-	822,153	729,763	1,551,916
Changes in capital surplus and retained earnings from investments in subsidiaries	-	-	4,699	-	-	-	(923)	-	-	-	-	3,776	632	4,408
Other changes in capital surplus	-	-	-	1,677	-	-	-	-	-	-	-	1,677	-	1,677
Disposals of subsidiaries	-	-	-	-	-	-	-	(617)	-	-	-	(617)	(1,932)	(2,549)
Changes in capital surplus from distributing cash dividends to subsidiaries	-	11,499	-	-	-	-	-	-	-	-	-	11,499	-	11,499
Disposal of equity instruments measured at FVTOCI	-	-	-	-	-	-	31,350	-	-	(31,350)	-	-	-	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	2,231,355	2,231,355
BALANCE, DECEMBER 31, 2019	\$ 11,887,635	\$ 245,482	\$ 7,291	\$ 18,840	\$ 2,979,753	\$ 430,526	\$ 4,346,640	\$ (602,871)	\$ -	\$ (178,187)	\$ (475,606)	\$ 18,659,503	\$ 20,517,444	\$ 39,176,947

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

## USI CORPORATION AND SUBSIDIARIES

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

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax from continuing operations	\$ 3,361,370	\$ 2,522,427
Income before income tax from discontinued operations	<u>4,175</u>	<u>7,467</u>
Income before income tax	3,365,545	2,529,894
Adjustments for:		
Depreciation expenses	2,156,511	1,976,338
Amortization expenses	80,005	75,961
Expected credit loss (reversed) recognized on accounts receivable	(4,115)	2,236
Net (gain) loss on fair value changes of financial assets and liabilities at FVTPL	(216,827)	11,169
Finance costs	302,569	271,182
Interest income	(153,706)	(171,664)
Dividend income	(162,687)	(186,003)
Share of loss (profit) of joint ventures accounted for using the equity method	12,403	(32,271)
(Gain) loss on disposal of property, plant and equipment	(41,381)	8,520
Gain on disposal of land use rights	-	(262,617)
Gain on disposal of subsidiaries	-	(116,576)
Impairment loss recognized on non-financial assets	113,587	66,283
Inventory write-downs (reversed) recognized	(22,017)	176,999
Amortization of long-term prepayments for leases	-	15,706
Gain on government grants	(155,710)	-
Recognition of refund liabilities	7,535	10,493
Recognition of provisions	-	136,375
Gain on disposal of biological assets	-	(13,735)
Changes in operating assets and liabilities		
(Increase) decrease in financial assets mandatorily classified as at FVTPL	(1,063,892)	223,672
Decrease in notes receivable	381,448	102,194
Decrease (increase) in accounts receivable	1,125,888	(584,389)
Decrease in other receivables	8,317	65,152
Decrease (increase) in inventories	1,805,615	(22,349)
(Increase) decrease in prepayments	(50,075)	41,209
Increase in other current assets	(5,241)	(1,150)
(Decrease) increase in notes payable	(483)	123
Decrease in accounts payable	(634,836)	(572,867)
Increase (decrease) in other payables	13,094	(15,957)
Decrease in refund liabilities	(9,769)	(12,664)
Decrease in net defined benefit liabilities	(192,652)	(757,957)
(Decrease) increase in other current liabilities	<u>(20,431)</u>	<u>4,504</u>
Cash generated from operations	6,638,695	2,967,811
Interest received	147,870	171,205
Interest paid	(286,488)	(268,333)
Income tax paid	<u>(427,584)</u>	<u>(650,579)</u>
Net cash generated from operating activities	<u>6,072,493</u>	<u>2,220,104</u>

(Continued)

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

	2019	2018
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for financial assets at FVTOCI	\$ (6,550)	\$ (9,826)
Proceeds from sale of financial assets at FVTOCI	83,470	114,110
Proceeds from capital reduction of financial assets at FVTOCI	52,423	44,648
Payments for financial assets measured at amortized cost	(67,178)	(12,951)
Acquisition of investments accounted for using the equity method	(5,161,581)	(5,117,787)
Net cash inflow on disposal of subsidiaries	-	128,659
Payments for property, plant and equipment	(2,002,986)	(2,077,699)
Proceeds from disposal of property, plant and equipment	78,460	8,330
Increase in refundable deposits	(21,601)	(11,052)
Payments for other intangible assets	(6,503)	(7,170)
Increase in other non-current assets	(180,953)	(8,263)
Increase in long-term prepayments for leases	-	(5,562)
Proceeds from disposal of land use rights	-	291,368
Dividends received	162,687	186,003
Proceeds from disposal of biological assets	-	36,866
Compensations for land ownership certificate	192,994	-
Net cash used in investing activities	<u>(6,877,318)</u>	<u>(6,440,326)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Decrease) increase in short-term borrowings	(2,467,874)	2,974,586
Decrease in short-term bills payable	(162,000)	(170,000)
Proceeds from issuance of bonds payable	1,995,630	-
Proceeds from long-term borrowings	24,462,500	20,970,400
Repayments of long-term borrowings	(24,112,154)	(19,530,524)
Increase in guarantee deposits received	813	2,319
Repayments of the principal portion of lease liabilities	(66,023)	-
Decrease in other non-current liabilities	(3,042)	(10,053)
Dividends paid to owners of the Company	(356,629)	(349,636)
Change in non-controlling interests	2,231,355	720,310
Dividends paid to non-controlling interests	(705,440)	(615,849)
Net cash generated from financing activities	<u>817,136</u>	<u>3,991,553</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>		
	<u>(208,212)</u>	<u>(121,889)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(195,901)</b>	<b>(350,558)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>8,123,304</u>	<u>8,473,862</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 7,927,403</u>	<u>\$ 8,123,304</u>

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

(Concluded)

# USI CORPORATION AND SUBSIDIARIES

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

---

### 1. GENERAL INFORMATION

USI Corporation (“USI”, the “Company” or the “parent 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 consolidated financial statements of the Company and its subsidiaries, collectively referred to as the “Group”, are presented in the Company’s functional currency, the New Taiwan dollar.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and issued 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), Interpretations of IFRS (IFRIC), and Interpretations of IAS (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 would not have any material impact on the Group’s accounting policies:

#### IFRS 16 “Leases”

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

#### Definition of a lease

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

The Group as lessee

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

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

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 Group applies IAS 36 to all right-of-use assets.

The Group also applies the following practical expedients:

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

The lessee's weighted average incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 was 1.04%-2.00%. 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	\$ 580,248
The future minimum lease payments of cancellable operating lease commitments on December 31, 2018	5,405
Less: Recognition exemption	<u>(3,165)</u>
Undiscounted amounts on January 1, 2019	<u>\$ 582,488</u>
Lease liabilities recognized on January 1, 2019	<u>\$ 546,116</u>

The Group as lessor

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

The Group subleased its leasehold building Tai-An to a third party in 2014. Such sublease was classified as an operating lease under IAS 17. The Group 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>
Prepayments for leases - current	\$ 8,663	\$ (8,663)	\$ -
Prepayments for leases - non-current	459,542	(459,542)	-
Right-of-use assets	-	889,870	889,870
Investment properties	<u>182,424</u>	<u>110,452</u>	<u>292,876</u>
Total effect on assets	<u>\$ 650,629</u>	<u>\$ 532,117</u>	<u>\$ 1,182,746</u>
Lease liabilities - current	\$ -	\$ 69,209	\$ 69,209
Lease liabilities - non-current	<u>-</u>	<u>476,907</u>	<u>476,907</u>
Total effect on liabilities	<u>\$ -</u>	<u>\$ 546,116</u>	<u>\$ 546,116</u>
Retained earnings	\$ 3,513,943	\$ (9,509)	\$ 3,504,434
Non-controlling interests	<u>18,267,556</u>	<u>(4,490)</u>	<u>18,263,066</u>
Total effect on equity	<u>\$ 21,781,499</u>	<u>\$ (13,999)</u>	<u>\$ 21,767,500</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 Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

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

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

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

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

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

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

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

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

- b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

- c. 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 Group 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. Basis of consolidation

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

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

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Please refer to Note 13, Table 7, and Table 8 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. Foreign currencies

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

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

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

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

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations (including of the subsidiaries, associates and joint ventures 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 (attributed to the owners of the Company and non-controlling interests as appropriate).

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.

f. 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 group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the moving-average cost on the balance sheet date.

g. Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

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

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

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

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

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

#### h. 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.

#### i. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Beginning January 1, 2019, investment properties include right-of-use assets if the definition of investment properties is met.

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

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

Depreciation is recognized using the straight-line method.

For a transfer of classification from property, plant and equipment to investment properties, the deemed cost of an item of property for subsequent accounting is its carrying amount at the end of owner-occupation.

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

j. Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributable goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal, and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

k. Intangible assets

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

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

l. Impairment of tangible and intangible assets other than goodwill

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

m. Financial instruments

Financial assets and financial liabilities are recognized when the Group 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 35.

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 Group 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 Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

## b) Impairment of financial assets

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

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

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

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

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

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. 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 Group 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 Group entity 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 35.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

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

Derivatives are initially recognized at fair value at the date 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.

n. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

In making the provision for sales returns and rebates, the rebate amount is assessed based on the possibility of actual occurrence, while the return amount is reasonably assessed based on historical experience and other relevant factors.

o. Revenue recognition

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

1) Sale of goods

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

## 2) Service income

Service income comes from commission for performing the storage and transportation of any items of petrochemical raw materials. The related revenue is recognized when services are rendered.

## p. Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale. A component of an entity which is for operational and financial reporting purposes has cash flows which can be clearly distinguished from the rest of the entity.

## q. Leasing

### 2019

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

### 1) The Group as lessor

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

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

Lease payments (less any lease 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.

Variable lease payments that do not depend on a rate are recognized as income in the periods in which they are incurred.

### 2) The Group as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments, 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 Group uses the lessee's incremental borrowing rate.

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

Variable lease payments that do not depend on a rate are recognized as expenses in the periods in which they are incurred.

## 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 Group as lessor

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

### 2) The Group as lessee

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

### r. Borrowing costs

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

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

### s. Government grants

Government grants are not recognized until there is reasonable assurance that the Group 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 Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and recognized in profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

t. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense 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 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 Group's defined benefit plans.

u. Share-based payment arrangements

The compensation costs of employee share options are measured at the fair value of the share options at the grant day.

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimate of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. Such options are recognized as expenses in full at the grant date if vested immediately.

At the end of each reporting period, the Group revises its estimate of the number of employee share options expected to vest. The impact of the revision of the original estimate is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to the capital surplus - employee share options.

v. Taxation

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

1) Current tax

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards.

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

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

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

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income.

w. Biological assets

Biological assets are measured at cost plus transaction costs on initial recognition, and subsequently measured at fair value less costs to sell. The gains or losses arising from the change in fair value less costs to sell are recognized in profit or loss when they are incurred.

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

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

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

**Key Sources of Estimation Uncertainty**

a. Estimated impairment of trade receivables

The provision for impairment of trade receivables is based on the Group's assumptions about the risk of default and the expected loss rates. The Group takes into consideration the historical experience, current market conditions and forward-looking information when making these assumptions and selecting the input values for the impairment assessment. If future expected cash flows are lesser than expected, a material impairment loss may arise. For the significant assumptions, input values and carrying amounts used by the Group, please refer to Note 10.

b. Write-down of inventories

As inventories are stated at the lower of cost and net realizable value, the Group is required to use judgment and estimates to determine the net realizable value of inventories at the end of the reporting period. The Group 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 Group's inventories, please refer to Note 11.

c. Impairment assessment of tangible and intangible assets

In the process of impairment assessment of assets, the Group 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.

d. 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 Group's recognized amounts of expenses and liabilities. Please refer to Note 25 for the carrying amounts of retirement benefit costs and net defined benefit liabilities (assets).

e. Income taxes

As of December 31, 2019 and 2018, no deferred tax assets have been recognized on tax losses of \$5,364,510 thousand and \$5,059,389 thousand, respectively, due to the unpredictability of future profit streams. The realizability of deferred tax assets mainly depends on whether sufficient future profit or taxable temporary differences will be available. In cases where the actual future profit generated is less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place. Please refer to Note 30 for the carrying amount of unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets.

## 6. CASH AND CASH EQUIVALENTS

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Cash on hand and petty cash	\$ 74,250	\$ 74,325
Checking accounts and demand deposits	2,174,906	2,056,392
Cash equivalents		
Time deposits	5,463,246	4,225,589
Reserve repurchase agreements collateralized by bonds	<u>215,001</u>	<u>1,766,998</u>
	<u>\$ 7,927,403</u>	<u>\$ 8,123,304</u>

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

	December 31	
	2019	2018
Bank deposits	0.001%-3.75%	0.001%-6.95%
Reserve repurchase agreements collateralized by bonds	0.58%-1.90%	0.53%-2.90%

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

	December 31	
	2019	2018
<u>Financial assets mandatorily at FVTPL</u>		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	\$ 14,066	\$ 2,181
Non-derivative financial assets		
Domestic listed shares and over-the-counter shares	364,057	151,081
Mutual funds	4,907,560	3,995,963
Beneficiary securities	1,071,797	934,252
Overseas listed shares	545	828
	6,343,959	5,082,124
	\$ 6,358,025	\$ 5,084,305

Financial liabilities held for trading

Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	\$ 4,136	\$ 11,135

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 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
<u>December 31, 2018</u>			
Sell	RMB/NTD	2019.01.02-2019.04.02	RMB258,900/NTD1,143,806
Sell	USD/MYR	2019.01.30-2019.04.30	USD894/MYR3,719
Sell	USD/NTD	2019.01.03-2019.03.22	USD27,360/NTD839,640
Sell	EUR/MYR	2019.01.31-2019.03.29	EUR117/MYR559
Sell	JPY/USD	2019.01.18-2019.01.30	JPY80,000/USD711
Buy	NTD/USD	2019.01.04-2019.03.04	NTD554,147/USD18,030

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

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
<u>Current</u>		
Investments in equity instruments at FVTOCI		
Domestic investments		
Domestic listed shares and over-the-counter shares	\$ <u>174,789</u>	\$ <u>158,602</u>
<u>Non-current</u>		
Investments in equity instruments at FVTOCI		
Domestic investments		
Listed shares and over-the-counter shares	\$ 1,439,624	\$ 1,670,394
Emerging market shares	16,178	15,937
Unlisted shares	<u>632,134</u>	<u>655,575</u>
	<u>2,087,936</u>	<u>2,341,906</u>
Overseas investments		
Listed shares and over-the-counter shares	8,649	6,282
Unlisted shares	<u>100,139</u>	<u>173,667</u>
	<u>108,788</u>	<u>179,949</u>
	<u>\$ 2,196,724</u>	<u>\$ 2,521,855</u>

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

The Group sold 100 thousand shares of CTCI Corporation, 684 thousand preference shares of Silicon Technology Investment (Cayman) Corp. and 242 thousand shares of United Renewable Energy Co., Ltd. during the year ended December 31, 2019. On the other hand, the unrealized gain of \$50,215 thousand from financial assets at FVTOCI - other equity was transferred to retained earnings in the amount of \$31,350 thousand and to non-controlling interests in the amount of \$18,865 thousand.

The Group sold 1,538 thousand shares of Vanguard International Semiconductor Corporation and 249 thousand shares of Wafer Works Corporation during the year ended December 31, 2018. On the other hand, the unrealized gain of \$81,569 thousand from financial assets at FVTOCI - other equity was transferred to retained earnings in the amount of \$78,833 thousand and to non-controlling interests in the amount of \$2,736 thousand.

The Group received cash refunds based on its ownership percentage of \$52,423 thousand and \$44,648 thousand from the investees' repurchase of shares as a result of capital reduction in 2019 and 2018, respectively.

The Group recognized dividend revenue of \$113,647 thousand and \$138,288 thousand in 2019 and 2018, respectively.

Please refer to Note 37 for the information related to financial assets at FVTOCI pledged as security.

**9. FINANCIAL ASSETS MEASURED AT AMORTIZED COST**

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
<u>Current</u>		
Pledge time deposits	\$ 347,981	\$ 439,135
Investment products	<u>158,148</u>	<u>-</u>
	<u>\$ 506,129</u>	<u>\$ 439,135</u>
<u>Non-current</u>		
Pledge time deposits	<u>\$ 311,942</u>	<u>\$ 311,758</u>
Range of interest rates	0.09%-3.75%	0.09%-4.10%

The trading partner of the Group invested in time deposits which are pledged in financial institutions with good credit ratings. After assessing that credit risk of the time deposit is low, no allowance for loss is recognized.

Please refer to Note 37 for the information related to financial assets measured at amortized cost pledged as security.

**10. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES**

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
<u>Notes receivable (a)</u>		
At amortized cost		
Gross carrying amount	\$ 634,435	\$ 1,015,883
Less: Allowance for impairment loss	<u>-</u>	<u>(1)</u>
	<u>\$ 634,435</u>	<u>\$ 1,015,882</u>
<u>Accounts receivable (a)</u>		
At amortized cost		
Gross carrying amount	\$ 6,504,725	\$ 7,644,629
Less: Allowance for impairment loss	<u>(93,648)</u>	<u>(111,778)</u>
	<u>\$ 6,411,077</u>	<u>\$ 7,532,851</u>
<u>Other receivables (b)</u>		
Tax refund receivables	\$ 209,112	\$ 227,731
Others	<u>68,019</u>	<u>51,881</u>
	<u>\$ 277,131</u>	<u>\$ 279,612</u>

a. Notes and accounts receivable

The average credit period of sales of goods was 10 to 150 days. No interest was charged on the trade receivables. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Before accepting a new customer, the Group surveys the customers' credit history and measures the potential customer's credit quality to grant a credit term. A customer's credit term and rating are reviewed annually. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk is significantly reduced.

The Group 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. As the Group's historical credit losses experience does not show significantly different loss patterns for different customer segments, the loss allowance, which is based on the past due status of receivables, is not further distinguished according to different segments of the Group's customer base.

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

The following table details the loss allowance of trade receivable based on the Group'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	\$ 3,033,751	\$ 1,120	\$ 3,661	\$ 3,038,532
Loss allowance (lifetime ECLs)	<u>(4,651)</u>	<u>-</u>	<u>(2,186)</u>	<u>(6,837)</u>
Amortized cost	<u>\$ 3,029,100</u>	<u>\$ 1,120</u>	<u>\$ 1,475</u>	<u>\$ 3,031,695</u>

Based on credit quality

	<b>Credit Rating A</b>	<b>Credit Rating B</b>	<b>Credit Rating C</b>	<b>Others</b>	<b>Total</b>
Gross carrying amount	\$ 423,655	\$ 841,666	\$ 728,221	\$ 2,107,086	\$ 4,100,628
Loss allowance (lifetime ECLs)	<u>(4,753)</u>	<u>(5,327)</u>	<u>(6,117)</u>	<u>(70,614)</u>	<u>(86,811)</u>
Amortized cost	<u>\$ 418,902</u>	<u>\$ 836,339</u>	<u>\$ 722,104</u>	<u>\$ 2,036,472</u>	<u>\$ 4,013,817</u>

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	\$ 3,315,684	\$ 58,457	\$ 63,237	\$ 3,437,378
Loss allowance (lifetime ECLs)	<u>(4,651)</u>	<u>-</u>	<u>(14,312)</u>	<u>(18,963)</u>
Amortized cost	<u>\$ 3,311,033</u>	<u>\$ 58,457</u>	<u>\$ 48,925</u>	<u>\$ 3,418,415</u>

Based on credit quality

	<b>Credit Rating A</b>	<b>Credit Rating B</b>	<b>Credit Rating C</b>	<b>Others</b>	<b>Total</b>
Gross carrying amount	\$ 562,011	\$ 1,039,804	\$ 979,171	\$ 2,642,148	\$ 5,223,134
Loss allowance (lifetime ECLs)	<u>(4,820)</u>	<u>(4,813)</u>	<u>(19,154)</u>	<u>(64,029)</u>	<u>(92,816)</u>
Amortized cost	<u>\$ 557,191</u>	<u>\$ 1,034,991</u>	<u>\$ 960,017</u>	<u>\$ 2,578,119</u>	<u>\$ 5,130,318</u>

The aging schedule of notes and accounts receivable were as follows:

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Not past due	\$ 3,874,348	\$ 5,011,858
Up to 60 days	147,019	146,568
Over 60 days	<u>79,261</u>	<u>64,708</u>
	<u>\$ 4,100,628</u>	<u>\$ 5,223,134</u>

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

Movements in the allowance for impairment loss recognized on notes and accounts receivable were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Balance at January 1	\$ 111,779	\$ 113,591
Add: Net remeasurement of loss allowance	-	2,236
Less: Impairment losses reversed	(4,115)	-
Less: Amounts written off during the period as uncollectible	(13,449)	(3,373)
Foreign exchange translation gains and losses	<u>(567)</u>	<u>(675)</u>
Balance at December 31	<u>\$ 93,648</u>	<u>\$ 111,779</u>

b. Other receivables

Other receivables mainly consisted of tax refund receivables and interest receivables, etc. The average aging of other receivables was less than 60 days based on the number of days past due from the invoice date, and an impairment loss was assessed based on the expected credit losses. There were no overdue other receivables with unrecognized allowance for doubtful accounts in the Group as of December 31, 2019 and 2018.

## 11. INVENTORIES

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Finished goods	\$ 2,728,069	\$ 4,085,660
Work in progress	350,133	507,602
Raw materials	1,315,085	1,690,097
Supplies	317,289	308,482
Inventory in transit	<u>208,930</u>	<u>111,263</u>
	<u>\$ 4,919,506</u>	<u>\$ 6,703,104</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2019 and 2018, was \$48,924,372 thousand and \$55,097,773 thousand, respectively.

The cost of sold included reversal of inventory write-down of \$22,017 thousand and write-downs of \$176,999 thousand for the years ended December 31, 2019 and 2018, respectively. Previous write-downs were reversed as a result of increased selling price in certain markets.

## 12. DISCONTINUED OPERATIONS

On October 24, 2011, the board of directors of China General Plastics Corporation (“CGPC”) approved to dispose of CGPC (Zhongshan) Co., Ltd. and CGPC Consumer Products Corporation. The details of the profit from discontinued operations and the related cash flow information were as follows:

The operating performance of the discontinued operations included in the consolidated statements of comprehensive income were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Administrative expenses	\$ (28,650)	\$ (33,267)
Loss from operations	(28,650)	(33,267)
Non-operating income	<u>32,825</u>	<u>40,734</u>
Net profit from discontinued operations	<u>\$ 4,175</u>	<u>\$ 7,467</u>

For the years ended December 31, 2019 and 2018, the cash flows which can be attributed to the discontinued operations were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Net cash generated from operating activities	\$ 9,674	\$ 17,640
Net cash generated from investing activities	411	378
Effect of exchange rate changes	<u>(3,234)</u>	<u>(334)</u>
Net cash inflow	<u>\$ 6,851</u>	<u>\$ 17,684</u>

### 13. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements:

Investor	Investee	Name of Activities	Proportion of Ownership (%)		Remark
			2019	2018	
The Company	USIFE Investment Co., Ltd. ("USIF")	Investment business	<u>100.0</u>	<u>100.0</u>	
	Swanlake Traders Ltd. ("Swanlake")	Trading and investment	<u>100.0</u>	<u>100.0</u>	
	USI Far East (HK) Co., Ltd.	Trading and investment	<u>100.0</u>	<u>100.0</u>	
	USI Management Consulting Corp. ("UM")	Providing management services	<u>100.0</u>	<u>100.0</u>	
	Chong Loong Trading Co., Ltd. ("CLT")	Engaging in import and export trade	<u>99.9</u>	<u>99.9</u>	
	Union Polymer Int'l Investment Corp. ("UPIIC")	Investment business	<u>100.0</u>	<u>100.0</u>	
	Cypress Epoch Limited	Investment business	<u>100.0</u>	<u>100.0</u>	
	Inoma Corporation ("INOMA")	Engaging in optical products and fireproof materials	<u>93.2</u>	<u>93.2</u>	
Cypress Epoch Limited	Usig (Shanghai) Co., Ltd.	Import and distribution of various chemical raw materials and products	<u>100.0</u>	<u>100.0</u>	
The Company Taita Chemical Company, Ltd. China General Plastics Corporation Asia Polymer Corporation Taiwan United Venture Capital Corp.	Thintec Materials Corporation	Reinforced plastic products manufacturing	30.4	30.4	
			10.0	10.0	
			10.0	10.0	
			30.4	30.4	
			15.0	15.0	
			<u>95.8</u>	<u>95.8</u>	1)
The Company Asia Polymer Corporation ("APC")	Taiwan United Venture Capital Corp. ("TUVC")	Venture capital	70.0	70.0	
			8.3	8.3	
			<u>78.3</u>	<u>78.3</u>	
The Company Asia Polymer Corporation USIFE Investment Co., Ltd.	Swanson Plastics Corp. ("SPC")	Production and marketing of stretch film, embossed film and industrial-use multi-layer wrap	40.6	40.6	
			8.0	8.0	
			<u>0.4</u>	<u>0.1</u>	
			<u>49.0</u>	<u>48.7</u>	
The Company China General Plastics Corporation USIFE Investment Co., Ltd. Asia Polymer Corporation Taita Chemical Company, Ltd. APC Investment Corporation	Acme Electronics Corp. ("ACME")	Production and marketing of manganese-zinc soft ferrite powder	26.9	27.0	
			1.7	1.8	
			9.3	9.3	
			3.3	3.3	
			2.4	2.4	
			<u>1.0</u>	<u>1.0</u>	
			<u>44.6</u>	<u>44.8</u>	8)
The Company Acme Electronics Corp. Asia Polymer Corporation USIFE Investment Co., Ltd.	USI Optronics Corporation ("USIO")	Manufacture and marketing of sapphire crystal	50.9	50.9	
			34.0	34.0	
			9.2	9.2	
			<u>0.2</u>	<u>0.2</u>	
			<u>94.3</u>	<u>94.3</u>	
Acme Electronics Corp. APC (BVI) Holding Co., Ltd. Swanlake Traders Ltd. TAITA (BVI) Holding Co., Ltd.	ACME Electronics (Cayman) Corp.	Reinvestment business	51.3	51.3	
			16.6	16.6	
			11.2	11.2	
			5.4	5.4	
			<u>84.5</u>	<u>84.5</u>	
Acme Electronics Corp.	Golden Amber Enterprises Limited ACME Electronics (BVI) Corp.	Reinvestment business	<u>100.0</u>	<u>100.0</u>	
		Reinvestment business	<u>100.0</u>	<u>100.0</u>	

(Continued)

Investor	Investee	Name of Activities	Proportion of Ownership (%)		Remark
			December 31 2019	December 31 2018	
ACME Electronics (Cayman) Corp.	Acme Electronics (Kunshan) Co., Ltd.	Manufacture and marketing of manganese-zinc soft ferrite core	<u>100.0</u>	<u>100.0</u>	
	ACME Components (Malaysia) Sdn. Bhd.	Reinvestment business	<u>100.0</u>	<u>100.0</u>	
Golden Amber Enterprises Limited	Acme Electronics (Guangzhou) Co., Ltd.	Manufacture and marketing of manganese-zinc soft ferrite core	<u>100.0</u>	<u>100.0</u>	
Union Polymer Int'l Investment Corp.	Asia Polymer Corporation ("APC")	Production and marketing of low-density polyethylene, medium-density polyethylene, ethylene vinyl acetate and importing and marketing of linear low-density polyethylene and high-density polyethylene	36.1	36.1	
China General Terminal & Distribution Co. USIFE Investment Co., Ltd. Taiwan VCM Corporation			0.9	0.9	
			0.3	0.3	
			-	-	
			<u>37.3</u>	<u>37.3</u>	8)
Asia Polymer Corporation	APC (BVI) Holding Co., Ltd. ("APC (BVI)")	Reinvestment business	<u>100.0</u>	<u>100.0</u>	
Asia Polymer Corporation APC (BVI) Holding Co., Ltd.	USI International Corp.	Reinvestment business	70.0	70.0	
			<u>30.0</u>	<u>30.0</u>	
			<u>100.0</u>	<u>100.0</u>	
Asia Polymer Corporation	APC Investment Corporation	Investment business	<u>100.0</u>	<u>100.0</u>	
APC (BVI) Holding Co., Ltd.	USI Trading (Shanghai) Co., Ltd.	Management of chemical products equipment and plastic products and whole sale of electronic materials commission agency services and related supporting import and export services.	<u>100.0</u>	<u>100.0</u>	
Union Polymer Int'l Investment Corp.	Taita Chemical Company, Ltd. ("TTC")	Production and marketing of polystyrene, acrylonitrile, butadiene, ABS resin, SAN resin, glasswool insulation products and plastic materials	36.8	36.8	
China General Terminal & Distribution Co. USIFE Investment Co., Ltd.			0.6	0.6	
			<u>0.4</u>	<u>0.4</u>	
			<u>37.8</u>	<u>37.8</u>	8)
Taita Chemical Company, Ltd.	TAITA (BVI) Holding Co., Ltd. ("TAITA (BVI)")	Reinvestment business	<u>100.0</u>	<u>100.0</u>	
TAITA (BVI) Holding Co., Ltd.	Taita Chemical (Zhong Shan) Co., Ltd. ("TAITA (ZS)")	Production and marketing of polystyrene derivatives	<u>100.0</u>	<u>100.0</u>	
	Taita Chemical (Tianjin) Co., Ltd. ("TAITA (TJ)")	Production and marketing of polystyrene derivatives	<u>100.0</u>	<u>100.0</u>	5)
Union Polymer Int'l Investment Corp.	China General Plastics Corporation ("CGPC")	Production and marketing of plastic cloths, plastic skins, plastic tubes, plastic pellets, plastic powder and other related products	25.0	25.0	
Asia Polymer Corporation Taita Chemical Company, Ltd. China General Terminal & Distribution Co. USIFE Investment Co., Ltd.			8.1	8.1	
			2.0	2.0	
			0.5	0.5	
			<u>0.1</u>	<u>0.1</u>	
			<u>35.7</u>	<u>35.7</u>	8)
China General Plastics Corporation	Taiwan VCM Corporation ("TVCM")	Manufacture and marketing of vinyl chloride monomer and related petrochemical products	<u>87.2</u>	<u>87.2</u>	
	CGPC (BVI) Holding Co., Ltd.	Reinvestment business	<u>100.0</u>	<u>100.0</u>	
	CGPC America Corporation	Marketing of PVC two- or three-time processed products	<u>100.0</u>	<u>100.0</u>	
	Krystal Star International Corporation	Marketing of PVC two- or three-time processed products	-	<u>100.0</u>	2)
	CGPC Polymer Corporation ("CGPCP")	Manufacture and marketing of PVC powder	<u>100.0</u>	<u>100.0</u>	

(Continued)

Investor	Investee	Name of Activities	Proportion of Ownership (%)		Remark
			December 31 2019	December 31 2018	
CGPC (BVI) Holding Co., Ltd.	CGPC (Chung Shan) Co., Ltd. ("CGPC (CS)")	Manufacture and marketing of PVC plastic cloths and three-time processed products	<u>100.0</u>	<u>100.0</u>	3)
	Chung Shan CGPC Polymer Co., Ltd. ("Chung Shan (GPCP)")	Manufacture and marketing of PVC plastic cloths and three-time processed products	<u>100.0</u>	<u>100.0</u>	3)
China General Plastics Corporation Taita Chemical Company, Ltd. Asia Polymer Corporation	China General Terminal & Distribution Co.	Warehousing petrochemical raw materials	33.3	33.3	
			33.3	33.3	
			<u>33.4</u>	<u>33.4</u>	
			<u>100.0</u>	<u>100.0</u>	
USIFE Investment Co., Ltd.	Taiwan United Venture Management Corp. ("TUVM")	Business management consulting	<u>100.0</u>	<u>100.0</u>	
ACME Components (Malaysia) Sdn. Bhd.	ACME Ferrite Products Sdn. Bhd. ("ACME Ferrite")	Manufacture and marketing of soft ferrite core	<u>100.0</u>	<u>100.0</u>	
Chong Loong Trading Co., Ltd.	Forum Pacific Trading Ltd.	Engaging in import and export trade	<u>100.0</u>	<u>100.0</u>	
Swanson Plastics Corp.	Curtana Company Ltd.	Reinvestment business	<u>100.0</u>	<u>100.0</u>	
	Forever Young Company Ltd.	Import and export agency services	<u>100.0</u>	<u>100.0</u>	
	Swanson Plastics Company Ltd. (Singapore)	Production and marketing of plastic products	<u>100.0</u>	<u>100.0</u>	
	Swanson International Ltd.	Engaging in import and export trade	<u>100.0</u>	<u>100.0</u>	
Swanson Plastics Corp.	Swanson Plastics Company Ltd. (Nantong) ("SPC (Nantong)")	Production and marketing of vest bags, garbage bags and diapers	-	-	
Curtana Company Ltd.			-	-	4)
Swanson Plastics Corp.	PT. Swanson Plastics Indonesia Ltd.	Manufacture and marketing of plastic products	1.0	1.0	
Swanson Plastics Company Ltd. (Singapore)			99.0	99.0	
			<u>100.0</u>	<u>100.0</u>	
Swanson Plastics Corp.	Swanson Technologies Corporation	Production, marketing and development of EVA packaging film and other value added plastic products	70.0	70.0	
APC Investment Corporation	USIFE Investment Co., Ltd.		15.0	15.0	
			<u>15.0</u>	<u>15.0</u>	
			<u>100.0</u>	<u>100.0</u>	
Swanson Plastics Company Ltd. (Singapore)	Swanson Plastics (Malaysia) Sdn. Bhd.	Manufacture and marketing of plastic products	<u>100.0</u>	<u>100.0</u>	
	Swanson Plastics (India) Private Limited	Manufacture and marketing of plastic products	<u>100.0</u>	<u>100.0</u>	
	Swanson Plastics (Tianjin) Co., Ltd.	Production, marketing and development of multi-functional film and light-solution film	<u>100.0</u>	<u>100.0</u>	
Swanson International Ltd.	A.S. Holdings (UK) Limited	Reinvestment	<u>100.0</u>	<u>100.0</u>	
	Swanson Plastics (Kunshan) Corp.	Production, marketing and development of multi-functional film and light-solution film	<u>100.0</u>	<u>100.0</u>	
A.S. Holdings (UK) Limited	API-Swanson (Kunshan) Co., Ltd.	Management PE release film and other release products	<u>100.0</u>	<u>100.0</u>	
The Company	Ever Conquest Global Limited ("ECGL")	Investment	63.1	63.1	
Asia Polymer Corporation			<u>36.9</u>	<u>36.9</u>	
			<u>100.0</u>	<u>100.0</u>	6)
Ever Conquest Global Limited	Ever Victory Global Limited ("EVGL")	Investment	<u>80.0</u>	<u>77.5</u>	6, 7) and 8)
Ever Victory Global Limited	Dynamic Ever Investments Limited ("DEIL")	Investment	<u>89.9</u>	<u>100.0</u>	6) and 7)

(Concluded)

- 1) 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. As TMC is a non-material subsidiary, its financial statements for the year ended December 31, 2019 have not been audited.
  - 2) CGPC collected repayment for shares of \$78,556 thousand from its subsidiary Krystal Star International Corporation, which was dissolved in December 2019.
  - 3) CGPC disposed of CGPC (CS) and CGPCP as approved in the meeting of the board of directors in October 2011. CGPC (CS) and CGPCP has not completed the process of the liquidation as of December 31, 2019.
  - 4) The economic recession caused SPC (Nantong) to suffer a sustained loss. In consideration of the whole operations of the company and its subsidiaries, SPC disposed of 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 with sales price of \$129,077 thousand. As of December 31, 2018, SPC completed the process of the disposal and recognized gain on disposal of \$116,576 thousand.
  - 5) As TTC assessed that there is shrinking demand in the local market for expanded polystyrene (EPS), which is the main product produced by its subsidiary Taita Chemical (Tianjin) Co., Ltd. ("TTC (Tianjin)"), TTC's management decided to suspend production from TTC (Tianjin) starting April 2019, please refer to Note 15 for the details.
  - 6) As of December 31, 2019, the Company and APC invested capital amounting to US\$246,670 thousand (around NT\$7,645,981 thousand) and US\$144,160 thousand (around NT\$4,471,623 thousand) in ECGL, respectively, and reinvested in DEIL, first via ECGL and subsequently via EVGL. The accumulated total percentage of ECGL's ownership in EVGL is 80.0%. For more details, please refer to paragraph 7) below and Note 39.
  - 7) ECGL subscribed for additional new shares of EVGL at a percentage different from its existing ownership percentage in May and August 2019, and reinvested in DEIL through EVGL at a percentage different from its existing ownership percentage in June and August 2019. After the capital increases, the Group's ownership percentage in EVGL increased from 77.5% to 80.0%, while EVGL's ownership percentage in DEIL decreased from 100% to 89.9%. As these transactions did not change the Group's control over these subsidiaries, they are deemed as equity transactions. Differences generated from the aforementioned equity transactions were adjusted to increases in capital surplus of \$4,275 thousand and decreases in retained earnings of \$1,191 thousand.
  - 8) This is a subsidiary of material non-controlling interests.
- b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
	December 31	
	2019	2018
CGPC	64.3%	64.3%
TTC	62.2%	62.2%
ACME	55.4%	55.2%
APC	62.7%	62.7%
EVGL	20.0%	22.5%

See Tables 7 and 8 for the information on places of incorporation and principal places of business.

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests For the Year Ended December 31		Accumulated Non-controlling Interests December 31	
	2019	2018	2019	2018
	CGPC	\$ 422,558	\$ 839,067	\$ 5,275,245
TTC	\$ 252,027	\$ 131,703	\$ 2,683,447	\$ 2,494,266
ACME	\$ (57,564)	\$ 31,168	\$ 694,961	\$ 772,085
APC	\$ 555,438	\$ 194,044	\$ 6,488,546	\$ 6,139,309
EVGL	\$ (6,321)	\$ 6,315	\$ 2,885,402	\$ 2,488,860

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

CGPC and CGPC's subsidiaries

	December 31	
	2019	2018
Current assets	\$ 4,876,866	\$ 6,314,227
Non-current assets	7,454,367	6,909,868
Current liabilities	(1,695,099)	(2,107,698)
Non-current liabilities	(1,923,568)	(2,305,293)
Equity	\$ 8,712,566	\$ 8,811,104
Equity attributable to:		
Owners of CGPC	\$ 2,975,567	\$ 3,020,189
Non-controlling interests of CGPC	5,275,245	5,354,451
Non-controlling interests of CGPC's subsidiaries	461,754	436,464
	\$ 8,712,566	\$ 8,811,104
	For the Year Ended December 31	
	2019	2018
Revenue	\$ 15,117,855	\$ 15,192,621
Net profit from continuing operations	\$ 693,815	\$ 1,348,653
Net profit from discontinued operations	4,175	7,467
Profit for the year	697,990	1,356,120
Other comprehensive (loss) income for the year	(2,290)	12,260
Total comprehensive income for the year	\$ 695,700	\$ 1,368,380
Profit attributable to:		
Owners of CGPC	\$ 220,119	\$ 437,089
Non-controlling interests of CGPC	422,558	839,067
Non-controlling interests of CGPC's subsidiaries	55,313	79,964
	\$ 697,990	\$ 1,356,120

(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Total comprehensive income attributable to:		
Owners of CGPC	\$ 214,861	\$ 381,331
Non-controlling interests of CGPC	425,051	907,712
Non-controlling interests of CGPC's subsidiaries	<u>55,788</u>	<u>79,337</u>
	<u>\$ 695,700</u>	<u>\$ 1,368,380</u>
Net cash (outflow) inflow from:		
Operating activities	\$ 2,016,552	\$ 1,827,636
Investing activities	(973,370)	(736,867)
Financing activities	(1,321,130)	(822,101)
Effects of exchange rate changes	<u>(3,385)</u>	<u>2,867</u>
Net cash (outflow) inflow	<u>\$ (281,333)</u>	<u>\$ 271,535</u>
Dividends paid to non-controlling interests	<u>\$ 499,788</u>	<u>\$ 485,231</u>
		(Concluded)

TTC and TTC's subsidiaries

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Current assets	\$ 4,801,480	\$ 5,391,600
Non-current assets	3,203,261	3,335,946
Current liabilities	(2,278,694)	(3,316,710)
Non-current liabilities	<u>(1,426,284)</u>	<u>(1,418,879)</u>
Equity	<u>\$ 4,299,763</u>	<u>\$ 3,991,957</u>
Equity attributable to:		
Owners of TTC	\$ 1,616,316	\$ 1,497,691
Non-controlling interests of TTC	<u>2,683,447</u>	<u>2,494,266</u>
	<u>\$ 4,299,763</u>	<u>\$ 3,991,957</u>

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Revenue	<u>\$ 17,672,204</u>	<u>\$ 21,683,702</u>
Profit for the year	\$ 397,977	\$ 207,973
Other comprehensive loss for the year	<u>(21,618)</u>	<u>(124,273)</u>
Total comprehensive income for the year	<u>\$ 376,359</u>	<u>\$ 83,700</u>
Profit attributable to:		
Owners of TTC	\$ 145,950	\$ 76,270
Non-controlling interests of TTC	<u>252,027</u>	<u>131,703</u>
	<u>\$ 397,977</u>	<u>\$ 207,973</u>

(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Total comprehensive income attributable to:		
Owners of TTC	\$ 141,780	\$ 18,844
Non-controlling interests of TTC	<u>234,579</u>	<u>64,856</u>
	<u>\$ 376,359</u>	<u>\$ 83,700</u>
Net cash inflow from:		
Operating activities	\$ 1,602,732	\$ (503,392)
Investing activities	25,464	(144,960)
Financing activities	(882,791)	735,249
Effects of exchange rate changes	<u>(36,058)</u>	<u>10,928</u>
Net cash inflow	<u>\$ 709,347</u>	<u>\$ 97,825</u>
Dividends paid to non-controlling interests	<u>\$ 41,498</u>	<u>\$ -</u>
		(Concluded)

ACME and ACME's subsidiaries

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Current assets	\$ 1,780,507	\$ 1,898,959
Non-current assets	1,753,574	1,776,939
Current liabilities	(1,085,862)	(1,085,668)
Non-current liabilities	<u>(612,610)</u>	<u>(569,870)</u>
Equity	<u>\$ 1,835,609</u>	<u>\$ 2,020,360</u>
Equity attributable to:		
Owners of ACME	\$ 557,511	\$ 623,461
Non-controlling interests of ACME	694,961	772,085
Non-controlling interests of ACME's subsidiaries	<u>583,137</u>	<u>624,814</u>
	<u>\$ 1,835,609</u>	<u>\$ 2,020,360</u>

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Revenue	<u>\$ 2,132,889</u>	<u>\$ 2,382,293</u>
(Loss) profit for the year	\$ (128,465)	\$ 134,777
Other comprehensive loss for the year	<u>(60,336)</u>	<u>(36,049)</u>
Total comprehensive (loss) income for the year	<u>\$ (188,801)</u>	<u>\$ 98,728</u>
		(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
(Loss) profit attributable to:		
Owners of ACME	\$ (46,046)	\$ 25,019
Non-controlling interests of ACME	(57,564)	31,168
Non-controlling interests of ACME's subsidiaries	<u>(24,855)</u>	<u>78,590</u>
	<u>\$ (128,465)</u>	<u>\$ 134,777</u>
Total comprehensive (loss) profit attributable to:		
Owners of ACME	\$ (65,461)	\$ 14,460
Non-controlling interests of ACME	(81,937)	18,013
Non-controlling interests of ACME's subsidiaries	<u>(41,403)</u>	<u>66,255</u>
	<u>\$ (188,801)</u>	<u>\$ 98,728</u>
Net cash inflow from:		
Operating activities	\$ 391,506	\$ 162,131
Investing activities	(385,967)	120,224
Financing activities	43,673	(134,647)
Effects of exchange rate changes	<u>(26,585)</u>	<u>(18,487)</u>
Net cash inflow	<u>\$ 22,627</u>	<u>\$ 129,221</u>
		(Concluded)

APC and APC's subsidiaries

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Current assets	\$ 4,940,438	\$ 4,606,590
Non-current assets	11,982,653	10,991,153
Current liabilities	(2,469,828)	(2,603,655)
Non-current liabilities	<u>(4,223,443)</u>	<u>(3,389,652)</u>
Equity	<u>\$ 10,229,820</u>	<u>\$ 9,604,436</u>
Equity attributable to:		
Owners of APC	\$ 3,741,274	\$ 3,465,127
Non-controlling interests of APC	<u>6,488,546</u>	<u>6,139,309</u>
	<u>\$ 10,229,820</u>	<u>\$ 9,604,436</u>

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Revenue	<u>\$ 6,791,157</u>	<u>\$ 6,375,134</u>
Profit for the year	\$ 821,021	\$ 286,826
Other comprehensive loss for the year	<u>(30,290)</u>	<u>(445,775)</u>
Total comprehensive income (loss) for the year	<u>\$ 790,731</u>	<u>\$ (158,949)</u>
		(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Profit attributable to:		
Owners of APC	\$ 265,583	\$ 92,782
Non-controlling interests of APC	<u>555,438</u>	<u>194,044</u>
	<u>\$ 821,021</u>	<u>\$ 286,826</u>
Total comprehensive income (loss) attributable to:		
Owners of APC	\$ 327,374	\$ (176,011)
Non-controlling interests of APC	<u>463,357</u>	<u>17,062</u>
	<u>\$ 790,731</u>	<u>\$ (158,949)</u>
Net cash outflow from:		
Operating activities	\$ 498,621	\$ (108,441)
Investing activities	(1,162,465)	(1,723,664)
Financing activities	479,045	852,068
Effects of exchange rate changes	<u>(10,788)</u>	<u>1,865</u>
Net cash outflow	<u>\$ (195,587)</u>	<u>\$ (978,172)</u>
Dividends paid to non-controlling interests	<u>\$ 112,516</u>	<u>\$ 70,103</u> (Concluded)

EVGL and EVGL's subsidiaries

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Current assets	\$ 1,194,368	\$ 722,214
Non-current assets	14,867,168	10,338,945
Current liabilities	<u>(14,346)</u>	<u>(12,378)</u>
	<u>\$ 16,047,190</u>	<u>\$ 11,048,781</u>
Equity		
Equity attributable to:		
Owners of EVGL	\$ 11,547,692	\$ 8,559,921
Non-controlling interests of EVGL	2,885,402	2,488,860
Non-controlling interests of EVGL's subsidiaries	<u>1,614,096</u>	<u>-</u>
	<u>\$ 16,047,190</u>	<u>\$ 11,048,781</u>

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
(Loss) profit for the year	\$ (39,885)	\$ 15,203
Other comprehensive loss for the year	<u>(677,506)</u>	<u>(16,663)</u>
Total comprehensive loss for the year	<u>\$ (717,391)</u>	<u>\$ (1,460)</u> (Continued)

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
(Loss) profit attributable to:		
Owners of EVGL	\$ (27,751)	\$ 8,888
Non-controlling interests of EVGL	(6,321)	6,315
Non-controlling interests of EVGL's subsidiaries	<u>(5,813)</u>	<u>-</u>
	<u>\$ (39,885)</u>	<u>\$ 15,203</u>
Total comprehensive loss attributable to:		
Owners of EVGL	\$ (499,685)	\$ 1,678
Non-controlling interests of EVGL	(120,525)	(3,138)
Non-controlling interests of EVGL's subsidiaries	<u>(97,181)</u>	<u>-</u>
	<u>\$ (717,391)</u>	<u>\$ (1,460)</u>
Net cash inflow from:		
Operating activities	\$ (29,373)	\$ (15,163)
Investing activities	(5,161,581)	(5,117,787)
Financing activities	5,715,801	5,482,069
Effects of exchange rate changes	<u>(56,551)</u>	<u>36,197</u>
Net cash inflow	<u>\$ 468,296</u>	<u>\$ 385,316</u> (Concluded)

c. Disposal of subsidiary

The Group entered into a sale agreement with an unrelated party to dispose of SPC (Nantong) and sold all its shares on December 21, 2018. SPC had completed the process of the disposal before December 31, 2018.

1) Consideration received from disposal

**SPC (Nantong)**

Consideration received in cash and cash equivalents/Total consideration received	<u>\$ 129,077</u>
--	-------------------

2) Analysis of assets and liabilities on the date control was lost

**SPC (Nantong)**

Current assets	
Cash	\$ 418
Other current assets	7
Non-current assets	
Property, plant and equipment	38,003
Long-term prepayments for lease	13,454
Current liabilities	
Payables	(13)
Other current liabilities	<u>(345)</u>
Net assets of disposal	<u>\$ 51,524</u>

3) Gain on disposal of subsidiary

	<b>SPC (Nantong)</b>
Consideration received	\$ 129,077
Net assets of disposal	(51,524)
Exchange differences	<u>39,023</u>
Gain on disposals	<u>\$ 116,576</u>
4) Net cash inflow on disposal of subsidiary	

	<b>SPC (Nantong)</b>
Consideration received in cash	\$ 129,077
Less: Cash and cash equivalent balance disposal	<u>(418)</u>
	<u>\$ 128,659</u>

#### 14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	<b>2019</b>	<b>2018</b>
Investments in joint ventures		
Associates that are individually material		
Fujian Gulei Petrochemical Co., Ltd. (“Gulei”)	<u>\$ 14,867,168</u>	<u>\$ 10,338,945</u>

Investments in joint ventures are accounted for using the equity method.

The percentage of the Group’s ownership and voting rights are 50% of the outstanding shares of Gulei as of December 31, 2019 and 2018. For more explanation, please refer to Note 39.

For the scope of business operations and the location and national information of Gulei’s registry of joint venture, please refer to Table 8.

The summary of financial information below represents amounts shown in the joint venture’s financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

	<u>December 31</u>	
	<b>2019</b>	<b>2018</b>
Cash	<u>\$ 2,078,359</u>	<u>\$ 15,407,527</u>
Current assets	\$ 2,102,915	\$ 15,428,230
Non-current assets	40,551,677	7,332,940
Current liabilities	(8,164,871)	(2,066,576)
Non-current liabilities	<u>(4,755,385)</u>	<u>(16,704)</u>
Equity	29,734,336	20,677,890
Proportion of the Group’s ownership	<u>50%</u>	<u>50%</u>
Equity attributable to the Group	<u>\$ 14,867,168</u>	<u>\$ 10,338,945</u>
Carrying amount	<u>\$ 14,867,168</u>	<u>\$ 10,338,945</u>

**For the Year Ended December 31**  
**2019**                      **2018**

Shares attributable to the Group  
Net (loss) profit of the year

\$ (12,403)                      \$ 32,271

Gulei had no significant operating income for the years ended December 31, 2019 and 2018.

**15. PROPERTY, PLANT AND EQUIPMENT**

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Freehold land	\$ 4,682,238	\$ 4,726,441
Land improvements	8,232	9,874
Building improvements	4,282,923	4,192,099
Machinery and equipment	12,418,786	10,897,308
Transportation equipment	46,865	49,452
Other equipment	300,065	320,209
Construction in progress and equipment under installation	<u>1,489,802</u>	<u>3,629,856</u>
	<u>\$ 23,228,911</u>	<u>\$ 23,825,239</u>

	Freehold Land	Land Improvements	Building Improvements	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress and Equipment under Installation	Total
<u>Cost</u>								
Balance at January 1, 2019	\$ 4,726,441	\$ 124,005	\$ 8,089,311	\$ 35,460,445	\$ 210,353	\$ 1,746,069	\$ 3,641,270	\$ 53,997,894
Additions	-	-	34,852	257,361	4,727	40,653	1,681,446	2,019,039
Disposals	(20,122)	-	(172,366)	(792,209)	(18,250)	(57,349)	-	(1,060,296)
Transfers to investment properties (Note 17)	(24,082)	-	(257,285)	-	-	-	-	(281,367)
Reclassification	-	-	660,546	3,115,483	9,973	29,720	(3,803,279)	12,443
Effect of foreign currency exchange differences	-	-	(93,205)	(302,340)	(2,625)	(22,100)	(18,431)	(438,701)
Balance at December 31, 2019	<u>\$ 4,682,237</u>	<u>\$ 124,005</u>	<u>\$ 8,261,853</u>	<u>\$ 37,738,740</u>	<u>\$ 204,178</u>	<u>\$ 1,736,993</u>	<u>\$ 1,501,006</u>	<u>\$ 54,249,012</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2019	\$ -	\$ 114,131	\$ 3,897,212	\$ 24,563,137	\$ 160,901	\$ 1,425,860	\$ 11,414	\$ 30,172,655
Depreciation expenses	-	1,642	281,754	1,687,423	15,368	75,800	-	2,061,987
Disposals	-	-	(152,491)	(765,430)	(17,160)	(51,273)	-	(986,354)
Transfers to investment properties (Note 17)	-	-	(28,729)	-	-	-	-	(28,729)
Impairment losses recognized (reversed)	-	-	19,644	90,887	10	1,761	33	112,335
Effect of foreign currency exchange differences	-	-	(38,460)	(256,063)	(1,806)	(15,220)	(244)	(311,793)
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ 115,773</u>	<u>\$ 3,978,930</u>	<u>\$ 25,319,954</u>	<u>\$ 157,313</u>	<u>\$ 1,436,928</u>	<u>\$ 11,203</u>	<u>\$ 31,020,101</u>
Carrying amounts at December 31, 2019	<u>\$ 4,682,237</u>	<u>\$ 8,232</u>	<u>\$ 4,282,923</u>	<u>\$ 12,418,786</u>	<u>\$ 46,865</u>	<u>\$ 300,065</u>	<u>\$ 1,489,803</u>	<u>\$ 23,228,911</u>
<u>Cost</u>								
Balance at January 1, 2018	\$ 4,726,441	\$ 129,268	\$ 8,090,494	\$ 35,229,192	\$ 204,346	\$ 1,664,937	\$ 2,899,371	\$ 52,944,049
Additions	-	-	2,544	163,125	5,988	100,082	1,805,960	2,077,699
Disposals	-	(3,875)	(1,336)	(877,730)	(12,021)	(50,595)	(443)	(946,000)
Loss of control (Note 13 (e))	-	-	(70,031)	(3,994)	-	(2,959)	-	(76,984)
Reclassification	-	(1,483)	117,572	1,028,512	12,775	40,519	(1,077,036)	120,859
Effect of foreign currency exchange differences	-	95	(49,932)	(78,660)	(735)	(5,915)	13,418	(121,729)
Balance at December 31, 2018	<u>\$ 4,726,441</u>	<u>\$ 124,005</u>	<u>\$ 8,089,311</u>	<u>\$ 35,460,445</u>	<u>\$ 210,353</u>	<u>\$ 1,746,069</u>	<u>\$ 3,641,270</u>	<u>\$ 53,997,894</u>

(Continued)

	Freehold Land	Land Improvements	Building Improvements	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress and Equipment under Installation	Total
Accumulated depreciation and impairment								
Balance at January 1, 2018	\$ -	\$ 114,547	\$ 3,668,706	\$ 23,845,857	\$ 159,176	\$ 1,395,397	\$ 1,871	\$ 29,185,554
Depreciation expenses	-	1,821	293,386	1,586,349	15,002	76,851	-	1,973,409
Disposals	-	(2,289)	(16,454)	(850,712)	(11,705)	(48,917)	-	(930,077)
Loss of control (Note 13 (c))	-	-	(32,533)	(3,618)	-	(2,830)	-	(38,981)
Impairment losses recognized (reversed)	-	-	-	40,696	-	9,829	(194)	50,331
Effect of foreign currency exchange differences	-	52	(15,893)	(55,435)	(1,572)	(4,470)	9,737	(67,581)
Balance at December 31, 2018	\$ -	\$ 114,131	\$ 3,897,212	\$ 24,563,137	\$ 160,901	\$ 1,425,860	\$ 11,414	\$ 30,172,655
Carrying amounts at December 31, 2018	\$ 4,726,441	\$ 9,874	\$ 4,192,099	\$ 10,897,308	\$ 49,452	\$ 320,209	\$ 3,629,856	\$ 23,825,239

(Concluded)

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 charge of \$2,383,885 thousand had been paid.

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

According to Rule No. 1072133080 issued by the Land Administration Department of the New Taipei City Government on November 7, 2018, the Company's land and buildings in Linkou which were recognized under property, plant and equipment are within the scope of the "Linkou City Land Rezoning Area". Part of the land will be reclaimed, and a portion of this reclaimed land is expected to be returned in 2022. Based on the area's land reclamation regulations, when the Company reclaims the land, it does not have the obligation to dismantle the existing buildings on the land, nor does it have the obligation to set up factories in the area after reclamation is complete; its only obligation is to vacate the existing buildings. The Company is also not required to repay or satisfy any other obligations with respect to the compensation fees obtained from moving out of the various existing buildings, incentives for automatic relocation and compensation for operating losses after the buildings on the reclaimed land have been handed over. The related compensation and incentive fees which the Company received as a result of the aforementioned land reclamation case amounted to \$154,764 thousand and \$38,230 thousand in the months of April 2019 and July 2019, respectively, for a combined total of \$192,994 thousand. The Company had completed its obligation to move out from the existing buildings and land and completed the related handover procedures with the New Taipei City Government. As there are no repayment obligations or other obligations to be satisfied, other than recognizing the various compensation fees as adjustments to the costs of the original land and buildings, related compensation fee revenue of \$155,710 thousand was recognized.

The board of APC's directors passed an EVA capacity expansion in the Linyuan plant and authorized the chairman with full power on December 28, 2011. The total contract fee was \$2,608,911 thousand (including additional costs), which is paid monthly according to the progress of the project. The project was completed in 2018, and total fees and charges had been paid.

At the end of March 2019, USIO assessed that the carrying amounts of part of the machinery equipment and other equipment were unrecoverable and recognized an impairment loss of \$14,131 thousand. The impairment loss was reported under operating expenses in the consolidated statements of comprehensive income.

Due to shrinking demand of EPS in the local market, the main product of Taita Chemical (Tianjin) Co., Ltd. (“TAITA (TJ)”), the management decided to suspend the production of TAITA (TJ) starting from April 2019. TAITA (TJ) determined the recoverable amounts of the property, plant and equipment (including right-of-use assets), on the basis of fair values less costs of disposal. TAITA (TJ) recognized an impairment loss of \$60,265 thousand in 2019, which was reported under operating costs in the consolidated statements of comprehensive income.

ACME (KS) assessed that the carrying amounts of part of the machinery equipment and other equipment were unrecoverable in 2019 and 2018 and recognized impairment losses of \$37,939 thousand and \$50,163 thousand, respectively. The impairment losses were reported under operating expenses in the consolidated statements of comprehensive income.

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
Building improvements	
Factories and other machines	15 to 55 years
Main buildings	3 to 60 years
Storage rooms	8 to 45 years
Others	2 to 40 years
Machinery and equipment	2 to 25 years
Transportation equipment	2 to 15 years
Other equipment	2 to 25 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 37.

For the related capitalized interest, please refer to Note 29 (c).

## 16. LEASE ARRANGEMENTS

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

	<b>December 31, 2019</b>
<u>Carrying amounts</u>	
Leasehold land	\$ 184,708
Land use rights	444,306
Buildings	195,662
Machinery and equipment	60,697
Transportation equipment	<u>135</u>
	<u>\$ 885,508</u>

	<b>For the Year Ended December 31, 2019</b>
Addition for right-of-use assets	<u>\$ 73,603</u>
Depreciation charge for right-of-use assets	
Leasehold land	\$ 17,319
Land use rights	15,451
Buildings	30,443
Machinery and equipment	3,847
Transportation equipment	<u>885</u>
	<u>\$ 67,945</u>

The Group has been subleasing its leasehold building Tai-An under operating leases. The related right-of-use assets are presented as investment properties (as set out in Note 17). The amounts disclosed above with respect to the right-of-use assets do not include right-of-use assets that meet the definition of investment properties.

Right-of-use assets pledged as collateral for bank borrowings are set out in Notes 20 and 37.

b. Lease liabilities - 2019

	<b>December 31, 2019</b>
<u>Carrying amounts</u>	
Current	<u>\$ 70,814</u>
Non-current	<u>\$ 481,964</u>

Range of discount rate for lease liabilities was as follows:

	<b>December 31, 2019</b>
Lease land	0.83%-9.25%
Buildings	1.04%-2.00%
Machinery	1.04%-1.16%
Transportation equipment	1.06%-1.25%

c. Material lease-in activities and terms

The Group leases certain factory, office and dormitory with lease terms of 1 to 6 years. The Group has options to lease office at the end of the lease terms.

Prepaid lease payments for land use rights of land located in China and Malaysia are recognized as prepayments for lease under IAS 17. Please refer to Notes 3 and 19 for information relating to their reclassification and comparative information for 2018.

d. Other lease information

Lease arrangements under operating leases for leasing out of investment properties are set out in Note 17. For details of lease information, please refer to the following table (the Group as lessee).

2019

	<b>For the Year Ended December 31, 2019</b>
Expenses relating to short-term leases	<u>\$ 48,398</u>
Expenses relating to low-value asset leases	<u>\$ 2,064</u>
Expenses relating to variable lease payments not including in the measurement of lease liabilities	<u>\$ 44,550</u>
Total cash outflow for leases	<u>\$ (170,175)</u>

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

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	\$ 96,813
Later than 1 year and not later than 5 years	250,428
Later than 5 years	<u>233,007</u>
	<u>\$ 580,248</u>

## 17. INVESTMENT PROPERTIES

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Completed investment properties		
Land	\$ 115,053	\$ 90,971
Buildings	313,847	91,453
Right-of-use assets	<u>95,508</u>	<u>-</u>
	<u>\$ 524,408</u>	<u>\$ 182,424</u>

	Land	Buildings	Right-of-use Assets	Total
<u>Cost</u>				
Balance at January 1, 2019	\$ 94,940	\$ 173,492	\$ -	\$ 268,432
Adjustments on initial application of IFRS 16	<u>-</u>	<u>-</u>	<u>110,452</u>	<u>110,452</u>
Balance at January 1, 2019 (restated)	94,940	173,492	110,452	378,884
Transfers from property, plant and equipment (Note 15)	24,082	257,285	-	281,367
Effect of foreign currency exchange differences	<u>-</u>	<u>(2,256)</u>	<u>-</u>	<u>(2,256)</u>
Balance at December 31, 2019	<u>\$ 119,022</u>	<u>\$ 428,521</u>	<u>\$ 110,452</u>	<u>\$ 657,995</u>
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2019	\$ 3,969	\$ 82,039	\$ -	\$ 86,008
Depreciation expense	-	11,635	14,944	26,579
Transfers from property, plant and equipment (Note 15)	-	28,729	-	28,729
Effect of foreign currency exchange differences	<u>-</u>	<u>(7,729)</u>	<u>-</u>	<u>(7,729)</u>
Balance at December 31, 2019	<u>\$ 3,969</u>	<u>\$ 114,674</u>	<u>\$ 14,944</u>	<u>\$ 133,587</u>
Carrying amounts at December 31, 2019	<u>\$ 115,053</u>	<u>\$ 313,847</u>	<u>\$ 95,508</u>	<u>\$ 524,408</u>
<u>Cost</u>				
Balance at January 1, 2018	\$ 94,940	\$ 168,693	\$ -	\$ 263,633
Effect of foreign currency exchange differences	<u>-</u>	<u>4,799</u>	<u>-</u>	<u>4,799</u>
Balance at December 31, 2018	<u>\$ 94,940</u>	<u>\$ 173,492</u>	<u>\$ -</u>	<u>\$ 268,432</u>
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2018	\$ 3,969	\$ 77,448	\$ -	\$ 81,417
Depreciation expense	-	2,929	-	2,929
Effect of foreign currency exchange differences	<u>-</u>	<u>1,662</u>	<u>-</u>	<u>1,662</u>
Balance at December 31, 2018	<u>\$ 3,969</u>	<u>\$ 82,039</u>	<u>\$ -</u>	<u>\$ 86,008</u>
Carrying amounts at December 31, 2018	<u>\$ 90,971</u>	<u>\$ 91,453</u>	<u>\$ -</u>	<u>\$ 182,424</u>

Right-of-use assets included in investment properties are units of office space located in Taipei and subleased under operating leases to other companies. The investment properties were leased out for 1 to 8 years, with an option to extend. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend. All of the Group's investment properties were held under freehold interests for the year ended December 31, 2018.

Except for the recognition of depreciation expense, there were no significant increases, disposals and impairment of the Group's investment properties in 2019 and 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	\$ 36,102
Year 2	16,858
Year 3	15,532
Year 4	15,532
Year 5	8,332
Later than 5 years	<u>29,804</u>
	<u>\$ 122,160</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	\$ 39,617
Later than 1 year and not later than 5 years	64,793
Later than 5 years	<u>1,527</u>
	<u>\$ 105,937</u>

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

Building	3 to 55 years
Right-of-use assets	3 to 12 years

Part of the Group's investment properties are located in the Toufen and Linyuan Industrial District. As these districts are designated for industrial use, information on comparable market transactions are uncommon and alternative reliable measurements of the fair value estimates are not available. Hence, the Group determined that the fair value of these investment properties cannot be reliably determined. The fair values of the remaining investment properties were not assessed by independent appraisers; instead, they were arrived at by using the valuation model that most market participants would use in determining fair value by using Level 3 inputs, with reference to the transaction prices of similar properties in the vicinity. The fair value of right-of-use assets was determined by adding back the amount of related lease liabilities recognized to the net amount of the expected lease income after deducting all the expected payments.

The fair values of investment properties as of December 31, 2019 and 2018 were as follows:

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Fair value	<u>\$ 1,180,999</u>	<u>\$ 670,417</u>

The investment properties pledged as collateral for bank borrowings are set out in Note 37.

**18. GOODWILL AND OTHER INTANGIBLE ASSETS**

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Goodwill (a)	\$ 269,026	\$ 269,026
Other intangible assets (b)		
Technology royalties and patent rights	\$ 7,109	\$ 14,517
Computer software	9,895	9,999
Others	-	8,861
	\$ 17,004	\$ 33,377

a. Goodwill

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Balance at January 1 and December 31	\$ 269,026	\$ 269,026

b. Other intangible assets

	<b>Technology Royalties and Patent Rights</b>	<b>Computer Software</b>	<b>Others</b>	<b>Total</b>
<u>Cost</u>				
Balance at January 1, 2019	\$ 263,028	\$ 118,270	\$ 29,000	\$ 410,298
Additions	-	6,503	-	6,503
Disposals	(35,544)	(24,195)	-	(59,739)
Effect of foreign currency exchange differences	-	(280)	-	(280)
Balance at December 31, 2019	\$ 227,484	\$ 100,298	\$ 29,000	\$ 356,782
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2019	\$ 248,511	\$ 108,271	\$ 20,139	\$ 376,921
Amortization expenses	7,408	6,234	8,861	22,503
Disposals	(35,544)	(24,195)	-	(59,739)
Effect of foreign currency exchange differences	-	93	-	93
Balance at December 31, 2019	\$ 220,375	\$ 90,403	\$ 29,000	\$ 339,778
Carrying amounts at December 31, 2019	\$ 7,109	\$ 9,895	\$ -	\$ 17,004

(Continued)

	<b>Technology Royalties and Patent Rights</b>	<b>Computer Software</b>	<b>Others</b>	<b>Total</b>
<u>Cost</u>				
Balance at January 1, 2018	\$ 263,028	\$ 112,966	\$ 29,000	\$ 404,994
Additions	-	7,170	-	7,170
Disposals	-	(668)	-	(668)
Effect of foreign currency exchange differences	-	(1,198)	-	(1,198)
Balance at December 31, 2018	<u>\$ 263,028</u>	<u>\$ 118,270</u>	<u>\$ 29,000</u>	<u>\$ 410,298</u>
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2018	\$ 204,190	\$ 96,983	\$ 10,472	\$ 311,645
Amortization expenses	16,691	13,116	9,667	39,474
Disposals	-	(668)	-	(668)
Impairment losses recognized	27,630	-	-	27,630
Effect of foreign currency exchange differences	-	(1,160)	-	(1,160)
Balance at December 31, 2018	<u>\$ 248,511</u>	<u>\$ 108,271</u>	<u>\$ 20,139</u>	<u>\$ 376,921</u>
Carrying amounts at December 31, 2018	<u>\$ 14,517</u>	<u>\$ 9,999</u>	<u>\$ 8,861</u>	<u>\$ 33,377</u> (Concluded)

Except for the recognition of amortization expense, there were no significant addition, disposal and impairment on other intangible assets of the Group for the year ended December 31, 2019; the Group 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 royalty rights; hence, the Group recognized an impairment loss of \$27,630 thousand for the year ended December 31, 2018.

Other intangible assets 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
Others	5 to 7 years

## 19. PREPAYMENTS FOR LEASES - 2018

	<b>December 31, 2018</b>
Current assets (included in prepayments)	\$ 8,663
Non-current assets	<u>459,542</u>
	<u>\$ 468,205</u>

The carrying amount of the prepaid lease payments include land use rights located in China and Malaysia.

Acme Electronics Corporation signed a contract with an unrelated party, company A, in January 2018 to become a shareholder by using a portion of its land use rights for land located in Kunshan, Jiangsu, and subsequently transferred all of its shares to activate the assets. The total transaction price was RMB63,227 thousand (NT\$291,368 thousand) and fully paid in February 2018. Acme Electronics Corporation had registered the land use rights valued as shares in May 2018 and recognized the disposal gain of RMB56,240 thousand (NT\$262,617 thousand) on the land use rights. Additionally, the land use rights valued as shares have been fully transferred.

Prepaid lease payments for land use rights were classified as right-of-use assets under IFRS 16 as of January 1, 2019. Please refer to Notes 3 and 16 for information relating to their reclassification.

Part of the carrying amount of prepaid lease payments pledged as collateral for borrowings is disclosed in Notes 20 and 37.

## 20. BORROWINGS

### a. Short-term borrowings

	December 31	
	2019	2018
<u>Secured borrowings</u>		
Bank loans	\$ -	\$ 153,239
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>4,258,980</u>	<u>6,573,615</u>
	<u>\$ 4,258,980</u>	<u>\$ 6,726,854</u>
Range of interest rates	0.81%-4.58%	0.83%-4.58%

### b. Short-term bills payable

	December 31	
	2019	2018
Commercial paper	\$ 1,353,000	\$ 1,515,000
Less: Unamortized discount on bills payable	<u>(190)</u>	<u>(216)</u>
	<u>\$ 1,352,810</u>	<u>\$ 1,514,784</u>
Range of interest rates	0.50%-1.188%	0.49%-1.18%

c. Long-term borrowings

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Secured borrowings	\$ 1,743,200	\$ 2,393,200
Line of credit borrowings	<u>7,650,000</u>	<u>6,550,000</u>
	<u>9,393,200</u>	<u>8,943,200</u>
Commercial paper	100,000	200,000
Unamortized discounts on bills payable	<u>(230)</u>	<u>(576)</u>
	<u>99,770</u>	<u>199,424</u>
	9,492,970	9,142,624
Less: Current portions	<u>(443,200)</u>	<u>(525,000)</u>
	<u>\$ 9,049,770</u>	<u>\$ 8,617,624</u>
Range of interest rates		
Secured borrowings	1.05%-1.33%	1.04%-1.45%
Line of credit borrowings	0.98%-1.18%	0.98%-1.34%
Commercial paper	1.528%	1.618%

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

UPIIC entered into medium- and long-term financing contracts with banks to increase working capital. The contracts will be effective up to December 2022 with a total credit limit of \$2,300,000 thousand, which is used cyclically during the validity period. As of December 31, 2019, UPIIC had borrowed \$1,150,000 thousand.

CGPCPOL entered into medium- and long-term financing contracts with banks to increase working capital. The contracts will be effective up to March 2022 with a total credit limit of \$1,350,000 thousand, which is used cyclically during the validity period. As of December 31, 2019, CGPCPOL had borrowed \$500,000 thousand.

TTC entered into medium- and long-term financing contracts with banks to increase working capital. The contract will be effective up to June 2022 with a total credit limit of \$1,600,000 thousand, which is used cyclically during the validity period. As of December 31, 2019, TTC had borrowed \$1,000,000 thousand.

APC entered into medium- and long-term financing contracts with banks to increase working capital. The contracts will be effective up to December 2022 with a total credit limit of \$5,700,000 thousand, which is used cyclically during the validity period. As of December 31, 2019, APC had borrowed \$3,950,000 thousand.

ACME entered into medium- and long-term financing contracts with banks to increase working capital. The contract will be effective up to September 2022 with a total credit limit of \$540,000 thousand, which is used cyclically during the validity period. As of December 31, 2019, ACME had borrowed \$340,000 thousand.

SPC entered into medium- and long-term financing contracts with banks to increase working capital. The contracts will be effective up to November 2023 with a total credit limit of \$503,200 thousand, which is used cyclically during the validity period. As of December 31, 2019, SPC had borrowed \$503,200 thousand.

According to the loan contracts of part of subsidiaries, the current ratio, bank loan ratio, debt ratio, and interest protection multiples should not be less than the specified percentage. The subsidiaries should provide improvements to the bank if the requirements were not met. As of December 31, 2019, the subsidiaries did not violate the requirements.

**21. BONDS PAYABLE**

	December 31	
	2019	2018
Domestic unsecured bonds 104-1A - issuance on February 12, 2015, 5 years, total amount \$1,000,000 thousand, coupon rate 1.55%, bullet repayment	\$ 1,000,000	\$ 1,000,000
Domestic unsecured bonds 104-1B - issuance on February 12, 2015, 7 years, total amount \$1,000,000 thousand, coupon rate 1.90%, bullet repayment	1,000,000	1,000,000
Domestic unsecured bonds 105-1 - issuance on October 28, 2016, 5 years, total amount \$2,000,000 thousand, coupon rate 0.80%, bullet repayment	2,000,000	2,000,000
Domestic unsecured bonds 106-1 - issuance on October 27, 2017, 5 years, total amount \$2,000,000 thousand, coupon rate 1.10%, bullet repayment	2,000,000	2,000,000
Domestic unsecured bonds 108-1 - issuance on April 26, 2019, 5 years, total amount \$2,000,000 thousand, coupon rate 0.98%, bullet repayment	<u>2,000,000</u>	<u>-</u>
	8,000,000	6,000,000
Less: 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.

## 22. NOTES AND ACCOUNTS PAYABLE

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
<u>Operating</u>		
Notes payable	\$ -	\$ 483
Accounts payable	<u>2,757,368</u>	<u>3,392,204</u>
	<u>\$ 2,757,368</u>	<u>\$ 3,392,687</u>

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

## 23. OTHER PAYABLES

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
<u>Current</u>		
Other payables		
Payables for salaries and bonuses	\$ 790,918	\$ 745,236
Payables for purchases of equipment	191,407	189,420
Payables for water and electricity	188,541	181,003
Payables for fares	174,702	166,463
Payables for interests	55,434	43,068
Payables for insurance	26,576	28,335
Payables for professional service expenses	21,814	23,732
Payables for fuel fees	20,779	19,830
Payable for VAT	19,236	37,247
Payables for dividends	17,771	20,176
Others	<u>430,848</u>	<u>443,040</u>
	1,938,026	1,897,550
Other liabilities		
Refund liabilities	<u>28,221</u>	<u>30,034</u>
	<u>\$ 1,966,247</u>	<u>\$ 1,927,584</u>

The provision for customer returns and rebates is based on historical experience, management's judgments and other known reasons for which estimated product returns and rebates may occur in the reporting period. The provision is recognized as a reduction of operating income in the periods in which the related goods are sold.

## 24. PROVISIONS

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
<u>Non-current</u>		
Litigation provision	<u>\$ 136,375</u>	<u>\$ 136,375</u>

Litigation provision is a result of the first-instance judgment and reconciliation of the Kaohsiung gas explosion case on July 31, 2014 for which cash outflows may be recognized in the near future. Please refer to Note 38 for the explanation related to the provision.

## 25. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

The Company and domestic subsidiaries of the Group 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. Furthermore, overseas subsidiaries also make contributions at certain percentages according to the basic regulation.

### b. Defined benefit plans

The defined benefit plans adopted by the Company and domestic subsidiaries of the Group 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. Subsidiaries make monthly contributions at certain percentages of the basic salaries of their employees (TTC and CGTD are 12%; APC, CGPC and TVCM are 10%; SPC is 3.5%; ACME, USII, UM and TUVVM are 2%). Pension contributions are deposited in the Bank of Taiwan in the committee’s name. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (“the Bureau”); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group’s defined benefit plans were as follows:

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Present value of defined benefit obligation	\$ (3,674,355)	\$ (3,845,821)
Fair value of plan assets	2,200,488	2,187,593
Net defined benefit liabilities - non-current	\$ (1,473,867)	\$ (1,658,228)

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	\$ (3,986,665)	\$ 1,566,768	\$ (2,419,897)
Current service cost	(38,600)	-	(38,600)
Net interest income (expense)	(42,794)	18,391	(24,403)
Recognized in profit or loss	(81,394)	18,391	(63,003)
			(Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	\$ -	\$ 42,197	\$ 42,197
Actuarial loss - changes in demographic assumptions	(2,188)	-	(2,188)
Actuarial loss - changes in financial assumptions	(53,825)	-	(53,825)
Actuarial gain - experience adjustments	<u>18,711</u>	<u>-</u>	<u>18,711</u>
Recognized in other comprehensive income	<u>(37,302)</u>	<u>42,197</u>	<u>4,895</u>
Contributions from the employer	26,844	792,933	819,777
Benefits paid	<u>232,696</u>	<u>(232,696)</u>	<u>-</u>
Balance at December 31, 2018	<u>\$ (3,845,821)</u>	<u>\$ 2,187,593</u>	<u>\$ (1,658,228)</u>
Balance at January 1, 2019	<u>\$ (3,845,821)</u>	<u>\$ 2,187,593</u>	<u>\$ (1,658,228)</u>
Current service cost	(34,362)	-	(34,362)
Net interest income (expense)	<u>(33,565)</u>	<u>19,776</u>	<u>(13,789)</u>
Recognized in profit or loss	<u>(67,927)</u>	<u>19,776</u>	<u>(48,151)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	75,954	75,954
Actuarial loss - changes in demographic assumptions	(244)	-	(244)
Actuarial loss - changes in financial assumptions	(70,526)	-	(70,526)
Actuarial gain - experience adjustments	<u>3,107</u>	<u>-</u>	<u>3,107</u>
Recognized in other comprehensive income	<u>(67,663)</u>	<u>75,954</u>	<u>8,291</u>
Contributions from the employer	10,776	213,445	224,221
Benefits paid	<u>296,280</u>	<u>(296,280)</u>	<u>-</u>
Balance at December 31, 2019	<u>\$ (3,674,355)</u>	<u>\$ 2,200,488</u>	<u>\$ (1,473,867)</u>

(Concluded)

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

- 1) Investment risk: The plan assets are invested in domestic or foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate of a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in 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:

	December 31	
	2019	2018
Discount rate	0.625%-0.75%	0.88%-1.25%
Expected rate of salary increase	2.00%-2.75%	2.00%-2.75%

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

	December 31	
	2019	2018
Discount rate(s)		
0.25% increase	<u>\$ (69,540)</u>	<u>\$ (75,594)</u>
0.25% decrease	<u>\$ 71,747</u>	<u>\$ 78,060</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 69,285</u>	<u>\$ 75,570</u>
0.25% decrease	<u>\$ (67,517)</u>	<u>\$ (73,573)</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.

	December 31	
	2019	2018
The expected contributions to the plan for the next year	<u>\$ 189,605</u>	<u>\$ 200,592</u>
The average duration of the defined benefit obligation	7-13 years	8-14 years

## 26. GOVERNMENT GRANTS

Acme Electronics (Kunshan) Co., Ltd. reached an agreement with Kunshan Zhoushizhen People's Government in 2006 in which Acme Electronics (Kunshan) Co., Ltd. promised to relocate its new plant and raise its investment amount to US\$15,000 thousand; Zhoushizhen People's Government then promised to assist Acme Electronics (Kunshan) Co., Ltd. in acquiring land for a new plant. Furthermore, by applying the tax refund, Kunshan Zhoushizhen People's Government subsidized Acme Electronics (Kunshan) Co., Ltd.'s acquisition of the land for its new plant with a difference in price of over RMB50 thousand per acre. According to this agreement, Acme Electronics (Kunshan) Co., Ltd. raised the capital by cash and share dividends to meet its capital increase requirement for the relocation of the new plant. Acme Electronics (Kunshan) Co., Ltd. also recognized RMB10,591 thousand of the subsidy as long-term deferred revenue, which will be amortized along with the land use rights when the new plant is constructed. The related government subsidies were retrieved in January 2014. As stated in Note 19, Acme Electronics (Kunshan) Co., Ltd. also derecognized RMB1,983 thousand of deferred revenue related to the land use rights.

Besides this, Acme Electronics (Kunshan) Co., Ltd. arrived at an agreement with Kunshan Zhoushizhen People's Government for an additional subsidy for the external line project for high voltage power during the relocation process. The amount of the subsidy was RMB8,145 thousand in total, which was recognized as long-term deferred revenue by Acme Electronics (Kunshan) Co., Ltd. and will be amortized based on the duration of the power equipment.

For the years ended December 31, 2019 and 2018, the amount of deferred income that had not been amortized was RMB8,893 thousand (\$38,216 thousand) and RMB9,423 thousand (\$42,170 thousand), respectively.

## 27. EQUITY

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
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	(475,606)	(475,606)
Non-controlling interests	<u>20,517,444</u>	<u>18,267,556</u>
	<u>\$ 39,176,947</u>	<u>\$ 36,454,709</u>

### a. Share capital

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
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 29(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:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>For the Years Ended</b>		<b>For the Years Ended</b>	
	<b>December 31</b>		<b>December 31</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
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:

	<b>Appropriation of Earnings</b>	<b>Dividends Per Share (NT\$)</b>
Legal reserve	\$ 129,872	
Special reserve	350,532	
Cash 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 change in tax rate	-	(1,825)
Recognized for the year		
Exchange differences on translating foreign operations	(493,822)	(1,155)
Related income tax	99,875	4,490
Disposal interests in 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 financial assets at FVTOCI

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Balance at January 1	\$ (85,136)	\$ 181,005
Effect of tax rate changes	-	(22)
Recognized during the period		
Unrealized gain		
Equity instruments	(61,991)	(186,605)
Related income tax	290	(681)
Cumulative unrealized loss on equity instruments transferred to retained earnings due to disposals	<u>(31,350)</u>	<u>(78,833)</u>
Balance at December 31	<u>\$ (178,187)</u>	<u>\$ (85,136)</u>

e. Non-controlling interests

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Balance at January 1	\$ 18,267,556	\$ 16,728,019
Adjustment on initial application of IFRS 16	<u>(4,490)</u>	<u>-</u>
Balance at January 1	18,263,066	16,728,019
Cash dividends of subsidiaries' shareholders	(705,440)	(615,849)
Share in profit for the period	1,264,037	1,335,881
Other comprehensive income (loss) for the period		
Effect of tax rate changes	-	8,028
Exchange difference on translating foreign operations	(480,649)	(73,232)
Income tax relating to exchange difference on translating foreign operations	52,790	16,610
Unrealized (loss) gain on financial assets at FVTOCI	(117,760)	162,228
Income tax relating to unrealized (loss) gain on financial assets at FVTOCI	627	(1,450)
Remeasurement on defined benefit plans	12,315	1,722
Income tax remeasurement on defined benefit plans	(1,597)	(1,081)

(Continued)

**For the Year Ended December 31**  
**2019**                      **2018**

Adjustments relating to changes accounted for using the equity method	\$ 632	\$ 6,456
Disposal interests in subsidiaries	(1,932)	(20,086)
Changes in non-controlling interests	<u>2,231,355</u>	<u>720,310</u>
Balance at December 31	<u>\$ 20,517,444</u>	<u>\$ 18,267,556</u> (Concluded)

f. 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:

<b>Name of Subsidiary</b>	<b>Number of Shares Held (In Thousands of Shares)</b>	<b>Carrying Amount</b>	<b>Market Price</b>
<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.

## 28. REVENUE

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Products sales revenue		
Plastic materials	\$ 52,990,243	\$ 57,962,076
Electronic materials	2,114,637	2,373,962
Others	<u>551,861</u>	<u>556,475</u>
	<u>\$ 55,656,741</u>	<u>\$ 60,892,513</u>

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

### a. Contract balances

	<b>December 31, 2019</b>	<b>December 31, 2018</b>	<b>January 1, 2018</b>
Notes and accounts receivables (Note 10)	<u>\$ 7,045,512</u>	<u>\$ 8,548,733</u>	<u>\$ 8,068,099</u>

### b. For information about the disaggregation of revenue, please refer to Note 42.

## 29. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations included the following:

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Owners of the Company	\$ 1,279,873	\$ 537,268
Non-controlling interests	<u>1,261,353</u>	<u>1,331,081</u>
	<u>\$ 2,541,226</u>	<u>\$ 1,868,349</u>

Net profit from continuing operations includes the following:

a. Other income

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Interest income		
Cash and cash equivalents	\$ 123,110	\$ 140,649
Financial assets at FVTPL	27,697	27,565
Financial assets at amortized cost	850	1,596
Others	<u>2,049</u>	<u>1,854</u>
	153,706	171,664
Dividend income	162,687	186,003
Rental income	55,591	50,454
Government grant income (Note 15)	155,710	-
Grants income	46,672	32,620
Claim income	34,189	-
Management service income (Note 36)	22,606	26,984
Commission income	2,764	36,104
Others	<u>95,266</u>	<u>112,848</u>
	<u>\$ 729,191</u>	<u>\$ 616,677</u>

b. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Gain on disposal of biological assets	\$ -	\$ 13,735
Gain on disposal of land use rights	-	262,617
Gain on disposal of subsidiaries (Note 13)	-	116,576
Gain on disposal of property, plant and equipment	46,186	11,030
Loss on disposal of property, plant and equipment	(4,805)	(19,550)
Net gain on disposal of financial instruments	13,456	22,471
Net foreign exchange losses	(159,831)	(8,899)
Net gain on financial assets at FVTPL	236,224	35,754
Net loss on financial liabilities at FVTPL	(19,397)	(46,923)
Loss on claims	(919)	(83,825)
Impairment losses on non-financial assets	(1,252)	(16,120)
Depreciation of investment properties - right-of-use assets	(56,202)	-
Other gains and losses	<u>(55,389)</u>	<u>(101,791)</u>
	<u>\$ (1,929)</u>	<u>\$ 185,075</u>

c. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Interest on bank loans	\$ 203,488	\$ 193,810
Interest on bonds payable	88,887	74,937
Other interest expense	1,054	2,435
Interest on lease liabilities	9,140	-
Less: Capitalized interest (included in construction in progress)	<u>(17,347)</u>	<u>(26,787)</u>
	<u>\$ 285,222</u>	<u>\$ 244,395</u>

Information about capitalized interest is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Capitalized interest	\$ 17,347	\$ 26,787
Capitalization rate	0.66%-1.25%	0.82%-1.25%

d. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Property, plant and equipment	\$ 2,050,117	\$ 1,961,453
Right-of-use assets	64,549	-
Investment properties	26,579	2,929
Intangible assets	22,503	39,474
Others	<u>57,502</u>	<u>36,487</u>
	<u>\$ 2,221,250</u>	<u>\$ 2,040,343</u>
 An analysis of depreciation by function		
Operating costs	\$ 1,971,873	\$ 1,850,751
Operating expenses	113,170	98,387
Other gains and losses	<u>56,202</u>	<u>15,244</u>
	<u>\$ 2,141,245</u>	<u>\$ 1,964,382</u>
 An analysis of amortization by function		
Operating costs	\$ 55,682	\$ 39,044
Selling and marketing expenses	9,204	10,386
General and administrative expenses	8,103	14,723
Research and development expenses	<u>7,016</u>	<u>11,808</u>
	<u>\$ 80,005</u>	<u>\$ 75,961</u>

e. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Post-employment benefits (Note 25)		
Defined contribution plans	\$ 145,458	\$ 139,570
Defined benefit plans	<u>48,151</u>	<u>63,003</u>
	193,609	202,573
Other employee benefits	<u>4,273,120</u>	<u>4,146,549</u>
Total employee benefits expense	<u>\$ 4,466,729</u>	<u>\$ 4,349,122</u>
 An analysis of employee benefits expense by function		
Operating costs	\$ 3,078,053	\$ 3,192,089
Operating expenses	<u>1,388,676</u>	<u>1,157,033</u>
	<u>\$ 4,466,729</u>	<u>\$ 4,349,122</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. 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

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

Amount

	<u>For the Year Ended December 31</u>	
	<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 consolidated 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 consolidated financial statements for the years ended December 31, 2018 and 2017.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2019 and 2018 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

g. Gain or loss on foreign currency exchange

	<u>For the Year Ended December 31</u>	
	<b>2019</b>	<b>2018</b>
Foreign exchange gains	\$ 260,583	\$ 390,980
Foreign exchange losses	<u>(420,414)</u>	<u>(399,879)</u>
	<u>\$ (159,831)</u>	<u>\$ (8,899)</u>

### 30. INCOME TAX RELATING TO CONTINUING OPERATIONS

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	\$ 641,322	\$ 453,462
Income tax on unappropriated earnings	33,804	98,985
Adjustments for prior years	298	(2,136)
Deductible income tax paid overseas	<u>(95)</u>	<u>(6,312)</u>
	<u>675,329</u>	<u>543,999</u>
Deferred tax		
In respect of the current year	141,168	113,607
Tax rates changes	-	(12,044)
Adjustments for prior years	1,434	5,623
Others	<u>2,213</u>	<u>2,893</u>
	<u>144,815</u>	<u>110,079</u>
Income tax expense recognized in profit or loss	<u>\$ 820,144</u>	<u>\$ 654,078</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 from continuing operations	<u>\$ 3,361,370</u>	<u>\$ 2,522,427</u>
Income tax expense calculated at the statutory rate	\$ 1,073,124	\$ 920,598
Nondeductible (revenue) expenses in determining taxable income	(29,145)	18,619
Tax-exempt income	(375,907)	(356,100)
Income tax on unappropriated earnings	33,804	98,985
Unrecognized loss carryforwards and deductible temporary differences	92,192	(12,633)
Effect of tax rate changes	-	(12,044)
Adjustments for prior years	1,732	3,487
Others	<u>24,344</u>	<u>(6,834)</u>
Income tax expense recognized in profit or loss	<u>\$ 820,144</u>	<u>\$ 654,078</u>

In February 2018, it was announced that the Income Tax Act in the ROC was amended and, starting from 2018, the corporate income tax rate will be adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings will be reduced from 10% to 5%. The income tax rate of the subsidiaries in China is 25%. The tax amount generate by other jurisdictions is calculated based on the applicable tax rate in each relevant jurisdictions.

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 Group 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 tax rate changes	\$ -	\$ 16,127
In respect of the current year		
Translation of foreign operations	152,665	21,100
Fair value changes of financial at FVTOCI	917	(2,131)
Remeasurement of defined benefit plans	(1,136)	(1,804)
Total income tax recognized in other comprehensive income	\$ 152,446	\$ 33,292

c. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
<u>Current income tax assets</u>		
Tax refund receivable	\$ 11,919	\$ 8,116
<u>Current income tax liabilities</u>		
Income tax payable	\$ 517,913	\$ 270,351

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Defined benefit obligation	\$ 296,538	\$ (28,114)	\$ (1,136)	\$ -	\$ 267,288
Investments accounted for using the equity method	91,430	(21,640)	3,634	-	73,424
Allowance for inventory valuation	67,863	(23,122)	-	(581)	44,160
Allowance for impaired receivables	17,786	(4,937)	-	(135)	12,714
Unrealized gains on transactions with subsidiaries	3,602	(702)	-	(4)	2,896
Payables for annual leave	22,887	2,442	-	(2)	25,327
Others	81,486	(11,393)	117,167	2,752	190,012
	581,592	(87,466)	119,665	2,030	615,821
Loss carryforwards	51,742	(20,771)	-	(3,077)	27,894
	\$ 633,334	\$ (108,237)	\$ 119,665	\$ (1,047)	\$ 643,715
<u>Deferred tax liabilities</u>					
Temporary differences					
Investments accounted for using the equity method	\$ 544,373	\$ 39,007	\$ (27,003)	\$ 4	\$ 556,381
Exchange differences on translating foreign operations	4,709	-	(4,709)	-	-
Differences on depreciation period between finance and tax	51,730	(6,882)	-	(129)	44,719
Revaluation increments of land	800,993	-	-	-	800,993
Others	6,427	4,453	(1,069)	(3)	9,808
	\$ 1,408,232	\$ 36,578	\$ (32,781)	\$ (128)	\$ 1,411,901

For the year ended December 31, 2018

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Defined benefit obligation	\$ 362,202	\$ (85,431)	\$ 19,767	\$ -	\$ 296,538
Investments accounted for using the equity method	77,122	17,873	(3,565)	-	91,430
Allowance for inventory valuation	46,162	21,962	-	(261)	67,863
Allowance for impaired receivables	14,028	3,960	-	(202)	17,786
Unrealized gains on transactions with subsidiaries	3,925	(323)	-	-	3,602
Payables for annual leave	18,185	4,702	-	-	22,887
Others	74,983	1,924	4,613	(34)	81,486
	596,607	(35,333)	20,815	(497)	581,592
Loss carryforwards	35,455	16,138	-	149	51,742
	<u>\$ 632,062</u>	<u>\$ (19,195)</u>	<u>\$ 20,815</u>	<u>\$ (348)</u>	<u>\$ 633,334</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Investments accounted for using the equity method	\$ 452,067	\$ 92,306	\$ -	\$ -	\$ 544,373
Exchange differences on translating foreign operations	19,605	-	(14,896)	-	4,709
Differences on depreciation period between finance and tax	51,383	284	-	63	51,730
Revaluation increments of land	800,993	-	-	-	800,993
Others	5,662	(1,706)	2,419	52	6,427
	<u>\$ 1,329,710</u>	<u>\$ 90,884</u>	<u>\$ (12,477)</u>	<u>\$ 115</u>	<u>\$ 1,408,232</u>

- e. No deferred tax assets have been recognized in the consolidated balance sheets

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Loss carryforwards	<u>\$ 4,100,752</u>	<u>\$ 3,708,636</u>
Deductible temporary differences		
Loss on foreign investments accounted for using the equity method	\$ 733,628	\$ 829,561
Defined benefit obligation	13,582	33,113
Write-down of inventories	3,647	28,920
Differences on depreciation period between finance and tax	76,446	22,455
Others	<u>436,455</u>	<u>436,704</u>
	<u>\$ 1,263,758</u>	<u>\$ 1,350,753</u>

- f. Unused loss carryforwards

As of December 31, 2019, the Group's unused loss carryforwards were \$4,243,999 thousand and will expire in 2029.

- g. Income tax assessments

The income tax returns of UM, TUVV, TUVV, INOMA, TM and STC through 2018 have been assessed by the tax authorities. The income tax returns of the Company, UPIIC, USII, ACME, CGPC, TVCM, CGPCPOL, APC, APCI, CGTD, CLT, USIO, TTC and SPC through 2017 have been assessed by the tax authorities. The income tax returns of TTC and SPC through 2016 have been assessed by the tax authorities.

### 31. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	2019	2018
Basic and diluted earnings per share		
From continuing operations and discontinued operations	\$ 1.19	\$ 0.50
From discontinued operations	<u>-</u>	<u>-</u>
From continuing operations	<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 from continuing operations were as follows:

#### Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	2019	2018
Profit for the period attributable to owners of the Company (earnings used in the computation of basic and diluted earnings per share)	\$ 1,281,364	\$ 539,935
Add: Gain for the period from discounted operations used in computation of basic earnings per share from discounted operations	<u>(1,491)</u>	<u>(2,667)</u>
Earnings used in the computation of basic and diluted earnings per share from continuing operations	<u>\$ 1,279,873</u>	<u>\$ 537,268</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 issued to employees	<u>1,162</u>	<u>690</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>1,073,460</u>	<u>1,072,988</u>

If the Group offered to settle compensation paid to employees in cash or shares, the Group assumed the entire amount of the compensation would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the board of directors resolve the number of shares to be distributed to employees at their meeting in the following year.

### 32. SHARE-BASED PAYMENT ARRANGEMENTS

ACME did not issue employee share options for the years ended December 31, 2019 and 2018.

Information on employee share options which were issued was as follows:

	<b>For the Year Ended December 31</b>			
	<b>2019</b>		<b>2018</b>	
	<b>Number of Options</b>	<b>Weighted- average Exercise Price (NT\$)</b>	<b>Number of Options</b>	<b>Weighted- average Exercise Price (NT\$)</b>
Balance at January 1	563	\$ 8.2	563	\$ 8.2
Options exercised	<u>(563)</u>	8.2	<u>-</u>	-
Balance at December 31	<u>-</u>	-	<u>563</u>	8.2
Options exercisable, end of period	<u>-</u>	-	<u>563</u>	8.2

The weighted-average share price at the date of exercise of share options for the year ended December 31, 2019 was \$14.1 (2018: None).

Information about ACME's outstanding options as of December 31, 2018 was as follows (2019: None):

<b>December 31, 2018</b>	
<b>Weighted-average Exercise Price (NT\$)</b>	<b>Weighted-average Remaining Contractual Life (In Years)</b>
\$ 8.2	0.3

USIO did not issue employee share options for the years ended December 31, 2019 and 2018.

Information on employee share options which were issued was as follows:

	<b>For the Year Ended December 31</b>			
	<b>2019</b>		<b>2018</b>	
	<b>Number of Options</b>	<b>Weighted- average Exercise Price (NT\$)</b>	<b>Number of Options</b>	<b>Weighted- average Exercise Price (NT\$)</b>
Balance at January 1	167	\$ 10.8	194	\$ 10.8
Options expired	<u>(34)</u>	10.8	<u>(27)</u>	10.8
Balance at December 31	<u>133</u>	10.8	<u>167</u>	10.8
Options exercisable, end of year	<u>133</u>	10.8	<u>167</u>	10.8

Information about USIO's outstanding options as of December 31, 2019 and 2018 was as follows:

December 31			
2019		2018	
Weighted-average Exercise Price (NT\$)	Weighted-average Remaining Contractual Life (In Years)	Weighted-average Exercise Price (NT\$)	Weighted-average Remaining Contractual Life (In Years)
\$ 10.8	2.4	\$ 10.8	3.4

### 33. CASH FLOW INFORMATION

#### a. Non-cash transactions

For the years ended December 31, 2019 and 2018, the Group entered into the following non-cash investing and financing activities which were not reflected in the consolidated statements of cash flows:

- 1) As of December 31, 2019 and 2018 the amounts of payables for purchases of equipment were \$191,407 thousand and \$189,420 thousand, respectively.
- 2) As of December 31, 2019 and 2018 the amounts of payables for dividends declared but not issued were \$17,771 thousand and \$20,176 thousand, respectively.

#### b. Changes in liabilities arising from financing activities

	Non-cash Changes						
	January 1, 2019	Cash Flows	New Leases	Allocated Finance Costs	Changes in Foreign Currency Exchange Rates	Others	December 31, 2019
Short-term borrowings	\$ 6,726,854	\$ (2,467,874)	\$ -	\$ -	\$ -	\$ -	\$ 4,258,980
Short-term bills payable	1,514,784	(162,000)	-	-	-	26	1,352,810
Bonds payable (including current portions)	5,992,604	1,995,630	-	3,049	-	-	7,991,283
Long-term borrowings (including current portions)	9,142,624	350,346	-	-	-	-	9,492,970
Guarantee deposits received	26,662	813	-	-	-	-	27,475
Lease liabilities (including current portions)	<u>546,116</u>	<u>(66,023)</u>	<u>73,631</u>	<u>9,140</u>	<u>(946)</u>	<u>(9,140)</u>	<u>552,778</u>
	<u>\$ 23,949,644</u>	<u>\$ (349,108)</u>	<u>\$ 73,631</u>	<u>\$ 12,189</u>	<u>\$ (946)</u>	<u>\$ (9,114)</u>	<u>\$ 23,676,296</u>

	Non-cash Changes						
	January 1, 2018	Cash Flows	New Leases	Allocated Finance Costs	Changes in Foreign Currency Exchange Rates	Others	December 31, 2018
Short-term borrowings	\$ 3,752,268	\$ 2,974,586	\$ -	\$ -	\$ -	\$ -	\$ 6,726,854
Short-term bills payable	1,684,506	(170,000)	-	-	-	278	1,514,784
Bonds payable	5,990,167	-	-	2,437	-	-	5,992,604
Long-term borrowings (including current portions)	7,702,748	1,439,876	-	-	-	-	9,142,624
Guarantee deposits received	<u>24,343</u>	<u>2,319</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,662</u>
	<u>\$ 19,154,032</u>	<u>\$ 4,246,781</u>	<u>\$ -</u>	<u>\$ 2,437</u>	<u>\$ -</u>	<u>\$ 278</u>	<u>\$ 23,403,528</u>

### 34. CAPITAL MANAGEMENT

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

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

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

### 35. 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	\$ 7,991,283	\$ _____ -	\$ 8,027,387	\$ _____ -	\$ 8,027,387

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

Except for the above, the management of the Group considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values, otherwise, the fair values cannot be reliably measured.

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

##### 1) Fair value hierarchy

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 14,066	\$ -	\$ 14,066
Domestic listed shares and over-the-counter shares	364,057	-	-	364,057
Mutual funds	4,907,560	-	-	4,907,560
Beneficiary certificate	1,071,797	-	-	1,071,797
Foreign listed shares	<u>545</u>	<u>-</u>	<u>-</u>	<u>545</u>
	\$ 6,343,959	\$ 14,066	\$ _____ -	\$ 6,358,025

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Equity instrument investments				
Domestic listed shares and over-the-counter shares	\$ 1,614,413	\$ -	\$ -	\$ 1,614,413
Domestic emerging market shares	-	-	16,178	16,178
Domestic unlisted shares	-	-	632,134	632,134
Foreign listed shares and over-the-counter shares	8,649	-	-	8,649
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>100,139</u>	<u>100,139</u>
	<u>\$ 1,623,062</u>	<u>\$ -</u>	<u>\$ 748,451</u>	<u>\$ 2,371,513</u>
Financial liabilities at FVTPL				
Derivatives financial liabilities	<u>\$ -</u>	<u>\$ 4,136</u>	<u>\$ -</u>	<u>\$ 4,136</u> (Concluded)

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 2,181	\$ -	\$ 2,181
Domestic listed shares and over-the-counter shares	151,081	-	-	151,081
Mutual funds	3,995,963	-	-	3,995,963
Beneficiary certificate	934,252	-	-	934,252
Foreign listed shares	<u>828</u>	<u>-</u>	<u>-</u>	<u>828</u>
	<u>\$ 5,082,124</u>	<u>\$ 2,181</u>	<u>\$ -</u>	<u>\$ 5,084,305</u>
Financial assets at FVTOCI				
Equity instrument investments				
Domestic listed shares and over-the-counter shares	\$ 1,828,996	\$ -	\$ -	\$ 1,828,996
Domestic emerging market shares	-	-	15,937	15,937
Domestic unlisted shares	-	-	655,575	655,575
Foreign listed shares and over-the-counter shares	6,282	-	-	6,282
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>173,667</u>	<u>173,667</u>
	<u>\$ 1,835,278</u>	<u>\$ -</u>	<u>\$ 845,179</u>	<u>\$ 2,680,457</u>
Financial liabilities at FVTPL				
Derivatives financial liabilities	<u>\$ -</u>	<u>\$ 11,135</u>	<u>\$ -</u>	<u>\$ 11,135</u>

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

	<u>For the Year Ended December 31</u>	
	2019	2018
<u>Financial assets at FVTOCI</u>		
Balance at January 1	\$ 845,179	\$ 779,889
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	(44,305)	109,938
Return of capital	<u>(52,423)</u>	<u>(44,648)</u>
Balance at December 31	<u>\$ 748,451</u>	<u>\$ 845,179</u>

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

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

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

The Group applied the valuation techniques and inputs for Level 3 fair value measurement for its independent fair value authentication of financial instruments which was carried out by the financial department. Through information from independent parties, the Group 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 \$74,845 thousand and \$84,518 thousand, for the year 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	\$ 6,358,025	\$ 5,084,305
Financial assets measured at amortized cost		
Cash and cash equivalents	7,927,403	8,123,304
Pledged time deposits	659,923	750,893
Investment products	158,148	-
Notes receivable	634,435	1,015,882
Accounts receivable	6,411,077	7,532,851
Other receivables (including related parties)	277,131	279,612
Refundable deposits	181,829	160,228
Financial assets at FVTOCI - equity instrument investments	2,371,513	2,680,457
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Held for trading	4,136	11,135

(Continued)

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Financial liabilities measured at amortized cost		
Short-term borrowings	\$ 4,258,980	\$ 6,726,854
Short-term bills payable	1,352,810	1,514,784
Notes payable and accounts payable	2,757,368	3,392,687
Other payables (including related parties)	1,938,026	1,897,550
Current portion of long-term borrowings	1,443,156	525,000
Bonds payable	6,991,327	5,992,604
Long-term borrowings	9,049,770	8,617,624
Guarantee deposits received	27,475	26,662
		(Concluded)

d. Financial risk management objectives and policies

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

1) Market risk

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

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

a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities are set out in Note 40 and of the derivatives exposing the Group to foreign currency risk at the end of the reporting period are set out in Note 7.

Sensitivity analysis

The sensitivity analysis of foreign currency risk mainly focuses on the computation of foreign currency monetary items at the end of the financial reporting period (U.S. dollar denominated items). When the Group's functional currency appreciates/depreciates by 3% against the USD, the Group's profit before tax in 2019 will decrease/increase \$96,588 thousand; the profit before tax in 2018 will decrease/increase \$86,895 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 Group was exposed to fair value interest rate risk because the Group held financial assets and financial liabilities at fixed rates; the Group was exposed to cash flow interest rate risk because the Group held financial assets and financial liabilities at floating rates. The Group's management monitors the changes in the market rates on a regular basis and adjusts the floating rate financial liabilities to make the Group's rates approach market rates in response to the risk caused by changing market rates.

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

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Fair value interest rate risk		
Financial assets	\$ 5,253,127	\$ 5,347,257
Financial liabilities	15,821,920	12,766,926
Cash flow interest rate risk		
Financial assets	3,441,301	3,422,707
Financial liabilities	7,826,901	10,609,940

Sensitivity analysis

Regarding the sensitivity analysis of interest risk, the Group's computation was based on financial assets and financial liabilities with cash flow interest rate risk. A 50 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rate. If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit before tax for the years ended December 31, 2019 and 2018 would have decreased/increased by \$21,928 thousand and \$35,936 thousand, respectively.

c) Other price risk

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

Sensitivity analysis

The analysis below was determined based on the exposure to equity price risk at the end of the reporting period.

If equity prices had fluctuated by 5%, the pre-tax profit for the years ended December 31, 2019 and 2018 would have increased/decreased by \$317,198 thousand and \$254,106 thousand 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 increase/decreased by \$118,576 thousand and \$134,023 as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the total of the following:

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

The Group adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

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

3) Liquidity risk

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

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

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

December 31, 2019

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities		\$ 4,695,394	\$ -	\$ -
Lease liabilities	0.83-9.25	76,667	279,108	357,825
Floating interest rate liabilities	0.83-4.58	1,427,131	6,400,000	-
Fixed interest rate liabilities	0.50-2.60	<u>5,628,050</u>	<u>9,649,999</u>	<u>-</u>
		<u>\$ 11,827,242</u>	<u>\$ 16,329,107</u>	<u>\$ 357,825</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 76,667</u>	<u>\$ 279,108</u>	<u>\$ 121,078</u>	<u>\$ 54,321</u>	<u>\$ 52,399</u>	<u>\$ 130,027</u>

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		\$ 5,290,237	\$ -	\$ -
Floating interest rate liabilities	0.83-4.58	3,042,315	7,567,625	-
Fixed interest rate liabilities	0.49-3.65	<u>5,724,539</u>	<u>7,050,575</u>	-
		<u>\$ 14,057,091</u>	<u>\$ 14,618,200</u>	<u>\$ -</u>

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

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

December 31, 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	\$ 976,924	\$ 1,557,083	\$ 28,793
Outflows	<u>(972,818)</u>	<u>(1,552,082)</u>	<u>(29,358)</u>
	<u>\$ 4,106</u>	<u>\$ 5,001</u>	<u>\$ (565)</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	\$ 1,254,606	\$ 1,249,421	\$ 85,474
Outflows	<u>(1,262,179)</u>	<u>(1,258,131)</u>	<u>(86,700)</u>
	<u>\$ (7,573)</u>	<u>\$ (8,710)</u>	<u>\$ (1,226)</u>

c) Financing facilities

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

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Bank loan facilities		
Amount unused	<u>\$ 23,210,225</u>	<u>\$ 20,493,587</u>

**36. TRANSACTIONS WITH RELATED PARTIES**

Balances and transactions between the Company and its subsidiaries (which are related parties of the Company) have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related parties' names and their relationships

<b>Related Party Names</b>	<b>Relationship with the Group</b>
Fujian Gulei Petrochemical Co., Ltd.	Joint venture
USI Education Foundation	Other related party

b. Donation expense (classified as general and administrative expenses)

	<b>For the Year Ended December 31</b>	
<b>Related Party Category/Name</b>	<b>2019</b>	<b>2018</b>
Other related party		
USI Education Foundation	<u>\$ 8,500</u>	<u>\$ 7,500</u>

c. Management services income (classified as other income)

	<b>For the Year Ended December 31</b>	
<b>Related Party Category/Name</b>	<b>2019</b>	<b>2018</b>
Joint venture	<u>\$ 22,606</u>	<u>\$ 26,984</u>

d. Other receivables

	<b>December 31</b>	
<b>Related Party Category/Name</b>	<b>2019</b>	<b>2018</b>
Joint venture	<u>\$ 16,494</u>	<u>\$ 12,768</u>

e. Compensation of key management personnel

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

	<u>For the Year Ended December 31</u>	
	2019	2018
Short-term employee benefits	\$ 58,563	\$ 55,681
Post-employment benefits	<u>324</u>	<u>324</u>
	<u>\$ 58,887</u>	<u>\$ 56,005</u>

Compensation of the board and other key management personnel depends on individual performance and market trending.

### 37. ASSETS PLEDGED AS COLLATERAL

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

	<u>December 31</u>	
	2019	2018
Pledged time deposits (classified as financial assets measured at amortized cost)	\$ 659,923	\$ 750,893
Shares	-	970,370
Property, plant and equipment	3,802,055	4,082,108
Investment properties, net	108,178	108,178
Land use rights (classified as long-term prepayments for leases)	-	78,189
Land use rights (classified as right-of-use assets)	31,666	-
Refundable deposits (classified as other non-current assets)	<u>93,105</u>	<u>53,535</u>
	<u>\$ 4,694,927</u>	<u>\$ 6,043,273</u>

### 38. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

- a. As of December 31, 2019 and 2018, the Company's unused letters of credit amounted to \$2,715,961 thousand and \$3,857,537 thousand, respectively.
- b. The following is regarding the subsidiary, CGTD, who was commissioned to operate LCY Chemical Corp.'s propene pipeline resulting in a gas explosion on July 31, 2014 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.

### 39. SIGNIFICANT CONTRACTS

- a. TVCM along with CPC Corporation, Formosa Plastics Corporation, Mitsui Corp., signed a dichloromethane purchase agreement in which the purchase prices are calculated by the buyers and sellers in accordance with a pricing formula.
- b. The Company and APC entered into a joint venture contract for an investment of Fujian Gulei Petrochemical Co., Ltd. on April 17, 2014. The related entities of the contract or commitments are Ho Tung Chemical Corporation, LCY Chemical Corporation, HsinTay Petroleum Company Limited, Chenergy Global Corporation and Lien Hwa Industrial Corporation. The main contents of the contract and commitments include: (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.

c. Significant operating contracts

CGTD is commissioned to operate the storage and transportation of any items of petrochemical raw materials; operating service charges are calculated in accordance with the actual operation quantities and at the rate stated in the contracts. The petrochemical raw materials insurance expenses are borne by individual commissioned companies.

<u>Commissioned Company</u>	<u>Operation Contract Period</u>
Taita Chemical Company, Ltd.	2020.01.01-2021.12.31
Taiwan VCM Corporation	2020.01.01-2021.12.31
USI Corporation	2019.01.01-2019.12.31
Asia Polymer Corporation	2019.01.01-2019.12.31
Formosa Plastic Corporation	2020.01.01-2021.12.31
Oriental Union Chemical Corporation	2019.01.01-2019.12.31
LCY Chemical Corporation	2020.01.01-2021.12.31
Taiwan Styrene Monomer Corporation	2020.01.01-2021.12.31
Transformational Chemistry Corporation	2020.01.01-2021.12.31
NANTEX Industry Co., Ltd.	2020.01.01-2021.12.31
En Chuan Chemical Industries Co., Ltd.	2020.01.01-2021.12.31
Xin Long Guang Plastics Co., Ltd.	2020.01.01-2021.12.31

The above contracts may be renewed after the expiry of the period.

**40. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES**

The group entities' significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

Unit: In Thousands, other than the exchange rate

	<u>December 31, 2019</u>				
	<b>Foreign Currency</b>	<b>Exchange Rate (In Dollars)</b>		<b>Functional Currency</b>	<b>NTD</b>
<u>Foreign currency assets</u>					
Monetary items					
USD	\$ 148,885	29.98	(USD:NTD)	\$ 4,463,547	\$ 4,463,547
USD	3,775	6.98	(USD:RMB)	26,338	113,188
USD	3,072	4.26	(USD:MYR)	13,095	92,609
RMB	310,792	4.30	(RMB:NTD)	1,335,629	1,335,629
RMB	3,227	0.14	(RMB:USD)	463	13,882
AUD	611	21.01	(AUD:NTD)	12,835	12,835
EUR	343	33.59	(EUR:NTD)	11,518	11,518
					(Continued)

<b>December 31, 2019</b>					
	<b>Foreign Currency</b>	<b>Exchange Rate (In Dollars)</b>		<b>Functional Currency</b>	<b>NTD</b>
<b>Non-monetary items</b>					
Joint ventures accounted for using the equity method					
RMB	\$ 3,459,518	0.14	(RMB:USD)	\$ 495,903	\$ 14,867,168
<b>Derivative instruments</b>					
USD buy	720	29.98	(USD:NTD)	23	23
USD sell	41,000	29.98	(USD:NTD)	11,784	11,784
USD sell	865	4.26	(USD:MYR)	136	960
RMB sell	81,800	4.30	(RMB:NTD)	1,083	1,083
EUR sell	224	4.78	(EUR:MYR)	28	198
JPY buy	40,000	0.01	(JPY:USD)	1	18
<b><u>Foreign currency liabilities</u></b>					
<b>Monetary items</b>					
USD	34,005	29.98	(USD:NTD)	1,019,462	1,019,462
USD	13,611	6.98	(USD:RMB)	94,955	408,069
USD	737	4.26	(USD:MYR)	3,142	22,218
RMB	26,824	4.30	(RMB:NTD)	115,276	115,276
<b>Non-monetary items</b>					
<b>Derivative instruments</b>					
USD buy	8,760	29.98	(USD:NTD)	1,395	1,395
RMB sell	155,900	4.30	(RMB:NTD)	2,741	2,741
					(Concluded)

<b>December 31, 2018</b>					
	<b>Foreign Currency</b>	<b>Exchange Rate (In Single Dollars)</b>		<b>Functional Currency</b>	<b>NTD</b>
<b><u>Foreign currency assets</u></b>					
<b>Monetary items</b>					
USD	\$ 147,405	30.72	(USD:NTD)	\$ 4,527,541	\$ 4,527,541
USD	4,965	6.86	(USD:RMB)	42,927	153,915
USD	2,995	4.32	(USD:MYR)	12,934	91,984
RMB	347,421	4.48	(RMB:NTD)	1,554,811	1,554,811
AUD	687	21.67	(AUD:NTD)	14,885	14,885
EUR	344	35.20	(EUR:NTD)	12,114	12,114
<b>Non-monetary items</b>					
Joint ventures accounted for using the equity method					
RMB	2,310,215	0.15	(RMB:USD)	336,609	10,338,945
<b>Derivative instruments</b>					
USD buy	1,065	30.72	(USD:NTD)	9	9
USD sell	29,840	30.72	(USD:NTD)	1,412	1,412
USD sell	1,294	4.32	(USD:MYR)	65	464
RMB sell	27,700	4.48	(RMB:NTD)	219	219
EUR sell	163	5.00	(EUR:MYR)	11	77
					(Continued)

	December 31, 2018					
	Foreign Currency	Exchange Rate (In Single Dollars)			Functional Currency	NTD
<u>Foreign currency liabilities</u>						
Monetary items						
USD	\$ 41,876	30.72	(USD:NTD)		\$ 1,285,325	\$ 1,285,325
USD	19,262	6.86	(USD:RMB)		132,198	591,631
RMB	47,120	4.48	(RMB:NTD)		210,876	210,876
Non-monetary items						
Derivative instruments						
USD buy	16,965	30.72	(USD:NTD)		1,338	1,338
USD sell	4,585	30.72	(USD:NTD)		417	417
RMB sell	231,200	4.48	(RMB:NTD)		9,023	8,890
JPY sell	80,000	0.01	(JPY:USD)		16	490
						(Concluded)

For the years ended December 31, 2019 and 2018, realized and unrealized net foreign exchange losses were \$159,831 thousand and \$8,899 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

#### 41. 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, associates and joint ventures). (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. (Note 7 and Note 35)
- 10) Intercompany relationships and significant intercompany transactions. (Table 9)
- 11) 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 10)
  - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. (None)
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (Table 5)
  - c) The amount of property transactions and the amount of the resultant gains or losses. (None)
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes. (Table 2)
  - e) The highest balance during the period, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds. (Table 1)
  - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services. (None)

## 42. SEGMENT INFORMATION

The Group provides its chief operating decision maker with details on its allocated resources and assessed segment information which focuses on each group entity's financial information. The Group's reportable segment related information is detailed as follows:

a. Reportable segment income information

	For the Year Ended December 31, 2019						Total
	USI	CGPC and Its Subsidiaries	TTC and Its Subsidiaries	ACME and Its Subsidiaries	APC and Its Subsidiaries	Others	
Segment income	\$ 10,966,471	\$ 15,117,855	\$ 17,672,204	\$ 2,132,889	\$ 6,791,157	\$ 4,776,642	\$ 57,457,218
Interest income	15,978	15,780	25,213	12,567	14,876	69,292	153,706
Finance costs	(121,666)	(12,203)	(51,091)	(20,999)	(56,163)	(44,151)	(306,273)
Depreciation and amortization	(517,699)	(638,066)	(209,997)	(212,322)	(304,135)	(410,217)	(2,292,436)
Impairment losses	-	-	(60,265)	(37,939)	(1,252)	(14,131)	(113,587)
Reportable segment profit (loss) before tax	1,458,987	854,008	558,204	(110,824)	984,841	769,628	4,514,844
Reportable segment tax expense	(177,623)	(160,193)	(160,227)	(17,641)	(163,820)	(140,640)	(820,144)
Reportable segment net profit (loss)	1,281,364	693,815	397,977	(128,465)	821,021	628,988	3,694,700

For the Year Ended December 31, 2018							
	USI	CGPC and Its Subsidiaries	TTC and Its Subsidiaries	ACME and Its Subsidiaries	APC and Its Subsidiaries	Others	Total
Segment income	\$ 11,763,140	\$ 15,192,621	\$ 21,683,702	\$ 2,382,293	\$ 6,375,134	\$ 5,213,465	\$ 62,610,355
Interest income	18,186	16,400	12,922	14,275	18,489	91,392	171,664
Finance costs	(86,490)	(10,149)	(55,349)	(23,252)	(40,142)	(55,800)	(271,182)
Depreciation and amortization	(430,952)	(526,598)	(197,771)	(216,354)	(292,406)	(389,107)	(2,053,188)
Impairment losses (reversed)	(27,630)	(168)	-	(50,163)	11,678	-	(66,283)
Reportable segment profit before tax	620,342	1,654,352	331,252	150,703	316,863	397,277	3,470,789
Reportable segment tax expense	(80,407)	(305,699)	(123,279)	(15,926)	(30,037)	(98,730)	(654,078)
Reportable segment net profit	539,935	1,348,653	207,973	134,777	286,826	298,547	2,816,711

b. Reportable segment income and other major adjusted of items

1) Segment income and operating results

	For the Year Ended December 31	
	2019	2018
Reportable segment net profit before tax	\$ 3,745,216	\$ 3,073,512
Reportable segment tax expense	<u>(679,504)</u>	<u>(555,348)</u>
Reportable segment profit after tax	3,065,712	2,518,164
Other non-reportable segment profit	628,988	298,547
Less: Profit between segments	<u>(1,153,474)</u>	<u>(948,362)</u>
Profit from continuing operations	2,541,226	1,868,349
Profit or loss from discontinued operations	<u>4,175</u>	<u>7,467</u>
Net profit after tax	<u>\$ 2,545,401</u>	<u>\$ 1,875,816</u>

2) Other significant items reconciliation

For the Year Ended December 31, 2019								
	USI	CGPC and Its Subsidiaries	TTC and Its Subsidiaries	ACME and Its Subsidiaries	APC and Its Subsidiaries	Others	Reconciliation	Total
Interest income	\$ 15,978	\$ 15,780	\$ 25,213	\$ 12,567	\$ 14,876	\$ 69,292	\$ -	\$ 153,706
Finance costs	(121,666)	(12,203)	(51,091)	(20,999)	(56,163)	(44,151)	3,704	(302,569)
Depreciation and amortization	(517,699)	(638,066)	(209,997)	(212,322)	(304,135)	(410,217)	55,920	(2,236,516)
Impairment losses	-	-	(60,265)	(37,939)	(1,252)	(14,131)	-	(113,587)

For the Year Ended December 31, 2018								
	USI	CGPC and Its Subsidiaries	TTC and Its Subsidiaries	ACME and Its Subsidiaries	APC and Its Subsidiaries	Others	Reconciliation	Total
Interest income	\$ 18,186	\$ 16,400	\$ 12,922	\$ 14,275	\$ 18,489	\$ 91,392	\$ -	\$ 171,664
Finance costs	(86,490)	(10,149)	(55,349)	(23,252)	(40,142)	(55,800)	-	(271,182)
Depreciation and amortization	(430,952)	(526,598)	(197,771)	(216,354)	(292,406)	(389,107)	889	(2,052,299)
Impairment losses	(27,630)	(168)	-	(50,163)	11,678	-	-	(66,283)

The Group had not offered information about assets of individual operating segments to the operational decision maker, so no such information from the individual operating segments is included in the segment information.

c. Revenue from major products

	<b><u>For the Year Ended December 31</u></b>	
	<b>2019</b>	<b>2018</b>
<u>Products</u>		
Plastic materials	\$ 52,990,243	\$ 57,962,076
Electronic materials	2,114,637	2,373,962
Others	<u>551,861</u>	<u>556,475</u>
	<u>\$ 55,656,741</u>	<u>\$ 60,892,513</u>

d. Geographical information

The Group's major operations are located in Asia, so its non-current assets and related information are not shown by location.

The Group's revenue from continuing operations from external customers by location of operations are detailed below:

	<b><u>For the Year Ended December 31</u></b>	
	<b>2019</b>	<b>2018</b>
Asia	\$ 50,203,661	\$ 55,101,296
America	3,217,101	3,020,120
Europe	560,702	721,948
Africa	611,835	803,046
Oceania	337,114	287,405
Others	<u>726,328</u>	<u>958,698</u>
	<u>\$ 55,656,741</u>	<u>\$ 60,892,513</u>

e. Major customers

No single customer contributed 10% or more to the Group's revenue for both 2019 and 2018.

**USI CORPORATION AND SUBSIDIARIES**  
(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 (Notes 3 and 4)	Actual Borrowing Amount (Notes 3 and 4)	Interest Rate (%)	Nature of Financing (Notes 3 and 4)	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.

Note 4: All the transactions were fully eliminated upon preparation of the consolidated financial statements.



**USI CORPORATION AND SUBSIDIARIES**  
(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 (Notes 3 and 4)	Actual Borrowing Amount (Notes 3 and 4)	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)	Note
													Item	Value			
1	Forever Young Company Limited	Swanson International Ltd. A.S. Holding (UK) Limited	Other receivables - related parties	Yes	\$ 98,118	\$ 93,088	\$ 93,088	-	2	\$ -	Business turnover	\$ -	-	-	\$ 138,624	\$ 207,936	
			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.

Note 4: All the transactions were fully eliminated upon preparation of the consolidated financial statements.

**USI CORPORATION AND SUBSIDIARIES**

(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 (Notes 4 and 5)	Actual Borrowing Amount (Notes 4 and 5)	Interest Rate (%)	Nature of Financing (Note 3)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 1, 2 and 4)	Aggregate Financing Limit (Notes 1, 2 and 4)	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.

Note 5: All the transactions were fully eliminated upon preparation of the consolidated financial statements.



## USI CORPORATION AND SUBSIDIARIES

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 AND SUBSIDIARIES**  
(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 (Note 3)	Outstanding Endorsement/Guarantee at the End of the Period (Note 3)	Actual Borrowing Amount (Note 3)	Amount Endorsed/Guaranteed by Collaterals	Ratio of Accumulated Endorsement/Guarantee to Net Equity in Latest Financial Statements (%) (Note 1)	Aggregate Endorsement/Guarantee Limit (Note 2)	Endorsement/Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	Acme Electronics Corporation	Acme Electronics (Kunshan) Co., Ltd.	Subsidiary of ACME (Cayman)	\$ 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 AND SUBSIDIARIES**  
(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 AND SUBSIDIARIES**  
(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 AND SUBSIDIARIES**  
(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 AND SUBSIDIARIES

## 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	-	Note 2
	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 AND SUBSIDIARIES**  
(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	Note 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	Note 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	Note 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	Note 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	Note 1
	Taishin Ta-Chong Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,244,236	32,005	-	32,005	Note 1
	UPAMC James Bond Money Market Fund	-	Financial assets at fair value through profit or loss - current	596,011	10,000	-	10,000	Note 1
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	325,457	5,000	-	5,000	Note 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	Note 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	Note 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	Note 1
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	8,813,848	119,729	-	119,729	Note 1
	Capital Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,574,758	41,704	-	41,704	Note 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	-	Notes 1 and 3
	Sohoware, Inc. - preference shares	-	Financial assets at fair value through profit or loss - non-current	100,000	-	-	-	Notes 1, 2 and 3

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

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

Note 3: As of December 31, 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 AND SUBSIDIARIES**

(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	Note 1
	Harbinger Venture Capital	-	Financial assets at fair value through other comprehensive income - non-current	990	27	0.50	27	Notes 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	Note 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	Note 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	Note 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	Note 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	Note 2
Taita (BVI) Holding Co., Ltd.	<u>Shares</u> Budworth Investment Ltd. - ordinary shares	-	Financial assets at fair value through other comprehensive income - non-current	20,219	6 (US\$ - thousand)	2.22	6 (US\$ - thousand)	Notes 3 and 5
	Teratech Corporation - ordinary shares	-	Financial assets at fair value through profit or loss - non-current	112,000	-	0.72	-	Note 4
	Sohoware Inc. - preference shares	-	Financial assets at fair value through profit or loss - non-current	100,000	-	-	-	Note 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 AND SUBSIDIARIES**

(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 AND SUBSIDIARIES**  
(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 AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 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 AND SUBSIDIARIES**  
(China General Plastics Corporation (CGPC))

**MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NTS300 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 AND SUBSIDIARIES**  
(Taita Chemical Company, Ltd.)

**MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NTS300 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 AND SUBSIDIARIES**  
(Asia Polymer Corporation)

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

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

Buyer/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)	

Note: All the transactions were fully eliminated upon preparation of the consolidated financial statements.



**USI CORPORATION AND SUBSIDIARIES**

(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)	

Note: All the transactions were fully eliminated upon preparation of the consolidated financial statements.

**USI CORPORATION AND SUBSIDIARIES**

(Swanson Plastics Corporation (SPC))

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

Note: All the transactions were fully eliminated upon preparation of the consolidated financial statements.

(Concluded)

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

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

Note: All the transactions were fully eliminated upon preparation of the consolidated financial statements.



**USI CORPORATION AND SUBSIDIARIES**

(Taita Chemical Company, Ltd.)

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
 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-subsiidiary	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-subsiidiary	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	

Note: All the transactions were fully eliminated upon preparation of the consolidated financial statements.

**USI CORPORATION AND SUBSIDIARIES**  
(Asia Polymer Corporation)

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
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)	

Note: All the transactions were fully eliminated upon preparation of the consolidated financial statements.



**USI CORPORATION AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NTS100 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 (Note 3)	Turnover Rate (%)	Overdue		Amounts Received in Subsequent Period (Note 2)	Allowance for Impairment Loss
					Amount	Actions Taken		
USI Corporation	Taiwan VCM Corporation	Subsidiary of the Company	Other receivables - related parties \$ 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 period refers to the period from January 1, 2020 to March 5, 2020.

Note 3: All the transactions were fully eliminated upon preparation of the consolidated financial statements.

**USI CORPORATION AND SUBSIDIARIES**  
(Acme Electronics Corporation)

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NTS100 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 (Note 2)	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 1
Acme Electronics (Guangzhou) Co., Ltd.	Acme Electronics Corporation	Subsidiary of GAEL	Accounts receivable - related parties 115,276	2.22	-	-	69,307	Note 1

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

Note 2: All the transactions were fully eliminated upon preparation of the consolidated financial statements.



**USI CORPORATION AND SUBSIDIARIES**

(Swanson Plastics Corporation (SWANSON))

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NTS100 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 (Note 3)	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 from January 1, 2020 to March 4, 2020.

Note 3: All the transactions were fully eliminated upon preparation of the consolidated financial statements.

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

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NTS100 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 (Note 3)	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	\$ 108,648	3.88	\$ -	-	\$ 48,615	Note 1
Taiwan VCM Corporation	China General Plastics Corporation	Parent company	Accounts receivable from related parties	\$ 866,364	5.55	-	-	866,364	Note 1
	CGPC Polymer Corporation	Fellow subsidiary	Accounts receivable from related parties	\$ 744,328	5.78	-	-	744,328	Note 1

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

Note 2: The subsequent period refers to the period from January 1, 2020 to February 20, 2020.

Note 3: All the transactions were fully eliminated upon preparation of the consolidated financial statements.



**USI CORPORATION AND SUBSIDIARIES**

(Taita Chemical Company, Ltd.)

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NTS100 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 (Note 4)	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-subsiidiary	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.

Note 3: All the transactions were fully eliminated upon preparation of the consolidated financial statements.

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

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

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance (Note 3)	Turnover Rate (%)	Overdue		Amounts Received in Subsequent Period (Note 2)	Allowance for Impairment Loss	
					Amount	Actions Taken			
Asia Polymer Corporation	USI Corporation	Ultimate parent company	Accounts receivable - related parties	\$ 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 refers to the period from January 1, 2020 to March 5, 2020.

Note 3: All the transactions were fully eliminated upon preparation of the consolidated financial statements.



## USI CORPORATION AND SUBSIDIARIES

INFORMATION ON 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	(US\$ 6,596 220 thousand)	(US\$ 6,596 220 thousand)	220,000	100.00	27,807	(US\$ (2,974) -96 thousand)		Sub-subsi- diary
Swanlake Traders Ltd.	ACME Electronics (Cayman) Corp.	Ugland House P.O. Box 309 George Town, Grand Cayman, Cayman Islands	Reinvestment	(US\$ 106,056 3,538 thousand)	(US\$ 106,056 3,538 thousand)	5,609,231	11.23	(US\$ 134,250 4,478 thousand)	(US\$ (54,215) -1,763 thousand)		Sub-subsi- diary

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.

Note 3: All the transactions were fully eliminated upon preparation of the consolidated financial statements.

(Concluded)



**USI CORPORATION AND SUBSIDIARIES**  
(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 monoocrystals	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)		
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		

Note 1: All the transactions were fully eliminated upon preparation of the consolidated financial statements.

Note 2: The amount is calculated according to the original investment cost.

Note 3: Information on investments in mainland China is provided in Table 8-1.

**USI CORPORATION AND SUBSIDIARIES**  
 (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.

Note 4: All the transactions were fully eliminated upon preparation of the consolidated financial statements.



**USI CORPORATION AND SUBSIDIARIES**  
(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.

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: All the transactions were fully eliminated upon preparation of the consolidated financial statements.

Note 4: Information on investments in mainland China is provided in Table 8-3.

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

**INFORMATION ON INVESTEEES**  
**FOR THE YEAR ENDED DECEMBER 31, 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: All the transactions were fully eliminated upon preparation of the consolidated financial statements.

Note 3: Investments in mainland China are included in Table 8-4.



**USI CORPORATION AND SUBSIDIARIES**  
 (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\$ 13,775 thousand)	\$ 412,969 (US\$ 13,775 thousand)	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 thousand)	83,944 (US\$ 2,800 thousand)	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 1: All the transactions were fully eliminated upon preparation of the consolidated financial statements.

Note 2: Investments in mainland China are included in Table 8-5.

## USI CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
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 7)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019 (Note 7)	Investment Flows (Note 7)		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019 (Note 7)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 6 and 8)	Carrying Amount as of December 31, 2019 (Notes 6 and 8)	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 (RMB6,914,400 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 (Note 7)	Investment Amounts Authorized by Investment Commission, MOEA (Note 7)	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 (80.01%), 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: Except for Gulei, All the transactions were fully eliminated upon preparation of the consolidated financial statements.

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

Note 8: 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 AND SUBSIDIARIES**

(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 6 and 8)	Carrying Amount as of December 31, 2019 (Notes 7 and 8)	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 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.

Note 8: All the transactions were fully eliminated upon preparation of the consolidated financial statements.

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

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA**  
**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) (Note 3)	Carrying Amount as of December 31, 2019 (Note 3)	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.

Note 3: All the transactions were fully eliminated upon preparation of the consolidated financial statements.



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

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
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.

Note 6: All the transactions were fully eliminated upon preparation of the consolidated financial statements.

## USI CORPORATION AND SUBSIDIARIES

(Taita Chemical Company, Ltd. (TTC))

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
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.

Note 6: All the transactions were fully eliminated upon preparation of the consolidated financial statements.



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

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA**  
**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\$ 3,035 thousand)	-	-	91,007 (US\$ 3,035 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.

Note 7: All the transactions were fully eliminated upon preparation of the consolidated financial statements.

## USI CORPORATION AND SUBSIDIARIES

### INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS FOR THE YEAR ENDED DECEMBER 31, 2019 (In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms	% to Total Sales or Assets (Note 4)
0	USI Corporation	USI Far East (HK) Co., Ltd.	a	Sales revenue	\$ 157,522	No significant difference	0.28
		USIG (Shanghai) Co., Ltd.	a	Sales revenue	129,430	No significant difference	0.23
		Forever Young Company Limited	a	Sales revenue	173,265	No significant difference	0.31
		Swanson Plastics Corporation	a	Sales revenue	51,721	No significant difference	0.09
		Asia Polymer Corporation	a	Purchases	842,867	No significant difference	1.51
		Swanson Plastics Corporation	a	Purchases	61,534	No significant difference	0.11
		Taita Chemical Company, Ltd.	a	Purchases	16,500	No significant difference	0.03
		USIG (Shanghai) Co., Ltd.	a	Accounts receivable	27,668	No significant difference	0.05
		USI Far East (HK) Co., Ltd.	a	Accounts receivable	24,937	No significant difference	0.03
		Forever Young Company Limited	a	Accounts receivable	28,450	No significant difference	0.04
		Asia Polymer Corporation	a	Other receivables	160,382	No significant difference	0.22
		Taiwan VCM Corporation	a	Other receivables	158,814	No significant difference	0.22
		Asia Polymer Corporation	a	Other company related payables	143,791	No significant difference	0.20
		USI Management Consulting Corporation	a	Management services expense	96,242	No significant difference	0.13
China General Terminal & Distribution Corporation	a	Purchases	21,243	No significant difference	0.03		
1	Asia Polymer Corporation	Swanson Plastics Corporation	c	Sales revenue	43,992	No significant difference	0.08
		USI Far East (HK) Co., Ltd.	c	Sales revenue	19,848	No significant difference	0.04
		Forever Young Company Limited	c	Sales revenue	11,298	No significant difference	0.02
		Taita Chemical Company, Ltd.	c	Purchases	50,658	No significant difference	0.09
		Swanson Plastics Corporation	c	Purchases	33,501	No significant difference	0.05
		China General Terminal & Distribution Corporation	c	Storage tank operating expense	33,871	No significant difference	0.06
		USIG (Shanghai) Co., Ltd.	c	Sales revenue	113,478	No significant difference	0.20
		USIG (Shanghai) Co., Ltd.	c	Accounts receivable	27,988	No significant difference	0.05
2	China General Plastics Corporation	China General Terminal & Distribution Corporation	c	Purchases	100,832	No significant difference	0.14
		China General Terminal & Distribution Corporation	c	Other payables	12,211	No significant difference	0.02
		USI Management Consulting Corporation	c	Management services expense	865,011	No significant difference	1.55
		Taiwan VCM Corporation	c	Purchases	4,551,682	No significant difference	8.18
		Taiwan VCM Corporation	c	Accounts payable	866,364	No significant difference	1.56
		CGPC America Corporation	c	Sales revenue	407,159	No significant difference	0.73
		CGPC America Corporation	c	Accounts receivable	108,648	No significant difference	0.20
		CGPC Polymer Corporation	c	Purchases	32,007	No significant difference	0.06

(Continued)



No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms	% to Total Sales or Assets (Note 4)
3	Taita Chemical Company, Ltd.	USI Management Consulting Corporation	c	Management services expense	\$ 52,063	No significant difference	0.07
		China General Terminal & Distribution Corporation	c	Storage tank operating expense	17,664	No significant difference	0.03
		Taita Chemical (Zhongshan) Co., Ltd.	c	Sales revenue	828,965	No significant difference	1.49
		Taita Chemical (Zhongshan) Co., Ltd.	c	Account receivable	57,615	No significant difference	0.08
		Taida Chemical (Tianjin) Co., Ltd.	c	Other receivables	279,325	No significant difference	0.39
4	Acme Electronics Corporation	USI Management Consulting Corporation	c	Management services expense	10,020	No significant difference	0.01
		Acme Electronics (Kunshan) Co., Ltd.	c	Sales revenue	97,959	No significant difference	0.18
		Acme Electronics (Guangzhou) Co., Ltd.	c	Sales revenue	106,741	No significant difference	0.19
		ACME Ferrite Product Sdn. Bhd.	c	Sales revenue	20,725	No significant difference	0.04
		Acme Electronics (Kunshan) Co., Ltd.	c	Cost of goods sold	54,005	No significant difference	0.11
		Acme Electronics (Guangzhou) Co., Ltd.	c	Processing costs	358,067	No significant difference	0.50
		Acme Electronics (Kunshan) Co., Ltd.	c	Premium revenue	11,522	No significant difference	0.02
		ACME Electronics (Cayman) Corp.	c	Management services revenue	19,936	No significant difference	0.03
		Acme Electronics (Kunshan) Co., Ltd.	c	Accounts receivable	21,969	No significant difference	0.03
		Acme Electronics (Guangzhou) Co., Ltd.	c	Accounts receivable	24,634	No significant difference	0.03
		Acme Electronics (Kunshan) Co., Ltd.	c	Other receivables	10,017	No significant difference	0.02
		ACME Electronics (Cayman) Corp.	c	Other receivables	188,686	No significant difference	0.34
		Acme Electronics (Guangzhou) Co., Ltd.	c	Note payables and accounts payable	115,276	No significant difference	0.21
		Acme Electronics (Kunshan) Co., Ltd.	c	Note payables and accounts payable	21,964	No significant difference	0.04
		Acme Electronics (Guangzhou) Co., Ltd.	c	Sales revenue	24,425	No significant difference	0.03
5	USI Management Consulting Corporation	Asia Polymer Corporation	c	Management services revenue	42,488	No significant difference	0.06
		Swanson Plastics Corporation.	c	Management services revenue	25,350	No significant difference	0.05
		China General Terminal & Distribution Corporation	c	Management services revenue	12,857	No significant difference	0.02
6	Taita Chemical (Zhongshan) Co., Ltd.	Taida Chemical (Tianjin) Co., Ltd.	c	Other receivables	64,967	No significant difference	0.12
		Taida Chemical (Tianjin) Co., Ltd.	c	Cost of goods sold	17,213	No significant difference	0.02
7	Acme Electronics (Kunshan) Co., Ltd.	ACME Ferrite Product Sdn. Bhd.	c	Sales revenue	46,090	No significant difference	0.06
8	CGPC Polymer Corporation	Taiwan VCM Corporation	c	Purchases	4,396,295	No significant difference	7.90
		Taiwan VCM Corporation	c	Accounts payable	744,328	No significant difference	1.04
		Taiwan VCM Corporation	c	Other payables	24,171	No significant difference	0.03
9	Swanson Plastics Corporation	Forever Young Company Limited	c	Sales revenue	73,408	No significant difference	0.10
		Forever Young Company Limited	c	Other revenue	22,257	No significant difference	0.03
		Forever Young Company Limited	c	Accounts receivable	18,390	No significant difference	0.03

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms	% to Total Sales or Assets (Note 4)
10	Forever Young Company Limited	Swanson Plastics (Kunshan) Corp.	c	Sales revenue	\$ 400,281	No significant difference	0.72
		Swanson Plastics (Kunshan) Corp.	c	Sales revenue	58,981	No significant difference	0.11
		Swanson Plastics (Malaysia) Sdn. Bhd.	c	Sales revenue	458,643	No significant difference	0.82
		Swanson Plastics (Malaysia) Sdn. Bhd.	c	Cost of goods sold	210,471	No significant difference	0.29
		Swanson Plastics (Malaysia) Sdn. Bhd.	c	Accounts receivable	39,511	No significant difference	0.07
		Swanson Plastics (Malaysia) Sdn. Bhd.	c	Accounts payable	11,750	No significant difference	0.02
		Swanson International Ltd.	c	Other receivables	93,088	No significant difference	0.17
		Swanson Plastics (India) Private Ltd.	c	Sales revenue	54,543	No significant difference	0.08
		Swanson Plastics (India) Private Ltd.	c	Accounts receivable	21,841	No significant difference	0.03
		PT. Swanson Plastics Indonesia	c	Accounts receivable	38,244	No significant difference	0.07
		PT. Swanson Plastics Indonesia	c	Sales revenue	213,998	No significant difference	0.38
11	Swanson Plastics (Singapore) Pte. Ltd.	Swanson Plastics (Malaysia) Sdn. Bhd.	c	Cost of goods sold	258,608	No significant difference	0.46
		Swanson Plastics (Malaysia) Sdn. Bhd.	c	Accounts payable	12,786	No significant difference	0.02
		PT. Swanson Plastics Indonesia	c	Cost of goods sold	55,208	No significant difference	0.08
12	Swanson Plastics (Kunshan) Corp.	API-Swanson (Kunshan) Co., Ltd.	c	Sales revenue	114,618	No significant difference	0.16
		API-Swanson (Kunshan) Co., Ltd.	c	Accounts receivable	30,483	No significant difference	0.04
		Swanson Plastics (Tainjin) Co., Ltd.	c	Cost of goods sold	15,409	No significant difference	0.03
13	API-Swanson (Kunshan) Co., Ltd.	Swanson Plastics (Tainjin) Co., Ltd.	c	Other receivables	185,574	No significant difference	0.33

Note 1: The information about the transactions between the Company and the subsidiaries should be marked in the note column as follows:

- The Company: 0.
- The subsidiaries were marked from 1 in order of numeric characters by the companies.

Note 2: Investment types are as follows:

- The Company to the subsidiaries.
- The subsidiaries to the Company.
- Between subsidiaries.

Note 3: All the transactions were fully eliminated upon preparation of the consolidated financial statements.

Note 4: The ratio of transaction amounts accounted for total sales revenue or assets is calculated as follows: (1) asset or liability: The ratio was calculated based on the ending balance accounted for total consolidated assets; (2) income or loss: The ratio was calculated based on the midterm accumulated amounts accounted for total consolidated sales revenue.

(Concluded)



**USI CORPORATION AND SUBSIDIARIES**

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES  
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 service revenue	22,606	-	-	-	-	-	-	-	-
	Other income	323	-	-	-	-	-	-	-	-
	Other payables to related parties	5,109	-	-	-	-	-	-	-	-

Note: All the transactions were fully eliminated upon preparation of the consolidated financial statements.

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

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES 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 receivables to related parties	7,780	-	-	-	-	-	-	-	-

Note: All the transactions were fully eliminated upon preparation of the consolidated financial statements.



## **V. The Company's Parent Company-only Financial Statements Audited by CPAs in the Most Recent Fiscal Year**

### **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	\$ 11,887,635	\$ 245,482	\$ 7,291	\$ 18,840	\$ 2,979,753	\$ 430,526	\$ 4,346,640	\$ (602,871)	\$ -	\$ (178,187)	\$ (475,606)	\$ 18,659,503

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
CASH FLOWS FROM OPERATING ACTIVITIES		
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)

---

### 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	\$ 249,375
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

New IFRSs	Effective Date Announced by IASB (Note)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 1 “Classification of 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 rereasurement) 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. Rereasurement, 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. Rereasurement 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**

	<b>December 31</b>	
	<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:

	<b>December 31</b>	
	<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**

	<b>December 31</b>	
	<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:

	Currency	Maturity Date	Notional Amount (In Thousands)
<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>	
	2019	2018
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>	
	<b>2019</b>	<b>2018</b>
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>	
	<b>2019</b>	<b>2018</b>
<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
<u>Cost</u>								
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	\$ 495,159	\$ 112,381	\$ 1,583,473	\$ 8,741,072	\$ 32,025	\$ 170,030	\$ 285,899	\$ 11,420,039
<u>Accumulated depreciation and impairment</u>								
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	\$ -	\$ 105,283	\$ 387,074	\$ 4,124,768	\$ 25,284	\$ 167,673	\$ -	\$ 4,810,082
Carrying amounts at December 31, 2019	\$ 495,159	\$ 7,098	\$ 1,196,399	\$ 4,616,304	\$ 6,741	\$ 2,357	\$ 285,899	\$ 6,609,957
<u>Cost</u>								
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	\$ 515,281	\$ 112,381	\$ 1,106,358	\$ 6,753,834	\$ 32,373	\$ 170,415	\$ 2,379,704	\$ 11,070,346
<u>Accumulated depreciation and impairment</u>								
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	\$ -	\$ 103,809	\$ 377,245	\$ 3,716,397	\$ 23,252	\$ 167,639	\$ -	\$ 4,388,342
Carrying amounts at December 31, 2018	\$ 515,281	\$ 8,572	\$ 729,113	\$ 3,037,437	\$ 9,121	\$ 2,776	\$ 2,379,704	\$ 6,682,004

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>	
	<u>2019</u>	<u>2018</u>
<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>	
	<u>2019</u>	<u>2018</u>
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	\$ (691,947)	\$ 383,013	\$ (308,934)
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	\$ (642,262)	\$ 367,327	\$ (274,935)

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:

	<u>December 31</u>	
	<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:

	<u>December 31</u>	
	<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.

	<u>December 31</u>	
	<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:

	<u>For the Year Ended December 31</u>	
	2019	2018
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:

	<u>For the Year Ended December 31</u>	
	2019	2018
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>
<u>Deferred tax liabilities</u>					
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

	<u>December 31</u>	
	<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. ("TUVM")	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)

Related Party Category/Name	For the Year Ended December 31	
	2019	2018
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)

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

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

Related Party Category/Name	For the Year Ended December 31	
	2019	2018
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)

Related Party Category/Name	For the Year Ended December 31	
	2019	2018
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	\$ <u>149,110</u>	\$ <u>131,257</u>
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	427	-
	\$ 4,779	\$ -

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	-	20
	\$ 672	\$ 476

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	\$ 889	\$ 889

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	7,127	9,438
	\$ 89,750	\$ 61,326

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, Chenergy 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

	December 31, 2019		
	Foreign Currency	Exchange Rate (In Dollars)	Carrying Amount
<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
	December 31, 2018		
	Foreign Currency	Exchange Rate (In Single Dollars)	Carrying Amount
<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
Taiwan VCM Corporation (TVCM)	<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
	<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	1
	<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 NTS300 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-subsiary	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-subsiary	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 NTS100 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 NTS100 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 NTS100 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	\$ 108,648	3.88	\$ -	-	\$ 48,615	Note 1
Taiwan VCM Corporation	China General Plastics Corporation	Parent company	Accounts receivable from related parties	\$ 866,364	5.55	-	-	866,364	Note 1
	CGPC Polymer Corporation	Fellow subsidiary	Accounts receivable from related parties	\$ 744,328	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 NTS100 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-subsiary
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-subsiary
	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-subsiary
	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-subsiary
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-subsiary
	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-subsiary

(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	(US\$ 6,596 220 thousand)	(US\$ 6,596 220 thousand)	220,000	100.00	27,807	(US\$ (2,974) -96 thousand)		Sub-subsi- diary
Swanlake Traders Ltd.	ACME Electronics (Cayman) Corp.	Ugland House P.O. Box 309 George Town, Grand Cayman, Cayman Islands	Reinvestment	(US\$ 106,056 3,538 thousand)	(US\$ 106,056 3,538 thousand)	5,609,231	11.23	(US\$ 134,250 4,478 thousand)	(US\$ (54,215) -1,763 thousand)		Sub-subsi- diary

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 monoocrystals	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	-	-	-	-	-	-	-	-



Review and Analysis of Financial Position and Performance and Associated Risks—Consolidated Information

- VI. Any Financial Difficulties Experienced by the Company and Its Affiliated Companies during the Most Recent Year up to the Publication Date of this Annual Report, as well as the Impact of the Aforesaid Difficulties on the Financial Position of the Company Shall be Listed: None

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

### I. Financial Position

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

Unit: NT\$ thousands

Item	Year	End of 2019	End of 2018	Difference	
				Amount	%
Current assets		\$28,020,172	\$30,099,382	\$(2,079,210)	(7)
Long-term investment		17,375,834	13,172,558	4,203,276	32
Property, plant and equipment		23,228,911	23,825,239	(596,328)	(3)
Intangible assets		286,030	302,403	(16,373)	(5)
Other assets		2,514,839	1,591,456	923,383	58
Total assets		71,425,786	68,991,038	2,434,748	4
Current liabilities		12,634,382	14,651,784	(2,017,402)	(14)
Non-current liabilities		19,614,457	17,884,545	1,729,912	10
Total Liabilities		32,248,839	32,536,329	(287,490)	(1)
Capital		11,887,635	11,887,635	0	0
Retained earnings		7,756,919	6,814,829	942,090	14
Equity attributable to shareholders of the parent company		18,659,503	18,187,153	472,350	3
Non-controlling interests		20,517,444	18,267,556	2,249,888	12
Total equity		39,176,947	36,454,709	2,722,238	7

(I) Major reasons for material changes

Increase in long-term investments: An increase in the investment on Fujian Gulei Petrochemical Co., Ltd. by the Company's subsidiary in 2019.

Increase in other assets: An increase in the right-of-use assets adjusted as a result of the application of "Leases" of IFRS 16 in 2019.

(II) Effects

The Joint Venture is accounted for using the equity method. Please refer to the disclosure of the consolidated financial report on page 226 for the impact of "Leases" of IFRS 16.

# Review and Analysis of Financial Position and Performance and Associated Risks—Consolidated Information



- (III) Future response plan  
N/A.

## II. Financial Performance

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

Unit: NT\$ thousands

Year Item	2019	2018	Increase (decrease)	
			Amount	(%)
Operating Revenue	\$55,656,741	\$60,892,513	\$(5,235,772)	(9)
Operating costs	(48,924,372)	(55,097,773)	(6,173,401)	(11)
Gross profit	6,732,369	5,794,740	937,629	16
Operating expenses	(3,800,636)	(3,861,941)	(61,305)	(2)
Operating income	2,931,733	1,932,799	998,934	52
Total non-operating income and expenses	429,637	589,628	(159,991)	(27)
Net profit before tax	3,361,370	2,522,427	838,943	33
Income tax expenses	(820,144)	(654,078)	166,066	25
Net income from continuing operations	2,541,226	1,868,349	672,877	36
Gain from discontinued operations	4,175	7,467	(3,292)	(44)
Net profit	2,545,401	1,875,816	669,585	36
Other comprehensive income (net amount after taxes)	(993,485)	(60,577)	(932,908)	(1,540)
Total comprehensive income for the year	1,551,916	1,815,239	(263,323)	(15)

- (I) Major reasons for material changes
1. The increase in operating income, net profit before tax, income tax expenses, net income from continuing operations, and net profit for the year was because of the decrease in cost of raw materials and the increase in product spreads.
  2. The decrease in total non-operating income and expenses was mainly because of the decrease in profit from disposal of land use rights and profit of subsidiaries. The decrease in total non-operating income and expenses was mainly because of the decrease in profit from disposal of subsidiaries' land use rights and profit recognized by subsidiaries for 2018.
  3. The decrease in gain from discontinued operations was was mainly

because of the decrease in other income from discontinued operations.

4. The decrease in other comprehensive income (net amount after tax) was mainly because of the increase in loss on exchange of the financial statements of foreign operations.

(II) Estimated sales volume and its basis

The Company forecasts the target of PE/EVA sales volume in 2020 to be approximately 370,000 tons; the Vinyl series and its downstream processed products have a sales target of approximately 550,000 tons; the ABS/PS sales target is about 425,000 tons; the sales target of glass wool products is about 14,000 tons; the sales volume target of cubic printing products is about 77,000 jigs; ferrite magnet powder and ferrite core sales target of about 8,000 tons. In principle, the production and sales balance and the niche products are the priority sales goals.

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

No material effect.

(IV) Future response plan

N/A.

### III. Cash Flows

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

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

Unit: NT\$ thousands

Beginning cash balance	Annual net cash flow from operating activities	Other cash outflows throughout the year	Cash Balance	Remedial measures for cash deficit	
				Investment projects	Financing plans
8,123,304	6,072,493	6,268,394	7,927,403	-	-

1. Operating activities:

The net cash inflow was in the amount of NT\$6,072,493,000, an increase compared with the previous year, which was mainly because of the decrease in raw material costs, the expansion of product spreads, and increase in operating income.

2. Investing activities:

The net cash outflow was in the amount of NT\$6,877,318,000, which was mainly because of the increased investment in the amount of NT\$5.2 billion in Gulei by the merged company.

3. Financing activities:

## Review and Analysis of Financial Position and Performance and Associated Risks—Consolidated Information



The net cash inflow was in the amount of NT\$817,136,000, a decrease from the previous year, which was mainly because of the decrease of short-term loans.

(II) Improvement plans for liquidity shortage

There is no liquidity shortage situation.

(III) Liquidity Analysis for the Coming Year

Cash at beginning of year: NT\$7,927,403,000

Annual cash inflow: NT\$5,805,936,000

Annual cash outflow: NT\$5,099,722,000

Cash surplus (inadequacy): NT\$8,633,617,000

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

The Company's construction of a CBC production plant was completed in 2019. The total amount of investment in this project was NT\$2,331,883,000. Except for the support with its own funds, it evaluated the capital cost of financing in the capital market and borrowing from financial institutions at any time.

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

(I) Investments whose amounts exceed five (5) percent of paid-in capital at the end of 2019:

Item	Explanation	Amount (NT\$ thousands)	Policy	Main reasons for profit or loss	Improvement plan	Other future investment plans
CTCI Corporation		1,126,875	Diversification investment	The overall performance has grown steadily, so it remains profitable	None	-
Fujian Gulei Petrochemical Co., Ltd.		14,867,168	Investment in petrochemicals	Construction period	None	-

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

- The Company will indirectly invest in the Gulei Park in Zhangzhou, Fujian Province, China, with APC to produce petrochemical-related products, downstream deep-processing equipment and supporting public facilities. The investment amount will not exceed NT\$8 billion and NT\$6 billion, respectively. After being approved by the relevant competent authority, funds are invested year by year according to the progress.
- To ensure adequate supply of ethylene raw materials, the Company

expects that ethylene storage tanks will be built within 10% of NT\$906 million.

3. In order to ensure adequate supply of ethylene raw materials, APC expected that ethylene storage tanks and ethylene underground pipelines will be built at NT\$1.02 billion.
4. To ensure stable supply of main raw materials, namely ethylene and dichloroethane, as well as the production and sales scheduling of vinyl chloride, Taiwan VCM Corporation expects to build storage tanks for ethylene, vinyl chloride, dichloroethane and underground pipelines for ethylene at NT\$2.44 billion.

## VI. Risk Analysis and Assessment

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

Key risk assessment items	Execution and responsible units	Supervision unit
1. Impact of interest rates and exchange rate fluctuations and inflation on the Company's profit and loss, and future response measures	Finance Division	Audit Office
2. Policies on engaging in high-risk and high-leverage investments, provision of loans to others, making of guarantees and endorsements, and derivatives trading, major reasons for profit or loss, and future response measures		
3. Future R&D projects and R&D expenditures to be invested	Research and Development Division	
4. Impact of changes in local and overseas policies and laws on the Company's financial operations, and response measures	All relevant units	
5. Impact of changes in technology and industry on the Company's financial operations, and response measures	Sales and Marketing Division/Information System Division	
6. Impact of changes in corporate image on the Company's risk management, and response measures	Human Resources Division	
7. Expected benefits and possible risks of mergers and acquisitions, and response measures	Finance Division	
8. Expected benefits and possible risks of plant expansion, and response measures	Various plants	
9. Risks caused by concentration of purchases and sales, and response measures	Procurement and Logistics Division Sales and Marketing Division	
10. Impact and risks arising from material equity transfer or replacement of directors, supervisors, or shareholders holding more than 10% of the Company's shares, and response measures	Finance Division	
11. Impact and risks arising from any changes in	Board of Directors	

## Review and Analysis of Financial Position and Performance and Associated Risks—Consolidated Information



Key risk assessment items	Execution and responsible units	Supervision unit
management control over the Company, and response measures		
12. For any litigious or non-litigious matters, the Company and its directors, supervisors, general managers, persons with actual responsibility in the Company, and major shareholders holding more than 10% of the Company's shares shall be disclosed. If there has been any substantial impact upon shareholders' equity or prices for the Company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the Company that has been finalized or has remained pending, the facts in dispute, amount in dispute, commencement date, main parties involved, and current status of the case as of the date of publication of the Annual Report shall be disclosed	Legal Division	
13. Impact of climate change on the Company's operations, finance, supply chain, policy, investment decisions, etc.	Corporate Governance Team	
14. Response to the risks of environmental, social, and corporate governance issues	Corporate Governance Team	
15. Information security risk management, other important risks and corresponding measure	Finance Division/ Loan Division Sales and Marketing Division/ Information System Division	

(I) Impacts of fluctuations in interest rates and foreign exchange rates and inflation on the Company's profitability and future response measures:

1. Executive and responsible unit: Finance Division
2. Impact on the Company's profit and loss:

Item	2019 (NT\$ thousand; %)
Net interest income (expenses)	( 131,516)
Net currency exchange gain (loss)	(159,831)
Ratio of net interest income (expense) to net revenue	(0.24%)
Ratio of net interest income (expenses) to net income before tax	(3.91%)
Ratio of net currency exchange gain (loss) to net revenue	(0.29%)
Ratio of net currency exchange gain (loss) to net profit before taxes	(4.75%)

3. Interest rate: The carrying amount of the Company's financial assets and financial liabilities that are exposed to interest rate risk on the

balance sheet date are as follows:

	As of December 31, 2019 (NT\$ thousands)
Interest rate risks with fair value	
– Financial assets	5,253,127
– Financial liabilities	15,821,920
Interest rate risks with cash flow	
– Financial assets	3,441,301
– Financial liabilities	7,826,901

An increase or decrease of 0.5% in market interest rates is used as a reasonable risk assessment for reporting changes in interest rates to the Company's senior management team. With all other variables remaining unchanged, an increase or decrease of 0.5% in market interest rates will lead to a decrease or increase of NT\$21,928,000 in the Company's net profit before taxes in 2019.

The Company's current strategy is to use excess funds to diversify investments in monetary fund beneficiary certificates, real estate investment trusts (REITs) and stocks with better dividend yield, which is not only able to reduce the risk of interest rate fluctuations, but can also contribute to the Company's profits.

4. Exchange rates: The Company engages in sales and purchase transactions denominated in foreign currencies, thereby exposing the Company to changes in exchange rates. In order to avoid the decrease in the value of foreign currency assets and fluctuations of future cash flows due to exchange rate changes, the Company avoids exposure to such risks through forward exchange contracts to reduce the impact of such risks. The use of forward foreign exchange contracts is governed by the policies adopted by the Board of Directors of the Company. Internal auditors shall continuously review the compliance with the policies and the risk exposure limits. The Company has not engaged in speculative activities related to derivative instruments. The sensitivity analysis for foreign currency exchange risk is mainly calculated based on foreign currency monetary projects as at the end of the reporting period (mainly the US dollar project). When the functional currency of the Company is appreciated/depreciated by 3% against US Dollar, the Company's net profit before tax for 2019 would decrease/increase by NT\$96,588,000.
5. Inflation: No significant impact on the Company.
  - 5.1. The inflation of some countries (including Taiwan) has not

## Review and Analysis of Financial Position and Performance and Associated Risks—Consolidated Information



experienced significant inflation and inflation is moderate.

- 5.2. The prime cost of the Company is the cost of raw materials; the price of the product fluctuates in the same direction as the cost of raw materials.

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

1. Executive and responsible unit: Finance Division
2. High-risk, highly leveraged investments and provision of loans to other parties:

The Company's "Procedures for Acquisition and Disposition of Assets" stipulates that it does not engage in high-risk, highly-leveraged investments. There is also the "Procedures for Lending Funds to Others." The Company has lent funds to others in accordance with these procedures.

3. Endorsements/guarantees: Endorsements/guarantees are handled in accordance with the Company's "Procedures for Endorsements/Guarantees," and no loss has incurred since the implementation of the Procedures.
4. Derivatives trading: The Company engages in trading of derivative products, and is responsible for the purpose of hedging. Trading instruments are primarily selected with the aim of avoiding risks resulted from businesses managed by the Company. The counterparties for hedging transactions are reputable financial institutions in response to the Company's business needs to avoid credit risks.

- 4.1 Hedging transactions: Forward exchange contracts are used for avoiding changes in exchange rates that have not occurred or are yet to occur. The Company will not intervene in speculative operations whatsoever.

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

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

Unit: NT\$ thousands

Research and Development Plan	Current progress	R&D expenditure that requires investment	Estimated time to complete mass production	Main factors affecting the success of R&D in the future
Development of new optical-grade applied materials	90%	50,000	2020	Factory process is optimized and stable; the quality requirements in high-end market are high
Development of production technologies for low crystallization point coating-grade/high-speed laminating film EVA.	-	27,255	2020 Quarter 4	Cultivation of R&D talents, inheritance of technology, sufficient market intelligence and addition of necessary equipment
Polymerization experiment of 30L PVC	0%	6,500	Before the end of 2020	Equipment, formulas and process conditions
Low-membrane rapidly gelatinized PVC resin	20%	1,000	Before the end of 2020	Equipment, formulas and process conditions
Water-based scratch-resistant soft PVC leather for automobiles	80%	500	Before the end of 2020	Raw materials formulas and process conditions
Multi-plate printing transfer film soft leather	50%	500	Before the end of 2020	Equipment, formulas and process conditions
PVC imitation cloth feels breathable furniture soft leather	80%	300	Before the end of 2020	Raw materials formulas and process conditions
TPE sporting goods series foam rubber	60%	300	Before the end of 2021	Equipment, formulas and process conditions
TPE American furniture series plastic leather	70%	300	Before the end of 2021	Raw materials formulas and process conditions
Development of third generation stain-resistant PVC leather	90%	200	Before the end of 2020	Raw materials formulas and process conditions
PU casting PVC continuous development of stain-resistant plastic leather	90%	200	Before the end of 2020	Raw materials formulas and process conditions
Development of TPE leather products for baby strollers	80%	200	Before the end of 2021	Raw materials formulas and process conditions
Vacuum embossed antifouling soft leather	70%	200	Before the end of 2019	Raw materials formulas and process conditions
TPE household exhaust pipe plastic leather	50%	150	Before the end of 2021	Raw materials formulas and process conditions
Development of TPE medical grade plastic leather	50%	100	Before the end of 2021	Equipment, formulas and process conditions
Export of drainage pipes	50%	50	Before mid-2020	Raw materials formulas and process conditions
Development of great-strength heat-resistant deformation material acrylonitrile-butadiene-styrene (ABS) copolymer	60%	309	2020	Processing hardware equipment, raw material procurement costs, and business layout based on market demand

## Review and Analysis of Financial Position and Performance and Associated Risks—Consolidated Information



Research and Development Plan	Current progress	R&D expenditure that requires investment	Estimated time to complete mass production	Main factors affecting the success of R&D in the future
Reduction of VOC in acrylonitrile-butadiene-styrene (ABS)	60%	420	2020	Cost of raw materials procurement and business layout based on market demand
Development of non-absorbent, anti-static EPS	70%	420	2020	Cost of raw materials procurement and business layout based on market demand
Quick foaming expanded polystyrene (EPS) packaging materials	70%	250	2020	Cost of raw materials procurement and business layout based on market demand
Development of Low VO EPS foaming expanded polystyrene (EPS) products	60%	420	2020	Integration between formula design and formulas based on customer needs and process stability
Development of light guide plate polystyrene (GPPS)	40%	400	2021	Processing hardware equipment and business layout based on market demand
Patent application and development of port boards	0%	100	2020	Promotion and marketing
TTC 8mm storm cotton plates	50%	100	2020	Promotion and marketing
acrylonitrile-butadiene-styrene (ABS) UL RTI high temperature performance certification	90%	2,000	2020	business layout based on market demand; certification fee/annual fee
Development of new molding technology	Product testing and validation stages	5,000	December 2020	Growth in sales of motor vehicles
SiC Powder	Pilot validation	20,000	December 2020	Alternative demand for automotive power semiconductor components
SiC Ceramic Powder	Sample delivery and testing	50,000	December, 2021	Semiconductor equipment demand and verification

(IV) Changes to local and overseas policies and laws that impact the company's financial operations and response measures:

1. Executive and responsible unit: All relevant units
2. Impact on financial operations:

- (1) Please refer to Chapter 5 of this Annual Report: "Information Regarding Environmental Protection Expenditure" under Operations Overview. In response to the European Union's Restriction of Hazardous Substances Directive (RoHS).
  - (2) Continuously assess the impact of IFRSs issued by IASB but not yet approved and issued in effect by FSC. For example, the amendments to "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" in IFRS 10 and IAS 28, the amendments to "Insurance Contracts" in IFRS 17, and "Classification of Liabilities as Current or Non-current" in IAS 1.
  - (3) Continuously assess the impact of the "Regulations Governing the Use of Uniform Invoices" and "Economic Substance Act in tax havens"
  - (4) Apply for the reduction of tax on undistributed profit with the substantive investment using undistributed surplus in accordance with Article 23-3 of the Statute for Industrial Innovation.
  - (5) Apply for tax deductions for investment in new smart machinery for self-use and investment in new hardware, software, technology or technical services related to the introduction of the 5G mobile communication system in accordance with Article 10-1 of the Statute for Industrial Innovation.
  - (6) Continue to assess the impact of changes in electricity prices on the Company.
3. Response measures: The Company has established the Legal Division to assess legal risks and formulate countermeasures, review important contracts in advance and provide legal advance to handle legal affairs where necessary. In addition, the Accounting Division evaluates the impacts of changes in accounting and tax-related laws and regulations on the financial operations of the Company at all times and come up with action plans. It would discuss with CPAs to make prior planning for the relevant changes.
- (V) Impact of Changes in Technology and Industry on Corporate Finance and Business, and Response Measures:
1. Executive and responsible unit: Sales and Marketing Division and Information System Division
  2. Introduce BI systems to provide the entire Company with key metrics and management report definitions, integrate the Company's

## Review and Analysis of Financial Position and Performance and Associated Risks—Consolidated Information



operations and target management reports, so as to enable top management to obtain relevant information at any time to improve the overall management efficiency of the Company.

3. Introduce a mobile inspection round system in the Kaohsiung Plant, update the inspection round system and equipment, to facilitate employees to maintain inspection records and verification as required, which is of great help to the improvement of the safety of the operating environment at the plant area and of the management of the status of production equipment.
  4. The project of "Predictive Maintenance of High-pressure Reactor" will be completed using the AI technology. Through the AI analysis results, the on-site personnel will be assisted to make more accurate decisions and judgments, which will greatly improve occupational safety protection. In addition, as for the feature extraction project, convert decision-making experience into scientific and standardized data to shorten novices' learning time and to pass down the decision-making experience effectively, so as to reduce the loss due to non-planned suspension and to accelerate the improvement of industrial competitiveness.
  5. In addition to the introduction of the aforementioned system, the Group will provide corresponding training courses based on different functional roles to enhance employees' knowledge and skills in AI to accelerate the development of Industry 4.0 and promote the Company's competitiveness in all aspects of production, quality management, and sales.
  6. Promote social engineering exercises to enhance employees' awareness of information security, with the purpose of maintaining information security and protecting information from external intrusion.
  7. Please refer to "(II) Industry Overview," under "I. Business Content" of "Chapter 5 Operations Overview."
- (VI) Changes to corporate image that impact the company's risk management and response measures:
1. Executive and responsible unit: Human Resource Division
  2. The Company has always adhered to upright and down-to-earth management, sound financial operations and good product quality, and has garnered positive reviews from the industry. In the event of a crisis, the Company not only will submit report according to its organization system, but can also obtain help from external

organizations to help overcome the crisis.

- (VII) Expected benefits and possible risks of mergers and response measures:
1. Executive and responsible unit: Finance Division
  2. There was no merger and acquisition implemented by the Company in the most recent fiscal year up to the publication date of this annual report.
- (VIII) Expected benefits and possible risks to expand the plants and the countermeasures:
- In order to ensure the stable supply of ethylene and dichloroethane which are the main raw materials of the Company, and the production and sales scheduling of vinyl chloride, we will maintain stable production and deepen relationships with existing customers. The Company plans to invest in the construction of storage tanks for ethylene, vinyl chloride, and dichloroethane, as well as underground pipelines for ethylene.
- (IX) Risks resulting from consolidation of purchasing or sales operations and response measures:
1. Executive and responsible units: Procurement and Logistics Division, Sales and Marketing Division
  2. For purchase contracts, sources of procurement have been decentralized around the world to avoid the concentration on a few companies or on the sources in specific regions.
  3. Part of the purchase volume of spot goods will be set aside, and purchases will be made according to the spot market and production needs, whichever is better.
  4. The Company focuses on studying information of the petrochemicals and plastics market and strengthening production, sales, and procurement business strategies to maximize profits, to minimize risks associated with over-concentration in purchase or sale.
- (X) Impacts and risks resulted from major equity transfer or replacement of directors, supervisors, or shareholders holding more than 10% of the Company's shares, and related countermeasures:
1. Executive and responsible unit: Finance Division
  2. There was no such situation at the Company in the most recent fiscal year up to the publication date of this annual report.
- (XI) Impact, risk, and response measures related to any change in governance rights in the Company:
1. Implementation and responsible unit: Board of Directors.
  2. There has not been any changes in management rights within the last year, up to the publication date of this annual report.
- (XII) For any litigious or non-litigious matters, the Company and its directors,

## Review and Analysis of Financial Position and Performance and Associated Risks—Consolidated Information



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

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

- (1) The Company: None.

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

- (3) Subsidiaries:

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

CGTD reached an agreement with Kaohsiung City Government on February 12, 2015 and pledged a term deposit NT\$227,351 thousand (including interests) to the Government as a guarantee for losses caused by the gas explosions. Kaohsiung City Government has also filed civil lawsuits against LCY, CGTD and CPC Corporation. In addition, Taiwan Power Company applied to the court to execute provisional attachments on the properties of CGTD on August 27 and November 26, 2015, respectively. Taiwan Water Corporation applied to the court to execute provisional attachments on the properties of CGTD on February 3 and March 2, 2017, respectively. As of April 30, 2020, the property value impounded against CGTD amounted to NT\$146,706,000.

For the deceased, CGTD, LCY and the Kaohsiung City

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

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

As of the publication date of this annual report, the injured, the victim or their family members of the Kaohsiung gas explosion incident filed a civil (including a criminal incidental civil litigation) to LCY Chemical Company, CGTD, and CPC Corporation, Taiwan, for compensation; CGTD has settled the claim for the original claimed amount of NT\$26,890,000 based on considerations for reducing litigation costs; the settlement compensation amount is NT\$4,019,000. The balance that is still in the process of litigation and the claimed amounts of the deceased and seriously injured victims under the preceding paragraph were approximately NT\$3,876,234,000. The judgement of first instance has been finalized successively since June 22, 2018, and in most of the cases, it has determined that the proportion of fault liability of the Kaohsiung City Government, LCY, to CGTD is 4: 3: 3. CGTD, LCY, and other defendants shall pay an amount of approximately NT\$390,304,000 (of which NT\$6,194,000 shall be exempted from the compensation liability for CGTD according to the court's judgment). For the civil cases in which sentence has been pronounced but not settled, CGTD has filed an appeal and has successively proceeded to the second-instance procedure. CGTD and its insurance company signed a settlement agreement, covering the proportion of the liability for

negligence determined in the first-instance judgment, the estimated amount of the settlement with the victims and the severely injured, and the amount of compensation in civil cases (including cases that have been settled); after the upper limit of insurance claims is deducted, the estimated amount that should be borne by CGTD and has been recognized is NT\$136,375,000. However, the actual amount of the aforementioned relevant settlements and compensation will not be confirmed until the proportion of the liabilities that should be borne by CGTD is determined in the civil case judgment in the future.

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

The Company believes that the dramatic changes in climate caused by climate change and the increased probability of extreme climate events have a significant impact on operations. In recent years, USI has actively carried out measures to mitigate greenhouse gases generated by operations and actively made improvements in energy conservation and carbon reduction, while responding to the government's policies to develop renewable energy step by step. In 2016, the Company set the group-wide energy management goals autonomously, with a view to doing its best within a controllable range. The Company was adapting to the impact caused by climate change, and adopted the Climate-related Financial Disclosures (TCFD) framework released by the Financial Stability Board (FSB) to identify risks and opportunities and assess possible financial impacts, while setting the response plan based on the identification results.

1. The Company's TCFD framework

Governance	Corporate Social Responsibility Committee	The committee is the highest-level organization in climate change management in the Company, with an Independent Directors as its chair, and it needs to report at meetings on the climate change-related implementation plans and performance every half a year.
	Group Management Conference	It is the top management meeting of USI. The Chairman of the Group serves as the chair. Implementation of major policies is reported at the conference from time to time, and the chair shall decide on the implementation direction.
	Preventive Maintenance and Environmental Risk Control Division Quarterly Meeting	The highest-level unit in the implementation of energy management in USI, and it reports to the Group's Chairman every quarter on the planning and progress of implementation for decision making.
Strategy	Risk and Opportunity	According to risk and opportunity items, each company

	Identification	identifies major items based on the probability and impact.
	Potential financial impact evaluation	Potential financial impact evaluation is conducted for major risks and opportunities identified.
Risk management	Introduction of TCDF	The TCDF framework is adopted to identify risks and opportunities, which will be communicated with major responsible units and confirmed by senior executives.
	Identification result report	The major risks and opportunities identified will be reported and response measures illustrated at the meeting of CSR Committee held annually.
Indicator and target	Energy management targets	The Group sets an average energy conservation rate of 1.2% or more from 2020 to 2025, and conducts reviews every three years.
	Response strategies for climate change	Equipment replacement, installation of renewable energy equipment, optimization of production schedules, air conditioning planning of buildings, energy management systems, and extreme climate emergency response plan are included.
	Disclosure of greenhouse gas emissions	The Scope 1 and Scope 2 emission data are disclosed in the CSR report every year, and review of the reasons for the increase or decrease is conducted regularly.

## 2. Identification of climate risks and opportunities

The impact of climate change on the Company's operation is increasing. Facing any possible risks prudently and seizing possible new business opportunities, the Company, in recent years, has spared no effort in implementing energy conservation and carbon reduction improvement programs, including improvement of production efficiency and replacement of old equipment with highly efficient one. This year, the TCFD method was adopted to identify the transformation and physical risks in the operating process as well as the emerging opportunities brought by climate change, and eight major risk items and 10 major opportunity items were identified. In the future, the Company will review the response actions year by year and establish a resilient climate change culture.

### (1) Risk to potential financial impact

Type	Climate related risks	Potential financial impacts
Transformation	Increase in greenhouse gas emissions pricing	Increase in operational costs Increase in capital expenditure
	Increase in raw material cost	Increase in operational costs Increase in capital expenditure
	Stigmatization of the industry	Decrease in asset value Decrease in revenue
	Greater obligation of emission reporting	Increase in capital expenditure Decrease in asset value
Physical	Changes in rainfall patterns and extreme changes	Increase in operational costs

# Review and Analysis of Financial Position and Performance and Associated Risks—Consolidated Information



Type	Climate related risks	Potential financial impacts
	in climate patterns	Increase in capital expenditure
	Increased severity of extreme weather events, such as typhoons and floods	Increase in operational costs Increase in capital expenditure
	Rising sea levels	Increase in operational costs Increase in capital expenditure
	Rising average temperatures	Increase in operational costs Increase in capital expenditure

## (2) Potential impact of opportunity on finance

Type	Climate-related opportunities	Potential financial impacts
Resource efficiency	Decrease in water usage and water consumption rate	Lower operating costs
	Recycling and reuse	Lower operating costs Increase in asset value Increase in revenue
Energy source	Participation in the carbon trading market	Increase in asset value Increase in revenue
	Use of low-carbon energy	Increase in asset value
	Use of new technologies	Increase in asset value Increase in revenue
	Adoption of incentive policies	Lower capital expenditure
Products and services	Development of new products and R&D and innovation of services	Lower capital expenditure Increase in asset value Increase in revenue
	Changes in consumer preferences	Increase in revenue
Resilience	Participation in renewable energy programs and adoption of energy conservation measures	Increase in asset value Increase in revenue
	Energy substitution/diversification	Increase in asset value

## (3) Response measures

- Enhance energy
- Promote energy-saving measures
- Water recycling and reuse
- Waste wax recycling
- Procurement of green energy labelled equipment
- Seek and invest in feasible carbon reduction solutions
- Seek sources of green energy and evaluate the feasibility of alternative energy
- Continuously improve carbon utilization in the process
- Continue to monitor and conduct management to establish a baseline for continuous improvement
- Continue to pay attention to and announce regulatory

requirements to meet the trend and goal

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

In addition, the Company budgets for various improvement programs to be implemented every year in response to the impact of climate change. A storm interceptor system was established in 2011 and a detention basin was installed in 2014 to reduce flooding damage to reduce the risk of product or equipment damaged due to flooding and shutdown of production lines. Since 2016, the Company has started to recycle various rainwater and water from processes. In view of climate change, various manufacturing companies and the petrochemical industry rely on water resources, but Taiwan, in an island climate, is facing increasing issues and risks of climatic abnormalities year by year. Therefore, USI has realized that water issues will inevitably affect the Company's operations; therefore, in addition to its own review of water usage management, it has begun to plan to adopt AI technology to provide plants with operational suggestions for improvement, in terms of the impact of weather risks, such as low rainfall, high turbidity of raw water, water warnings, and reservoir water level through machine computing, so as to reduce the impact.

# Review and Analysis of Financial Position and Performance and Associated Risks—Consolidated Information



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

In order to ensure a stable operation, and that the Company's operations will not be affected by the external environment and internal operations, USI has clarified and integrated the main risk sources of the Company's operations while considering the feasibility of practical operations. Risks are divided into four aspects: supply chain, management, finance, and the environment according to the S&P's enterprise risk management framework. The Company has formulated relevant risk management policies or strategies based on this framework. The Group's Audit Office regularly tracks the results of the corresponding plans, reports it to the internal control self-inspection committee, and makes timely corrections and improvements to implement the PDCA cycle to strengthen risk management accordingly. The challenges of and responses to various risks at this stage are described as follows:

Aspect	Risk description	Response measures	Implementation results
Governance	Supply chain risks	<ul style="list-style-type: none"> <li>• Diversifying the risks of the sources of goods and entering into long-term contracts with major suppliers to maintain stock flexibility.</li> <li>• Regularly analyzing market trends and adjusting the procurement strategies as appropriate.</li> <li>• Making an investment in Gulei.</li> <li>• Making an investment in CGTD warehousing.</li> <li>• Making an investment in high value-added EVA products.</li> <li>• Making an investment in the construction of the world's first commercial CBC production plant.</li> </ul>	<ul style="list-style-type: none"> <li>• The number of ethylene sources is increased: Three in Asia, Europe, and America, and number of long-term ethylene contracts: three.</li> <li>• The number of USI management conference and the Group's management conference: 72/year.</li> <li>• In May 2019, the land planned for the Gulei project was approved by the Gulei Management Committee; in July 2019, the design of the infrastructure for the Gulei project was approved.</li> <li>• The CGTD investment was approved by the Board of Directors.</li> <li>• The annual sales volume of EVA reached a new high this year.</li> <li>• CBC sample tests were carried out actively this year for verification by clients.</li> </ul>
	Financial risks	<ul style="list-style-type: none"> <li>• Shall conduct feasibility study, risk analysis, and strategy response analysis for new investments</li> <li>• Shall approve investment projects by the Board of Directors</li> <li>• Shall not engage in high risk and highly leveraged investments in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</li> <li>• Controlling and managing interest rate changes</li> <li>• Controlling and managing fluctuations in exchange</li> <li>• Formulating the Operating Procedures for Endorsements and Guarantees for endorsements/guarantees</li> </ul>	<ul style="list-style-type: none"> <li>• There are many factors in foreign exchange fluctuations, and the Company's net position is 100% hedged against exchange rate risks.</li> <li>• Various property insurance policies have been purchased to transfer risks to insurance companies appropriately.</li> <li>• Endorsements/guarantees are offered for subsidiaries, which helps reduce capital costs and increase flexibility in capital movement. This is in line with business strategies and the risks is within the Company's scope of tolerance.</li> </ul>

Aspect	Risk description	Response measures	Implementation results
		<ul style="list-style-type: none"> <li>• Managing property insurance</li> </ul>	
	Information security risks	<ul style="list-style-type: none"> <li>• Scanning vulnerabilities to enhance information security in the Company's key systems</li> <li>• Strengthening the security of website browsing and purchasing SSL certificate</li> <li>• Establishing a information security management system for continuing operation and implementation</li> <li>• Holding a management review meeting every year and performing external audits of information security</li> </ul>	<ul style="list-style-type: none"> <li>• This year, the Company conducted two scanning sessions of the operating systems for vulnerability detection on a regular basis, which has been implemented for 4 consecutive years.</li> <li>• Has passed the British Standards Institution (BSI) certification and audit for five consecutive years.</li> </ul>
Environment	Environmental risks	<ul style="list-style-type: none"> <li>• Replacing fuel oil with natural gas for boilers</li> <li>• Continuously strengthening the management of components of VOCs equipment</li> <li>• Treating VOCs through regenerative thermal oxidizers</li> <li>• Planing and building a thermal oxidizer (TO)</li> <li>• Establishing an energy conservation and carbon reduction team.</li> <li>• Budgeting for various improvement programs.</li> </ul>	<ul style="list-style-type: none"> <li>• Particulate matters were reduced, low-concentration VOCs from SOx and NOx were transferred to RTO.</li> <li>• High-concentration VOCs were transferred to TO for treatment, the VOCs treatment efficiency was improved by 99%, reducing VOCs emissions effectively.</li> <li>• The percentage of water that could be recycled and reused in total water withdrawal was estimated to be 9.2%.</li> </ul>
	Human resources risks	<ul style="list-style-type: none"> <li>• Improving the standard operating procedures and auditing relevant document forms regularly</li> <li>• Ensuring employees' knowledge and skills and arranging various training programs</li> </ul>	<ul style="list-style-type: none"> <li>• There were no major deficiencies in all internal and external audits during the year</li> <li>• The number of training hours totaled 12,438.3 for the year, with an average training time of 26.24 hours/person</li> </ul>
Society	Transportation safety	<ul style="list-style-type: none"> <li>• Strengthening the transportation safety of underground pipelines</li> <li>• Establishing and managing proper management procedures effectively</li> <li>• Preventing potential disasters in underground pipelines</li> <li>• Having relevant basis for personnel to follow and taking appropriate measures to respond</li> <li>• Proceeding in accordance with management methods and national and international standards</li> <li>• Serving as member of the Industrial Pipeline Regional Joint Defense Association of Kaohsiung</li> </ul>	<ul style="list-style-type: none"> <li>• Four management plans were formulated this year, and the achievement rate was 100%.</li> <li>• In the the sixth pipeline bundle district, and has received awards from the Industrial Development Bureau, Ministry of Economic affairs for the fourth consecutive times</li> </ul>
	Occupational safety	<ul style="list-style-type: none"> <li>• Strengthen the work safety of employees and contractors</li> <li>• Establishing and managing proper management procedures effectively</li> <li>• Preventing potential hazards in hot and cold working and confined space</li> <li>• Having relevant basis for personnel to follow and taking appropriate response measures</li> <li>• Implementing process safety management</li> <li>• Strengthening contractor management</li> <li>• Implementing education and training</li> </ul>	<ul style="list-style-type: none"> <li>• Process safety information, process hazard analysis, change management training, and formulation of procedures were completed</li> <li>• Labor operation safety and self-protection awareness were improved</li> <li>• The monitoring results of the labor environment of employees all met the standards.</li> </ul>



(XV) Other significant risks and response measures:

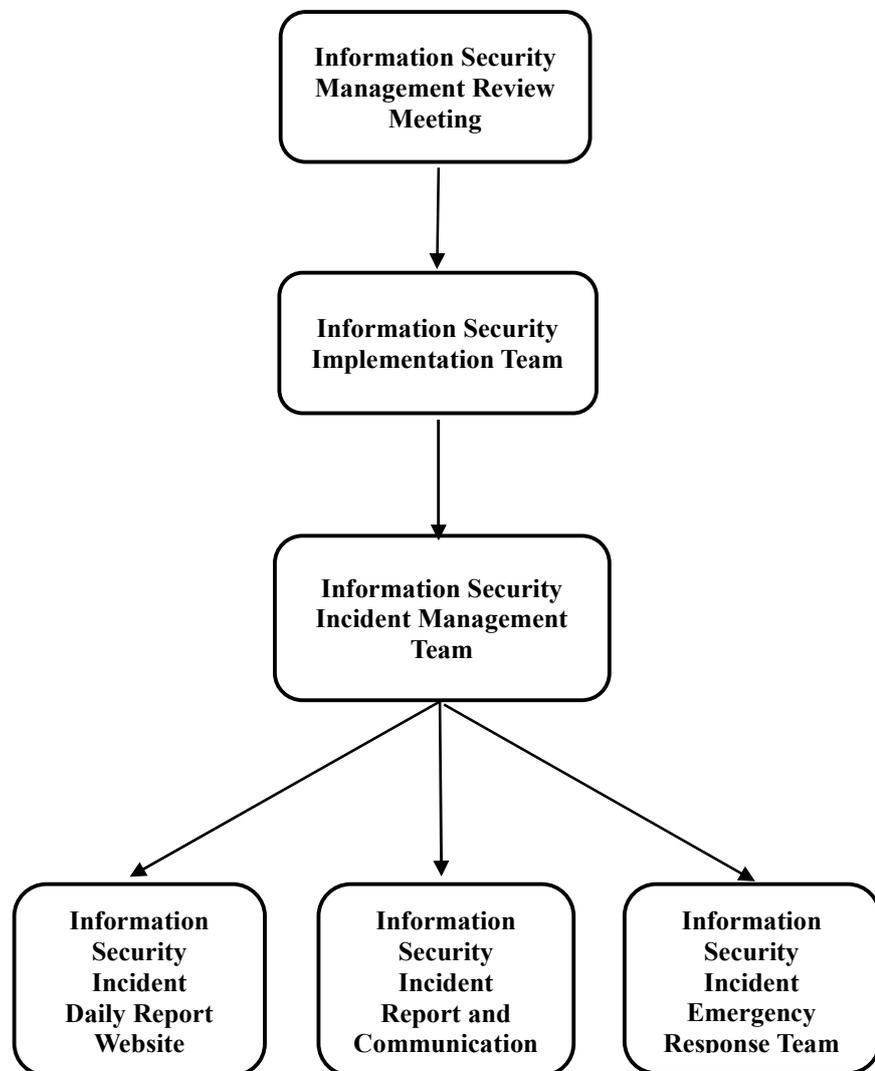
1. Recovery risk of accounts receivable
  - (1) Executive and responsible unit: Trust Department
  - (2) Conduct usual transactions through advance receipts or letter of credit (L/C), provide credit to customers based on their credit limits and risks after performing credit assessment, and purchase accounts receivable insurances involving mainland customers whose risks are beyond its control to reduce risks to a manageable level.
2. The Company has established an information security risk management framework and established information security policies and specific management methods as described below:

- (1) Information security risk management framework

Information security management system:

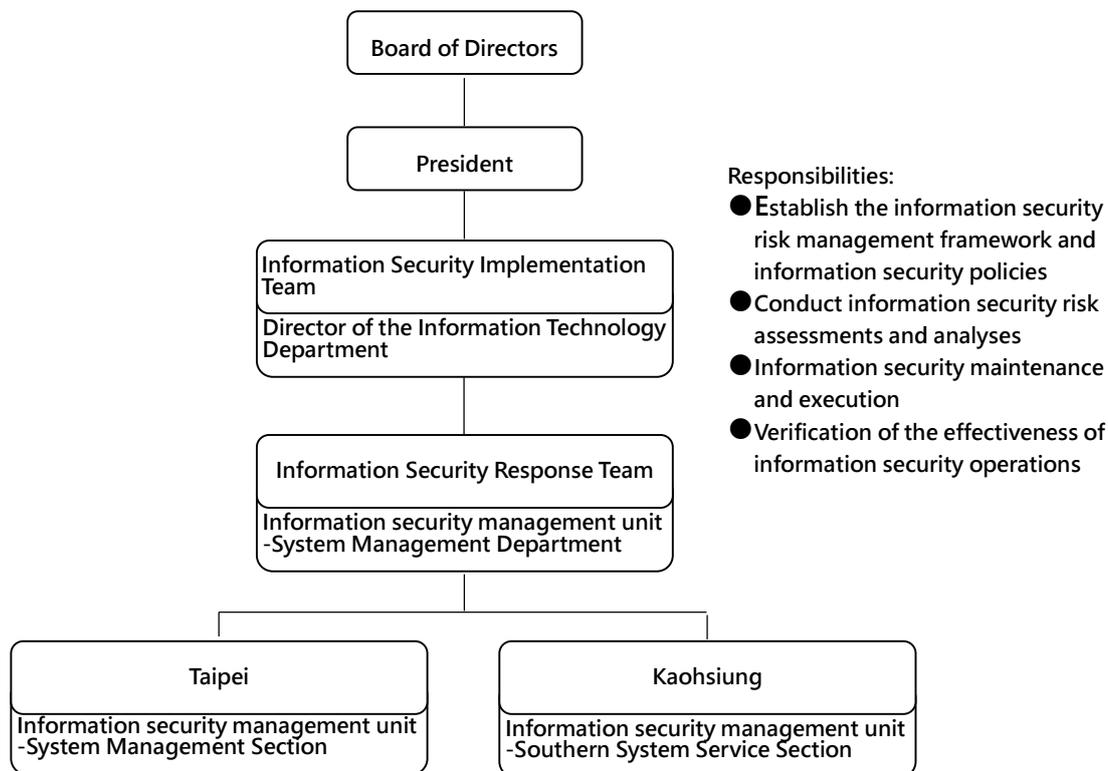
To enhance information security management, the Company introduced ISO 27001 in 2014 and adopted related regulations based on ISO 27001 to improve the overall information security of the entire Group. We convene the "Information Security Management Review Meeting" each year to determine the six major input items for the management of the information security system (review of the implementation status of proposals in previous management reviews, changes in related internal and external topics regarding the information security management system, feedback on the performance of information security measures, feedback from parties of concern, risk assessment results and the status of risk mitigation plans, and opportunities for continuous improvement) and discuss and determine the two major output items for the management review of the information security management system (including related decisions on opportunities for continuous improvement and the necessity of any changes to the information security management system) to determine whether the objectives of the information security management system have been achieved. We established the "Information Security Implementation Team" in accordance with the regulations defined in the "Information Security Implementation Organization Regulations" in the Company's internal standard operating procedures to supervise the implementation status of information security management of the Group and clarify the

roles and duties of various organizations. The Team convenes one regular meeting each year and meetings can be organized immediately in the event of material information security incidents of the Group. The Director of the Information Technology Department serves as the convener of the Team and takes charge of the meetings of the Information Security Implementation Team as well as decisions and arbitration of opinions in the meetings. The supervisors of units under the jurisdiction of the Information Technology Department are members of the Team. In the event of a material information security incident, the Director of the Information Technology Department shall report to the General Manager or heads of related departments.





Operations of the Information Security Implementation Team:



The Information Technology Department established related policies, plans, governance, supervision, and execution methods in accordance with ISO 27001 regulations to ensure the Group's information security protection capabilities and strengthen employees' information security awareness.

(2) Specific management measures for information security management:

- The Company's audit units perform regular internal audits and we appointed British Standards Institution (BSI), a renowned international certification company, for the ISO 27001 certification each year. After obtaining the ISO 27001 certificate from BSI in July 2014, we have passed BSI information security system reviews for five consecutive years. In addition to reviewing the information security risk assessment management framework, we also provide assistance and prevention measures for internal and external issues and conduct information security risk assessments and analyses.
- To enhance information security management and prevent hacking or information leaks, IT personnel attend four hours

of information security training each year. We also appointed professional external information security consulting companies to conduct information security audits and provide suitable protection of information in accordance with related regulations for information protection.

- We appoint professional external information security consulting companies to conduct social engineering drills at least twice each year to effectively raise employees' information security awareness, ensure data security, and prevent intrusions and unauthorized alteration.
  - We appoint professional external information security consulting companies to conduct vulnerability assessments each year to identify potential risks for system corrections or propose remedial measures.
  - To implement the protection of personal information, we began redacting personal information in various information application systems and imposing access restrictions since 2017 to provide appropriate protection. We have also applied related measures in response to requirements in the General Data Protection Regulation (GDPR) of the European Union.
  - We established secure transaction platforms and introduced Secure Sockets Layer (SSL) to allow customers and suppliers to log into the platform to query and download related transaction documents to prevent mail interception and business email compromise frauds derived from altered transaction documents. We improved the companies' security in external transactions and reduced the possibility of frauds against customers and suppliers who have low information security protection. We converted the connection method of the Company's official website from http to https to improve the security of the general public's access to our official website.
- (3) Establishment of the information security policy
- The establishment of the information security policy takes into account three major factors including information security governance, compliance of related regulations, and applications of technologies and tools:

# Review and Analysis of Financial Position and Performance and Associated Risks—Consolidated Information



Information Security Policy		
Information security governance	<ol style="list-style-type: none"> <li>1. Ensure the continuous and robust operations of the information security management system.</li> <li>2. Ensure the confidentiality, integrity, and availability of information and operations.</li> <li>3. Risk management and prevention.</li> <li>4. Optimize the management system.</li> <li>5. Establish a network framework that meets the highest information security standards and verify the reliability of network transmissions.</li> </ol>	<ol style="list-style-type: none"> <li>1. Hold an ISMS information security management review meeting to confirm the accomplishment of the objectives of the ISMs.</li> <li>2. Enhance employees' awareness of information security and strengthen information security education and training to ensure that data is well protected from intrusion, tampering and leakage.</li> <li>3. Conduct information security risk assessment and analysis on internal and external issues.</li> <li>4. Review the information security infrastructure design.</li> </ol>
Compliance of related regulations	<ol style="list-style-type: none"> <li>1. Regularly review the updates and amendments of regulations.</li> <li>2. Establish information operation mechanisms that are appropriate for the location, timing, and operations.</li> </ol>	Regularly review and establish internal operation procedures and regulations to meet related domestic and foreign information security regulations.
Applications of technologies and tools	<ol style="list-style-type: none"> <li>1. Collect internal Group data and external data.</li> <li>2. Make full use of data analyses.</li> <li>3. Predict potential information security threats.</li> </ol>	The Company establishes internal firewalls and network traffic monitoring; screen packages with information security concerns; analyze potential threats; prevent illegal intrusions, and prevent the direct exposure of internal network information.

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

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

## VII. Other Important Matters:

### (I) Key performance indicators of USI

1. Disaster-free working hours: The production environment at Renwu plant, with a strong emphasis on occupational safety, health and environmental protection, won the Excellence Award in the “Selection of Excellent Units and Employees Promoting Occupational Safety and Health” conducted by the Ministry of Labor. As of December 31, 2019, the production environment of Renwu Plant, with a strong

emphasis on occupational safety, health, and environmental protection, has accumulated 511,510 hours in terms of injury-free working hours in total.

2. Equipment operating rate: The equipment operating rate in 2019 was 83.63%.

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

1. Injury-free working hours: As of December 31, 2019, the high-temperature and high-pressure production environment at Linyuan Plant, with a strong emphasis on occupational safety, health, and environmental protection, has accumulated 3,936,987 hours in terms of injury-free working hours in total.
2. Equipment operating rate: Apart from production suspension due to equipment maintenance and power outage in coordination with Tai Power Company, production at the plant remains normal for the rest of the time. The equipment operating rate in 2019 was 96.37%.

(III) Key performance indicators of CGPC

1. Production rate: Compared to the annual target, the production rate for raw materials was 99.9%, while the production rate for processed products was 97.3%.
2. Yield rate: Compared to the annual target, the yield rate for raw materials was 100.5%, while the yield rate for processed products was 100.9%.
3. Customer objections: The percentage of losses due to customer objections (excluding quantity discount) was 0.05% (which is the proportion of loss due to customer objections to revenue), which was within a manageable range for the Company.
4. Employee proposals: There were 450 proposals (established cases) and the estimated savings is NT\$12.5 million.
5. Workplace accidents: Frequency of injury (number of persons injured and disabled per million hours): 0.66  
Injury severity rate (total number of days of losses due to disability and injury per million hours): 9  
The incidence of work safety is still within a manageable range for the Company.

(IV) Key performance indicators for TTC

1. Injury-free working hours: As of December 31, 2019, the cumulative number of injury-free working hours at Cianjhen Plant was 1,770,788 Linyuan Plant 392,847 hours; Toufen Plant 468,560 hours; Zhongshan Plant 1,087,825, and Tianjin Plant 7,200 hours.
2. Equipment operating rate: In 2018, the equipment operating rate for ABS was 77%; SAN 94%; GPS 95.7%; EPS 76.6%; Glasswool 95.6%; Cubic 18%; Zhongshan Plant 85.6%; and Tianjin Plant 56%.

(V) Key performance indicators of ACME Electronics Corporation

1. Inventory turnover rate (times): 2.19 in 2019.
2. Property, plant and equipment turnover rate (times): 1.54 in 2019.



(VI) Pollution prevention:

1. The Company's subsidiary, Taiwan VCM Corporation rented part of the land occupied by the China Petrochemical Development Corporation's Cianjhen Plant from January 1, 1970 to December 31, 1989 to set up its plant and manufacture VCM. In October 2006, the area was deemed a groundwater pollution control site. After remediating the area using the "Physics+Chemistry+Biology" engineering method developed by INOMA Corporation, the groundwater pollution concentration level of the site decreased to less than the groundwater pollution control standard. Based on the findings of re-inspections by the Environmental Protection Bureau of the Kaohsiung City Government on January 11, 2016, it was announced on April 11, 2016 that the area had its status as a groundwater pollution control site terminated and was removed from the delineation of the groundwater pollution control region.
2. In 2010, part of the land occupied by the Company's Toufen Plant was listed as a groundwater pollution control site and included in the groundwater pollution control region by environment unit. Therefore, the Company introduced and implemented the "Physics+Chemistry+Biology" engineering method developed by Taiwan VCM Corporation to carry out remediation and improvement of the area. After the field samples collected were verified by environmental protection agencies, it was found that various data have complied with the government's control standards. The site was removed as a groundwater pollution control site by the Environmental Protection Administration on February 24, 2017 and the Environmental Protection Bureau of the Miaoli County Government on March 21, 2017.



## 2. Basic information on affiliates

December 31, 2019

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

Name of Company	Date of Incorporation	Address	Paid-in Capital	Major Business or Production Items
Swanson Plastics Corp.	1986.07.03	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	1,543,119	Production and sales of embossed films, stretch films, heavy bags, and industrial multi-layer packaging films
Forever Young Company Limited	1993.03.03	Skelton Building, Main Street, P.O. Box 3136, Road Town, Tortola, British Virgin Islands	1,499 (US\$ 50,000)	Trading and agency businesses
Curtana Company Limited	1979.10.19	Flatb 6/F Caltex House 258 Hennessy Road Wanchai, Hong Kong	6,158 (HKD1,599,999)	Investments
Swanson Plastics (Singapore) Pte. Ltd.	1997.07.23	16 Pandan Road Singapore 60926	788,730 (US\$ 26,308,543)	Production and sales of plastic products
Acme Electronics Corporation	1991.09.05	8th Floor, No. 39, Jihu Road, Neihu District, Taipei City	1,829,937	1. Manufacture and sales of soft ferrite powder, cores, and other relevant electromagnetic components and raw materials 2. Design, manufacture, processing, and sales of production equipment for the products mentioned above 3. Import and export of the products mentioned above, and other businesses excluding those subject to individual approval
Acme Electronics Corporation—Guanyin Plant	1993.10.07	No. 2, Guojian 2nd Rd., Guanyin Dist., Taoyuan City 328		
Golden Amber Enterprises Ltd.	1998.03.26	Citco Building, Wickhams Cay, PO Box 662, Road Town, Tortola, BVI	669,072 (US\$ 20,800,000)	Corporate investments
USIFE Investment Co., Ltd.	1989.05.22	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	872,508	Investments in production, transportation, warehousing, construction, banking, securities companies, and trading companies
Taiwan United Venture Management Corporation	1998.01.07	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	8,000	Corporate management consulting
Union Polymer Int'l Investment Corp.	1996.10.09	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	5,652,766	Investments in various production and service businesses
Swanlake Traders Ltd.	1995.09.21	Citco Building Wickhams Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	727,021 (US\$24,250,184.6)	Engage in various trading and investment businesses
Acme Components (Malaysia) Sdn. Bhd.	1990.09.06	Plot 15, Jalan Industri 6 Kawasan Perindustrian Jelapang II (ZPB) Jelapang 30020 Ipoh, Perak, Malaysia.	299,606 (RM42,600,000)	Corporate investments



Name of Company	Date of Incorporation	Address	Paid-in Capital	Major Business or Production Items
Acme Ferrite Products Sdn. Bhd.	1990.09.21	Plot 15, Jalan Industri 6 Kawasan Perindustrian Jelapang II (ZPB) Jelapang 30020 Ipoh, Perak, Malaysia.	267,002	Manufacture and sales of soft ferrite powder
Chong Loong Trading Co., Ltd.	1960.06.22	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	43,612	Import and export business (excluding those subject to individual approval), sales agent, and distribution of products from domestic and overseas manufacturers, (excluding derivatives), commodity wholesaling and retail sales, management, and investments related to the businesses mentioned above
Forum Pacific Trading Ltd.	1995.02.28	Citco Building., Wickhamo Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	6,596 (US\$ 220,000)	Import and export business, sales agent and distribution of products from domestic and overseas manufacturers, commodity wholesaling and retail sales
Taiwan United Venture Capital Corp.	1995.04.10	10F, No. 39, Jihu Road, Neihu District, Taipei City	470,000	Engage in venture capital investments in invested businesses Planning, consulting, engagement and management services to invested businesses Corporate business, management and consulting services to other venture capital businesses Other relevant businesses approved by the government
USI Far East (HK) Co., Ltd.	1999.12.08	6/F., Caltex House, 258 Hennessy Road, Hong Kong.	61,584 (HKD16,000,000)	Engage in various trading businesses
Taita Chemical Company, Ltd.	1960.04.06	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	3,342,049	Production and sales of ABS, PS, glass wool insulation products and Cubic printing
Taita Chemical Company, Ltd. —Linyuan Plant	1979.08	No. 5, Gongye 1st Road, Linyuan Industrial Park, Kaohsiung City, Taiwan		Production and sales of ABS
Taita Chemical Company, Ltd. —Cianjhen Plant	1960.04.06	No. 3, Jianji Road, Cianjhen Dist., Kaohsiung City, Taiwan		Production and sales of PS
Taita Chemical Company, Ltd. - Toufen Plant	1992.03	No. 571, Minzu Road, Toufen Township, Miaoli County, Taiwan		Production and sales of glass wool products

Name of Company	Date of Incorporation	Address	Paid-in Capital	Major Business or Production Items
Taita (BVI) Holding Co., Ltd.	1997.04.10	CITCO Building, Wickhams CAY.P.O Box 662, Road Town, Tortola, British Virgin Island	1,850,905 (US\$ 61,738,000)	Investment holding company
Taita Chemical (Zhongshan) Co., Ltd.	1999.03.24	Along Jiangdong 2nd Road, Zhongshan Torch Hi-Tech Industrial Development Zone, Zhongshan City, Guangdong Province, China	1,386,575 (US\$46,250,000)	Production and sales of expanded polystyrene (EPS) derivatives
Asia Polymer Corporation	1977.01.25	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	5,543,827	Manufacture and sales of medium- and low-density polyethylene and ethylene vinyl acetate copolymer resins
Asia Polymer Corporation—Linyuan Plant	1979.03	No. 3, Gongye 1st Road, Linyuan Industrial Park, Kaohsiung City		
APC (BVI) Holding Co., Ltd.	1997.04.10	Citco Building, Wickham Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	340,051 (US\$ 11,342,594)	Reinvestment
China General Plastics Corporation	1964.04.29	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	5,270,299	Production and sales of PVC raw materials and processed products
China General Plastics Corporation—Toufen Plant	1964.02	No. 571, Minzu Road, Toufen Township, Miaoli County		
Taiwan VCM Corporation	1970.01.21	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	2,598,2005	Production and sale of vinyl chloride monomer
Taiwan VCM Corporation—Linyuan Plant	1992.11.30	No. 1, Gongye 1st Road, Linyuan Industrial Park, Kaohsiung City		
China General Terminal & Distribution Co.	1989.02.25	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	560,024	Petrochemical materials storage and transportation operations
Swanson Plastics (Malaysia) Sdn. Bhd.	1989.04.10	Plot 505, Tingkat Perusahaan 4A, Kawasan Perusahaan, Zon Perdagangan Bebas, 13600 Prai, Penang Malaysia	140,660 (RM20,000,000)	Manufacture and sales of plastic products
CGPC America Corporation	1988.06.21	11310 Harrel Street Mira Loma CA 91752	601,099 (US\$20,050,000)	Sales of PVC secondary processing, third processing products
CGPC (BVI) Holding Co., Ltd.	1987.04.10	Citco Building, Wickhams Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	488,922 (US\$16,308,258)	Investment holding Company
Continental General Plastics (Zhongshan) Co., Ltd.	1997.12.02	Yanjiang East 2nd Road, Zhongshan Torch High-tech Industrial Development Zone, Huoju, Zhongshan City, Guangdong Province	599,600 (US\$ 20,000,000)	Manufacturing and sales of PVC secondary processing, three processing products
Acme Electronics (Cayman) Corp.	2000.06.28	Ugland House, P.O. Box 309, George Town, Grand Cayman, Cayman Islands, British West Indies	149,812 (US\$4,997,052)	Corporate investments



Name of Company	Date of Incorporation	Address	Paid-in Capital	Major Business or Production Items
Acme Electronics (Kunshan) Co., Ltd.	2000.07.27	No. 533, Huangpujiang North Road, Kunshan City, Jiangsu Province, China	921,136 (US\$30,725,000)	Production and sales of soft ferrite cores
USI Management Consulting Corporation	2001.03.16	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	6,714	Corporate management consulting
Swanson International Limited	2001.03.29	Ugland House, P.O. Box 309, George Town, Grand Cayman, Cayman Islands, British West Indies	435,945 (US\$14,541,205)	Trading and agency businesses
Swanson Plastics (Kunshan) Co., Ltd.	2001.10.08	No. 289, Qingyang North Road, Kunshan City, Jiangsu Province, China	398,434 (US\$ 13,290,000)	Production, sale and development of multifunctional membranes and photolysis membranes
Acme Electronics (BVI) Corp.	2002.03.18	Citco Building, Wickhams Cay, PO Box 662, Road Town, Tortola, BVI	21,885 (US\$730,000)	Corporate investments
USI International Corporation	2002.09.20	TrustNet Chambers, P.O.Box3444, Road Town, Tortola, British Virgin Island.	119,920 (US\$ 4,000,000)	Investment
Taita Chemical (Tianjin) Co., Ltd.	2003.11.27	No. 8, Hengshan Road, Chemical Industry Park, Development Zone, Tianjin City, China	819,953 (US\$ 27,350,000)	Production and sale of expanded polystyrene (EPS) polymer derivatives
Acme Electronics (Guangzhou) Co., Ltd.	2004.11.24	No. 2, Fuqian East Road, East District Industrial Zone, Zengcheng City, Guangdong Province, China	575,616 (US\$19,200,000)	Manufacture and sales of soft ferrite cores
A.S. Holdings (UK) Limited	2004.02.02	7/10 Chandos Street Cavendish Square London W1G 9DQ	124,259 (UK3,156,993)	Investments
USI Trading (Shanghai) Co., Ltd.	2006.03.13	6A, Yinglong Building, No.1358, Yan'an West Road, Shanghai 200052, P.R.C.	74,950 (US\$2,500,000)	Engage in wholesaling, commission agency, import and export and related supporting businesses for products including petrochemical products and related equipment, rubber products and electronic materials
Swanson (Kunshan) Co., Ltd.	2004.02.17	No. 289, Qingyang North Road, Kunshan City, Jiangsu Province, China	272,818 (US\$ 9,100,000)	Production and sales of PE release film and other release products
Thintec Materials Corporation	2006.12.21	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	60,000	Manufacture of reinforced plastic products
CGPC Consumer Products Corporation	2007.02.13	Yanjiang East 2nd Road, Zhongshan Torch High-tech Industrial Development Zone, Huoju, Zhongshan City, Guangdong Province	44,970 (US\$1,500,000)	Engage in the manufacture and production of tertiary processed PVC products
APC Investment Corporation	2007.12.20	10F, No. 39, Jihu Road, Neihu District, Taipei City	200,000	Investment
CGPC Polymer Corporation	2009.05.19	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	800,000	Manufacturing and sales of PVC powder

Name of Company	Date of Incorporation	Address	Paid-in Capital	Major Business or Production Items
Swanson Technologies Corporation	2009.10.12	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	200,000	Production, sale, and development of EVA packaging films and other high value-added plastic products
USI Optronics Corporation	2010.10.07	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	649,017	Manufacture and sales of sapphire ingots and other relevant crystals
Swanson Plastics (India) Private Limited	2011.03.08	PLOT No.2, GDDIDC. Honda, Bhuipal Sattari-403 506, Goa-India	180,687 (INR429,695,000)	Manufacture and sales of plastic products
Swanson Plastics (Tianjin) Co., Ltd.	2012.05.02	Shuangtang High-grade Metal Product Industrial Park. Jinghai County, Tianjin City, China	320,786 (US\$10,700,000)	Manufacture and sales of plastic products
Cypress Epoch Limited	2013.11.20	P.O.Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	149,900 (US\$5,000,000)	Engage in the investment business
PT. Swanson Plastics Indonesia	2013.12.27	Ngoro Industrial Park Blok D2-3 Ds. Lolawang Kec. Ngoro Kab. Mojokerto	782,509 (US\$26,101,043)	Manufacture and sales of plastic products
USIG (Shanghai) Co., Ltd.	2014.03.13	Block A, 6th Floor, Yinglong Building, No. 1358, Yan'an West Road, Shanghai, Postcode:	149,900 (US\$5,000,000)	Engage in import and distribution of various types of chemical raw materials and products
Ever Conquest Global Limited	2014.05.21	P.O.Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	11,717,083 (US\$390,830,000)	Engage in the investment business
INOMA Corporation	2014.04.17	12F, No. 37, Jihu Road, Taipei City, Taiwan	97,950	Engage in optical products and fire protection materials businesses
Ever Victory Global Limited	2013.05.21	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	14,644,810 (US\$488,486,000)	Engage in the investment business
Dynamic Ever Investments	2013.09.03	FLAT/RM 1902, 19/F ,LEE GARDEN ONE 33 HYSAN AVENUE CAUSEWAY BAY HK	16,275,947 (US\$542,893,500)	Engage in the investment business



3. Information of shareholders with corporate governance power while working in the Company: None.
4. Businesses engaged by affiliated companies and their relationships:

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

5. Information on Directors, Supervisors, and General Managers of Affiliated Companies

December 31, 2019

Unit: Shares

Name of Company Responsible department	Title	Name or Representative	Number of Shares Held in Person/Shareholding Percentage	Number of shares held by juristic persons represented/shareholding percentage
USI Corporation	Chairman	Wu, Quintin (representative of Shing Lee Enterprise (Hong Kong) Limited)	113,122/0.01	173,776,546/14.62
	Director	Yu, Ching-Shou (representative of Shing Lee Enterprise (Hong Kong) Limited)	0/0	
	Director	Wang, Ke-Shun (representative of Shing Lee Enterprise (Hong Kong) Limited)	55,704/0	
	Director	Kao, Che-I (representative of Shing Lee Enterprise (Hong Kong) Limited)	0/0	
	Director	Huang, Kuang-Che (representative of Shing Lee Enterprise (Hong Kong) Limited)	157,185/0.01	
	Director	Chang, Chi-Chung (representative of Shing Lee Enterprise (Hong Kong) Limited)	0/0	
	Independent Director	Chen, Chung	0/0	



## Special Notes

Name of Company Responsible department	Title	Name or Representative	Number of Shares Held in Person/Shareholding Percentage	Number of shares held by juristic persons represented/shareholding percentage
	Independent Director	Tu, Tzu-Chun	0/0	-
	Independent Director	Hai, Ying-Chun	0/0	-
	President	Wang, Ke-Shun	55,704/0	-
Swanson Plastics Corp.	Chairman	Wu, Quintin (Representative of USI Corporation)	146,884/0.10	62,616,299/40.58
	Vice Chairman	Wu, Tung-Yang (Representative of USI Corporation)	0/0	
	Director	Wu, Pei-Chi (Representative of USI Corporation)	0/0	
	Director	Liu, Han-Tai (Representative of USI Corporation)	0/0	
	Director	Liu, Chen-Tu (Representative of USI Corporation)	0/0	
	Director	Wang, Chao-An (Representative of USI Corporation)	276,265/0.18	
	Director	Liu, Hsing-Tse (Representative of USI Corporation)	0/0	
	Supervisor	Chiang, Hui-Chung	0/0	
	Supervisor	Huang, Ya-I	44,262/0.03	
	President	Wang, Chao-An	276,265/0.18	
Forever Young Company Ltd.	Director	Wu, Quintin	0/0	-
	Director	Wu, Tung-Yang	0/0	-
	Director	Wang, Chao-An	0/0	-
	Director	Tang, Hai-Hao	0/0	-
	Director	Liu, Chen-Tu	0/0	-
Curtana Company Ltd.	Director	Wu, Quintin	0/0	-
	Director	Wang, Chao-An	0/0	-
	Director	Tang, Hai-Hao	0/0	-
Swanson Plastics (Singapore) Pte. Ltd.	Director	Wu, Quintin	0/0	-
	Director	Wu, Tung-Yang	0/0	-
	Director and General Manager	Tang, Hai-Hao	0/0	-
	Director	Lin, Sai-Chin	0/0	-
	Director	Wang, Chao-An	0/0	-
Acme Electronics Corporation	Chairman	Wu, Quintin (Representative of USI Corporation)	1,256,284/0.69	49,250,733/26.91
	Director	Chuang, Yu-Tsang (Representative of USI Corporation)	366,513/0.20	
	Director	Hsu, Shan-Ko (Representative of USI Corporation)	78,695/0.04	
	Director	Cheng, Hui-Ming (Representative of USI Corporation)	0/0	

Name of Company Responsible department	Title	Name or Representative	Number of Shares Held in Person/Shareholding Percentage	Number of shares held by juristic persons represented/shareholding percentage
	Director	Wu, Hsien-Tsung (Representative of USI Corporation)	233,462/0.13	
	Director	Huang, Chun-Hui (Representative of USI Corporation)	0/0	
	Independent Director	Chang, Yen-Hui	0/0	
	Independent Director	Chen, Piao-Chun	0/0	
	Independent Director	Chang, Li-Chiu	0/0	
	President	Wu, Hsien-Tsung	233,462/0.13	
Golden Amber Enterprises Ltd.	Director and General Manager	Chuang, Yu-Tsang	0/0	20,800,000/100
	Director	Wu, Quintin	0/0	
	Director	Wu Hsien-Tsung	0/0	
USIFE Investment Co., Ltd.	Chairman	Wu, Quintin (Representative of USI Corporation)	0/0	87,250,800/100
	Director	Wang, Ke-Shun (Representative of USI Corporation)	0/0	
	Director	Huang, Ya-I (Representative of USI Corporation)	0/0	
	Supervisor	Liu, Chen-Tu (Representative of USI Corporation)	0/0	
	President	Huang, Ya-I	0/0	
Taiwan United Venture Management Corporation	Chairman	Wu, Quintin (Representative of USIFE Investment Co., Ltd.)	0/0	800,000/100
	Director	Liu, Chen-Tu (Representative of USIFE Investment Co., Ltd.)	0/0	
	Director	Huang, Ya-I (Representative of USIFE Investment Co., Ltd.)	0/0	
	Supervisor	Chen, Yung-Chih (Representative of USIFE Investment Co., Ltd.)	0/0	
	President	Huang, Ya-I	0/0	
Union Polymer Int'l Investment Corp.	Chairman	Wu, Quintin (Representative of USI Corporation)	0/0	565,276,555/100
	Director	Yu, Ching-Shou (Representative of USI Corporation)	0/0	
	Director	Wang, Ke-Shun (Representative of USI Corporation)	0/0	
	Director	Liu, Chen-Tu (Representative of USI Corporation)	0/0	



## Special Notes

Name of Company Responsible department	Title	Name or Representative	Number of Shares Held in Person/Shareholding Percentage	Number of shares held by juristic persons represented/shareholding percentage	
	Supervisor	Huang, Hui-Chen (Representative of USI Corporation)	0/0		
	President	Wu, Quintin	0/0	-	
Swanlake Traders Ltd.	Director	Wu, Quintin	0/0	-	
	Director	Wang, Ke-Shun	0/0	-	
	Director	Liu, Chen-Tu	0/0	-	
Acme Components (Malaysia) Sdn. Bhd.	Chairman	Ho, Sew Kong	0/0	42,600,000/100	
	Director	Wu, Quintin	0/0		
	Director and General Manager	Wu, Hsien-Tsung	0/0		
Acme Ferrite Products Sdn. Bhd.	Chairman	Ho, Sew Kong	0/0	9,120,000/100	
	Director	Wu, Quintin	0/0		
	Director and General Manager	Wu, Hsien-Tsung	0/0		
Chong Loong Trading Co., Ltd.	Chairman	Wu, Quintin (Representative of USI Corporation)	0/0	4,358,183/99.93	
	Director	Wang, Ke-Shun (Representative of USI Corporation)	0/0		
	Director	Liu, Chen-Tu (Representative of USI Corporation)	0/0		
	Director	Wu, Pei-Chi (Representative of USI Corporation)	0/0		
	Supervisor	Huang, Hui-Chen	0/0		-
	President	Wang, Ke-Shun	0/0		-
Forum Pacific Trading Ltd.	Director	Wu, Quintin	0/0	-	
	Director	Yu, Ching-Shou	0/0	-	
	Director	Lin, Han-Fu	0/0	-	
	Director	Liu, Chen-Tu	0/0	-	
	Director	Wang, Ke-Shun	0/0	-	
Taiwan United Venture Capital Corp.	Chairman	Wu, Quintin (Representative of USI Corporation)	0/0	32,900,000/70.00	
	Director	Wu, Pei-Chi (Representative of USI Corporation)	0/0		
	Director	Wang, Ke-Shun (Representative of USI Corporation)	0/0		
	Director	Liu, Chen-Tu (Representative of USI Corporation)	0/0		
	Director	Huang, Ya-I (Representative of USI Corporation)	0/0	3,913,533/8.33	
	Supervisor	Chen, Yung-Chih (Representative of Asia Polymer Corporation)	0/0		
	President	Huang, Ya-I	0/0		-
USI Far East (HK) Co., Ltd.	Director	Wu, Quintin	1/0	-	
	Director	Wang, Ke-Shun	0/0	-	

Name of Company Responsible department	Title	Name or Representative	Number of Shares Held in Person/Shareholding Percentage	Number of shares held by juristic persons represented/shareholding percentage
Taita Chemical Company, Ltd.	Chairman	Wu, Quintin (Representative of Union Polymer Int'l Investment Corp.)	0/0	122,946,465/36.79
	Director	Wu, Pei-Chi (Representative of Union Polymer Int'l Investment Corp.)	0/0	
	Director	Ying, Bao-Luo (Representative of Union Polymer Int'l Investment Corp.)	26,976/0.01	
	Director	Liu, Han-Tai (Representative of Union Polymer Int'l Investment Corp.)	0/0	
	Director	Liu, Chen-Tu (Representative of Union Polymer Int'l Investment Corp.)	0/0	
	Director	Ko, I-Shao (Representative of Taiwan Union International Investment Co.)	0/0	30,550,159/9.14
	Independent Director	Ma, I-Kung	0/0	-
	Independent Director	Chen, Tien-Wen	0/0	-
	Independent Director	Juan, Chi-Ying	0/0	-
	President	Wu, Pei-Chi	0/0	-
Taita (BVI) Holding Co., Ltd.	Director	Wu, Quintin	0/0	-
Taita (BVI) Holding Co., Ltd.	Director	Ko, I-Shao	0/0	-
Taita (BVI) Holding Co., Ltd.	Director	Pei-Chi Wu	0/0	-
Taita (BVI) Holding Co., Ltd.	Director	Liu, Chen-Tu	0/0	-
Taita Chemical (Zhongshan) Co., Ltd.	Chairman	Wu, Pei-Chi (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	Capital Contribution US\$46,250,000/100
	Director	Chang, Te-Wei (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	
	Director	Liu, Chen-Tu (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	
	Director	Kan, Lin (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	
	Director and General Manager	Yen, Tai-Ming (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	
	Supervisor	Huang, Ya-Yi (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	
Asia Polymer Corporation	Chairman	Wu, Quintin (Representative of Union Polymer Int'l Investment Corp.)	0/0	200,042,785/36.08
	Director	Li, Kuo-Hung (Representative of Union Polymer Int'l Investment Corp.)	0/0	



## Special Notes

Name of Company Responsible department	Title	Name or Representative	Number of Shares Held in Person/Shareholding Percentage	Number of shares held by juristic persons represented/shareholding percentage
	Director	Wu, Pei-Chi (Representative of Union Polymer Int'l Investment Corp.)	0/0	20,932,787/3.78
	Director	Liu, Chen-Tu (Representative of Union Polymer Int'l Investment Corp.)	0/0	
	Director	Wu, Hung-Chu	0/0	
	Director	Ko, I-Shao (Representative of Taiwan Union International Investment Co.)	0/0	
	Independent Director	Chen, Ta-Hsiung	0/0	
	Independent Director	Shen, Shang-Hung	0/0	
	Independent Director	Cheng, Tun-Chien	0/0	
	President	Wu, Pei-Chi	0/0	
APC (BVI) Holding Co., Ltd.	Director	Wu, Quintin	0/0	-
	Director	Wu, Pei-Chi	0/0	-
APC (BVI) Holding Co., Ltd.	Director	Ko, I-Shao	0/0	-
	Director	Liu, Chen-Tu	0/0	-
China General Plastics Corporation	Chairman	Wu, Quintin (Representative of Union Polymer Int'l Investment Corp.)	0/0	131,591,144/24.97
	Vice Chairman	Lin, Han-Fu (Representative of Union Polymer Int'l Investment Corp.)	0/0	
	Director	Wang, Ke-Shun (Representative of Union Polymer Int'l Investment Corp.)	0/0	
	Director	Liu, Han-Tai (Representative of Union Polymer Int'l Investment Corp.)	0/0	
	Director	Liu, Chen-Tu (Representative of Union Polymer Int'l Investment Corp.)	0/0	
	Director	Wu, Hung-Chu (Representative of Union Polymer Int'l Investment Corp.)	0/0	
	Independent Director	Li, Zu-De	0/0	
	Independent Director	Zheng, Ying-Bin	0/0	
	Independent Director	Li, Liang-Xian	0/0	
	President	Lin, Han-Fu	0/0	
Taiwan VCM Corporation	Chairman	Lin, Han-Fu (Representative of China General Plastics Corporation)	0/0	226,609,751/87.22

Name of Company Responsible department	Title	Name or Representative	Number of Shares Held in Person/Shareholding Percentage	Number of shares held by juristic persons represented/shareholding percentage
	Director	Wu, Quintin (Representative of China General Plastics Corporation)	0/0	
	Director	Wang, Ping-I (Representative of China General Plastics Corporation)	0/0	
	Director	Li, Kuo-Hung (Representative of China General Plastics Corporation)	0/0	
	Director	Liu, Han-Tai (Representative of China General Plastics Corporation)	0/0	
	Director	Chen, Chin-Yuan (Representative of Ocean Plastics Co. Ltd.)	0/0	32,374,560/12.46
	Director	Hu, Chi-Hong (Representative of China General Plastics Corporation)	0/0	226,609,751/87.22
	Supervisor	Huang, Kuang-Che	0/0	-
	Supervisor	Huang, Ya-I	0/0	-
	President	Lin, Han-Fu	0/0	-
China General Terminal & Distribution Corporation	Chairman	Chang, Hung-Chiang (Representative of China General Plastics Corporation)	0/0	18,667,465/33.33
	Director	Lin, Han-Fu (Representative of China General Plastics Corporation)	0/0	
	Director	Li, Kuo-Hung (Representative of Asia Polymer Corporation)	0/0	18,667,464/33.33
	Director	Wu, Pei-Chi (Representative of Asia Polymer Corporation)	0/0	
	Director	Hu, Chi-Hong (Representative of China General Plastics Corporation)	0/0	18,667,465/33.33
	Director	Liu, Chen-Tu (Representative of Asia Polymer Corporation)	0/0	18,667,464/33.33
	Director	Ko, I-Shao (Representative of Asia Polymer Corporation)	0/0	
	Supervisor	Liu, Han-Tai (Representative of Taita Chemical Company, Ltd.)	0/0	18,667,463/33.33
	Supervisor	Wu, Sheng-Chuan (Representative of Taita Chemical Company, Ltd.)	0/0	
Swanson Plastics (Malaysia) Sdn. Bhd.	Director	Wu, Quintin	0/0	-
	Director	Ho, Sew Kong	0/0	-
	Director	Wang, Chao-An	0/0	-
	Director	Wu, Tung-Yang	0/0	-
	Director and General Manager	Tang, Hai-Hao	0/0	-



## Special Notes

Name of Company Responsible department	Title	Name or Representative	Number of Shares Held in Person/Shareholding Percentage	Number of shares held by juristic persons represented/shareholding percentage
CGPC America Corporation	Director	Wu, Quintin	0/0	-
	Director	Lin, Han-Fu	0/0	-
	Director and General Manager	Hu, Chi-Hong	0/0	-
	Director	Sun, Meng-Wen	0/0	-
CGPC (BVI) Holding Co., Ltd.	Director	Wu, Quintin	0/0	-
	Director	Lin, Han-Fu	0/0	-
	Director	Hu Chi-Hong	0/0	-
	Director	Liu, Chen-Tu	0/0	-
Krystal Star International Corporation (Dissolution completed on December 2, 2019)	Director	Wu, Quintin	0/0	-
	Director	Lin, Han-Fu	0/0	-
	Director	Hu Chi-Hong	0/0	-
Continental General Plastics (Zhongshan) Co., Ltd. (Business suspended)	Chairperson and General Manager	Lin, Han-Fu (Appointed by CGPC (BVI) Holding Co., Ltd.)	0/0	Capital contribution: US\$ 20,000,000/100
	Director	Liu, Han-Tai (Appointed by CGPC (BVI) Holding Co., Ltd.)	0/0	
	Director	Liu, Zhen-Tu (appointed by CGPC (BVI) Holding Co., Ltd.)	0/0	
	Director	Hu, Chi-Hong (appointed by CGPC (BVI) Holding Co., Ltd.)	0/0	
	Director	Huang, Yung-Hui (appointed by CGPC (BVI) Holding Co., Ltd.)	0/0	
	Supervisor	Huang, Ya-I (appointed by CGPC (BVI) Holding Co., Ltd.)	0/0	
Acme Electronics (Cayman) Corp.	Chairman	Wu, Quintin	0/0	25,621,692/51.27
	Director	Wu, Hsien-Tsung	0/0	
Acme Electronics (Kunshan) Co., Ltd.	Chairman and General Manager	Wu, Hsien-Tsung (appointed by Acme Electronics (Cayman) Corporation)	0/0	Capital contribution US\$30,725,000/100
	Director	Wu, Quintin (appointed by Acme Electronics (Cayman) Corporation)	0/0	
	Director	Chang, Chi-Chung (appointed by Acme Electronics (Cayman) Corporation)	0/0	
	Director	Liu, Chen-Tu (appointed by Acme Electronics (Cayman) Corporation)	0/0	
	Director	Chuang, Yu-Tsang (appointed by Acme Electronics (Cayman) Corporation)	0/0	

Name of Company Responsible department	Title	Name or Representative	Number of Shares Held in Person/Shareholding Percentage	Number of shares held by juristic persons represented/shareholding percentage
	Supervisor	Huang, Hui-Chen (appointed by Acme Electronics (Cayman) Corporation)	0/0	
USI Management Consulting Corporation	Chairman	Wu, Quintin (Representative of USI Corporation)	0/0	671,400/100
	Director	Wang, Ke-Shun (Representative of USI Corporation)	0/0	
	Director	Liu, Chen-Tu (Representative of USI Corporation)	0/0	
	Supervisor	Huang, Ya-I (Representative of USI Corporation)	0/0	
	President	Wu, Quintin	0/0	
Swanson International Limited	Director	Wu, Quintin	0/0	-
	Director	Wang, Chao-An	0/0	
	Director	Tang, Hai-Hao	0/0	
Swanson Plastics (Kunshan) Co., Ltd.	Chairman	Wang, Chao-An (Appointed by Swanson International Limited)	0/0	Capital contribution US\$13,290,000/100
	Director and General Manager	Tang, Hai-Hao (Appointed by Swanson International Limited)	0/0	
	Director	Wu, Quintin (Appointed by Swanson International Limited)	0/0	
	Supervisor	Wu, Tung-Yang (Appointed by Swanson International Limited)	0/0	
ACME Electronics (BVI) Corporation	Director	Wu, Quintin	0/0	730,000/100
	Director	Chuang, Yu-Tsang	0/0	
	Director and General Manager	Wu, Hsien-Tsung	0/0	
USI International Corporation	Director	Wu, Quintin	0/0	-
	Director	Wu, Pei-Chi	0/0	-
USI International Corporation	Director	Liu, Chen-Tu	0/0	-
	Director	Huang, Ya-I	0/0	-
Taita Chemical (Tianjin) Co., Ltd.	Chairman	Wu, Pei-Chi (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	Capital Contribution US\$27,350,000/100
	Director	Kan, Lin (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	
	Director	Huang, Yung-Hui (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	
	Director and General Manager	Yen, Tai-Ming (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	
Acme Electronics (Guangzhou) Co., Ltd.	Chairperson and General Manager	Wu, Hsien-Tsung (appointed by Golden Amber Enterprises Ltd.)	0/0	Capital contribution US\$19,200,000/100



## Special Notes

Name of Company Responsible department	Title	Name or Representative	Number of Shares Held in Person/Shareholding Percentage	Number of shares held by juristic persons represented/shareholding percentage
	Director	Chuang, Yu-Tsang (appointed by Golden Amber Enterprises Ltd.)	0/0	
	Director	Wu, Quintin (appointed by Golden Amber Enterprises Ltd.)	0/0	
	Supervisor	Huang, Ya-I (appointed by Golden Amber Enterprises Ltd.)	0/0	
A.S. Holdings (UK) Limited	Director	Wu, Quintin	0/0	-
	Director	Wu, Tung-Yang	0/0	-
	Director	Wang, Chao-An	0/0	-
USI Trading (Shanghai) Co., Ltd.	Chairman and General Manager	Wu, Pei-Chi (appointed by APC (BVI) Holding Co., Ltd.)	0/0	Capital contribution US\$2,500,000/100
	Vice Chairman	Wu, Chiao-Feng (appointed by APC (BVI) Holding Co., Ltd.)	0/0	
	Director	Wang, Ko-Shun (appointed by APC (BVI) Holding Co., Ltd.)	0/0	
	Director	Wu, Ming-Tsung (appointed by APC (BVI) Holding Co., Ltd.)	0/0	
	Supervisor	Huang, Yung-Hui (appointed by APC (BVI) Holding Co., Ltd.)	0/0	
Swanson (Kunshan) Co., Ltd.	Chairman	Wang, Chao-An (appointed by A.S. Holdings (UK) Limited)	0/0	Capital contribution US\$9,100,000/100
	Director and General Manager	Tang, Hai-Hao (appointed by A.S. Holdings (UK) Limited)	0/0	
	Director	Wu, Quintin (appointed by A.S. Holdings (UK) Limited)	0/0	
	Supervisor	Wu, Tung-Yang (appointed by A.S. Holdings (UK) Limited)	0/0	
Thintec Materials Corporation (in liquidation)	Chairman	Wu, Quintin (Representative of USI Corporation)	0/0	1,825,000/30.42
	Director	Chang, Chi-Chung (Representative of USI Corporation)	0/0	
	Director	Liu, Han-Tai (Representative of USI Corporation)	0/0	
	Director	Chiang, Hui-Chung (Representative of USI Corporation)	0/0	
	Director	Wu, Pei-Chi (Representative of USI Corporation)	0/0	
	Supervisor	Huang, Ya-I (Representative of Taiwan United Venture Capital Corp.)	0/0	900,000/15.00

Name of Company Responsible department	Title	Name or Representative	Number of Shares Held in Person/Shareholding Percentage	Number of shares held by juristic persons represented/shareholding percentage
CGPC Consumer Products Corporation (Business suspended)	Chairperson and General Manager	Lin, Han-Fu (Appointed by CGPC (BVI) Holding Co., Ltd.)	0/0	Capital Contribution US\$1,500,000/100
	Director	Liu, Zhen-Tu (appointed by CGPC (BVI) Holding Co., Ltd.)	0/0	
	Director	Hu, Chi-Hong (appointed by CGPC (BVI) Holding Co., Ltd.)	0/0	
	Director	Chen, Wan-Ta (appointed by CGPC (BVI) Holding Co., Ltd.)	0/0	
	Director	Huang, Yung-Hui (appointed by CGPC (BVI) Holding Co., Ltd.)	0/0	
	Supervisor	Huang, Hui-Chen (appointed by CGPC (BVI) Holding Co., Ltd.)	0/0	
APC Investment Corporation	Chairman	Wu, Quintin (Representative of Asia Polymer Corporation)	0/0	20,000,000/100
	Director	Wu, Pei-Chi (Representative of Asia Polymer Corporation)	0/0	
	Director	Huang, Ya-I (Representative of Asia Polymer Corporation)	0/0	
	Supervisor	Liu, Chen-Tu (Representative of Asia Polymer Corporation)	0/0	
	President	Huang, Ya-I	0/0	-
CGPC Polymer Corporation	Chairman	Wu, Quintin (Representative of China General Plastics Corporation)	0/0	80,000,000/100
	Director	Lin, Han-Fu (Representative of China General Plastics Corporation)	0/0	
	Director	Hu, Chi-Hong (Representative of China General Plastics Corporation)	0/0	
	Supervisor	Huang, Ya-I (Representative of China General Plastics Corporation)	0/0	
	President	Lin, Han-Fu	0/0	-
Swanson Technologies Corporation	Chairman	Wu, Quintin (Representative of Swanson Plastics Corp.)	0/0	14,000,000/70.00
	Director	Wang, Ke-Shun (Representative of USIFE Investment Co., Ltd.)	0/0	3,000,000/15.00
	Director	Wu, Pei-Chi (Representative of APC Investment Corporation)	0/0	3,000,000/15.00
	Director	Wu, Tung-Yang (Representative of Swanson Plastics Corp.)	0/0	14,000,000/70.00



## Special Notes

Name of Company Responsible department	Title	Name or Representative	Number of Shares Held in Person/Shareholding Percentage	Number of shares held by juristic persons represented/shareholding percentage
	Director	Wang, Chao-An (Representative of Swanson Plastics Corp.)	0/0	
	Supervisor	Huang, Ya-I	0/0	-
	President	Wang, Chao-An	0/0	-
USI Optronics Corporation	Chairman	Wu, Quintin (Representative of USI Corporation)	61,745/0.10	33,000,000/50.85
	Vice Chairman	Wu, Tung-Yang (Representative of USI Corporation)	0/0	
	Director	Huang, Chun-Hui (Representative of USI Corporation)	480,415/0.74	
	Director	Wu, Hsien-Tsung (Representative of USI Corporation)	8,042/0.01	
	Director	Liu, Chen-Tu (Representative of USI Corporation)	0/0	165,279/0.25
	Supervisor	Huang, Ya-I (Representative of USIFE Investment Co., Ltd.)	6,408/0.01	
	Supervisor	Wu, Pei-Chi (Representative of USIFE Investment Co., Ltd.)	0/0	
	President	Huang, Chun-Hui	480,415/0.74	
Swanson Plastics (India) Private Limited	Director	Wu, Quintin	0/0	-
	Director	Wang, Chao-An	0/0	-
	Director and General Manager	Tang, Hai-Hao	0/0	-
	Director	Lee, Ben Loe	0/0	-
Swanson Plastics (Tianjin) Co., Ltd.	Chairman	Wang, Chao-An (Appointed by Swanson Plastics (Singapore) Pte. Ltd.)	0/0	Capital contribution US\$10,700,000/100
	Director and General Manager	Wang, Chao-An (Appointed by Swanson Plastics (Singapore) Pte.Ltd)	0/0	
	Director	Wu, Quintin (appointed by Swanson Plastics (Singapore) Pte.Ltd)	0/0	
	Supervisor	Wu, Tung-Yang (appointed by Swanson Plastics (Singapore) Pte.Ltd)	0/0	
Cypress Epoch Limited Cypress Epoch Limited	Director	Wu, Quintin	0/0	-
	Director	Chang, Chi-Chung	0/0	-
	Director	Wang, Ke-Shun	0/0	-
PT. Swanson Plastics Indonesia	Director	Wu, Quintin	0/0	-
	Director	Wang, Chao-An	0/0	-
	Director	Tang, Hai-Hao	0/0	-
	Supervisor	Lin, Sai-Chin	0/0	-

Name of Company Responsible department	Title	Name or Representative	Number of Shares Held in Person/Shareholding Percentage	Number of shares held by juristic persons represented/shareholding percentage
USIG (Shanghai) Co., Ltd.	Chairperson and General Manager	Wang, Ke-Shun	0/0	-
	Director	Wu, Quintin	0/0	-
	Director	Chang, Chi-Chung	0/0	-
	Supervisor	Liu, Chen-Tu	0/0	-
	Supervisor	Huang, Ya-I	0/0	-
Ever Conquest Global Limited Ever Conquest Global Limited	Director	Wu, Quintin	0/0	-
	Director	Wang, Ke-Shun	0/0	-
	Director	Wu, Pei-Chi	0/0	-
INOMA Corporation	Chairman	Chou, Chun-Hsiung (Representative of USI Corporation)	0/0	9,126,786/93.18
	Director	Wu, Quintin (Representative of USI Corporation)	0/0	
	Director	Kao, Che-I (Representative of USI Corporation)	0/0	
	Director	Liu, Han-Tai (Representative of USI Corporation)	0/0	
	Director	Wang, Ke-Shun (Representative of USI Corporation)	0/0	
	Director	Wu, Pei-Chi (Representative of USI Corporation)	0/0	
	Director	Chen, Pu-Lun (Representative of USI Corporation)	0/0	
	Supervisor	Chiang, Hui-Chung	0/0	-
	President	Chen, Pu-Lun	116, 583/1.19	-
Ever Victory Global Ltd. Ever Victory Global Limited	Director	Wu, Quintin	0/0	-
	Director	Hsieh, Jung-Hui	0/0	-
	Director	Chang, Chi-Chung	0/0	-
	Director	Li, Kuo-Hung	0/0	-
	Director	Liu, Han-Tai	0/0	-
	Director	Liu, Chen-Tu	0/0	-
	Director	Wang, Ke-Shun	0/0	-
	Director	Wu, Pei-Chi	0/0	-
	Director	Yang, Yu-Chieh	0/0	-
	Director	Li, Lun-Chia	0/0	-
	Director	Miao, Matthew	0/0	-
	Dynamic Ever Investments Ltd.	Director	Wu, Quintin	0/0
Director		Hsieh, Jung-Hui	0/0	-
Director		Chang, Chi-Chung	0/0	-
Director		Li, Kuo-Hung	0/0	-
Director		Liu, Han-Tai	0/0	-
Director		Liu, Chen-Tu	0/0	-
Director		Wang, Ke-Shun	0/0	-
Director		Wu, Pei-Chi	0/0	-
Director		Yang, Yu-Chieh	0/0	-
Director		Li, Lun-Chia	0/0	-
Director		Miao, Matthew	0/0	-

## 6. Overview of the operations of affiliates

December 31, 2019

Unit: NT\$ thousands

Company name	Paid-in capital	Total assets	Total Liabilities	Net Value	Operating Revenue	Operating margin	Current profit and loss (after taxes)	Earnings per share (NT\$) (after tax)
USI Corporation	11,887,635	31,331,921	12,672,418	18,659,503	10,966,471	702,720	1,281,364	1.19
Swanson Plastics Corp.	1,543,118	4,363,354	1,871,765	2,491,589	987,240	(27,064)	130,740	0.85
Forever Young Company Limited	1,499	290,626	221,314	69,312	43,191	18,867	9,236	184.85
Curtana Company Ltd.	6,158	5,336	23	5,313	0	(35)	(35)	(0.04)
Swanson Plastics (Singapore) Pte. Ltd.	788,730	1,955,426	20,120	1,935,306	350,715	104,490	102,495	2.78
Acme Electronics Corporation	1,829,937	2,670,640	1,418,168	1,252,472	978,264	(61,377)	(103,610)	(0.57)
Golden Amber Enterprises Ltd.	669,072	810,627	723	809,904	0	(809)	(4,372)	(0.21)
USIFE Investment Co., Ltd.	872,508	737,395	27,592	709,803	0	(72)	744	0.01
Taiwan United Venture Management Corporation	8,000	22,347	6,700	15,647	0	1,415	1,221	1.53
Union Polymer Int'l Investment Corp.	5,652,766	8,142,505	1,633,224	6,509,281	0	(4,749)	556,838	0.99
Swanlake Traders Ltd.	727,021	1,352,665	1,028	1,351,637	0	(2,225)	25,635	0.35
Acme Components(Malaysia) Sdn. Bhd.	299,606	618,280	114	618,166	0	(113)	22,574	0.53
Acme Ferrite Products Sdn. Bhd.	267,002	673,775	67,314	606,461	427,028	16,511	23,170	2.54
Chong Loong Trading Co., Ltd.	43,612	96,805	41,927	54,878	308,326	12,846	10,485	2.40
Forum Pacific Trading Ltd.	6,596	29,645	1,838	27,807	0	(3,628)	(2,964)	(4.49)
Taiwan United Venture Capital Corp.	470,000	242,123	230	241,893	0	(2,273)	(1,930)	(0.04)
USI Far East (HK) Co., Ltd.	61,584	146,924	22,140	124,784	25,578	(6,497)	(5,103)	(0.83)
Taita Chemical Company, Ltd.	3,342,049	7,047,637	2,747,874	4,299,763	12,219,221	304,007	397,977	1.19
Taita (BVI) Holding Co., Ltd.	1,850,905	2,237,238	783,123	1,454,115	0	(5,751)	87,285	1.41
Taita Chemical (Zhongshan) Co., Ltd.	1,386,575	2,521,078	233,272	2,287,806	5,948,708	371,336	287,689	-
Asia Polymer Corporation	5,543,827	16,856,168	6,626,348	10,229,820	6,578,064	788,913	821,021	1.48
APC (BVI) Holding Co., Ltd.	340,051	491,974	0	491,974	0	(257)	5,658	0.50
China General Plastics Corporation	5,270,299	10,840,806	2,589,994	8,250,812	8,391,693	177,311	642,677	1.22
Taiwan VCM Corporation	2,598,205	4,859,042	1,246,568	3,612,474	9,832,032	508,379	432,735	1.67
China General Terminal & Distribution Corporation	560,024	1,237,065	464,313	772,752	293,337	67,391	79,638	1.42
Swanson Plastics (Malaysia) Sdn. Bhd.	140,660	723,317	131,433	591,884	1,054,076	123,001	107,299	5.38
CGPC America Corporation	601,099	376,217	137,435	238,782	615,163	(1,850)	(2,418)	(24,179.00)
CGPC (BVI) Holding Co., Ltd	488,922	346,472	0	346,472	0	(75)	5,872	0.36
Krystal Star International Corporation	0	0	0	0	0	0	1,280	0.22
Continental General Plastics (Zhongshan) Co., Ltd.	599,600	263,438	5,454	257,984	0	(4,107)	4,246	-
Acme Electronics (Cayman) Corp.	149,812	1,385,544	189,564	1,195,980	0	(22,269)	(54,215)	(1.08)
Acme Electronics (Kunshan) Co., Ltd.	921,136	1,002,254	236,858	765,396	615,257	(41,737)	(48,338)	-



Company name	Paid-in capital	Total assets	Total Liabilities	Net Value	Operating Revenue	Operating margin	Current profit and loss (after taxes)	Earnings per share (NT\$) (after tax)
USI Management Consulting Corp.	6,714	67,320	67,896	(576)	0	(331,858)	1,140	1.70
Swanson International Ltd.	435,945	1,548,615	93,088	1,455,527	0	0	132,709	9.27
Swanson Plastics (Kunshan) Co., Ltd.	398,434	1,244,655	215,906	1,028,749	1,232,183	138,229	104,749	0.00
Acme Electronics (BVI) Corp.	21,885	423	0	423	0	(57)	(57)	(0.08)
USI International Corporation	119,920	192,996	3,364	189,632	0	(1,892)	8,490	2.12
Taita Chemical (Tianjin) Co., Ltd.	819,953	226,053	347,294	(121,241)	350,454	(155,036)	(168,683)	-
Acme Electronics (Guangzhou) Co., Ltd.	575,616	983,854	181,087	802,767	891,122	(21,940)	(3,145)	-
A.S. Holding (UK) Ltd.	124,259	169,540	10,354	159,186	0	0	0	0.00
USI Trading (Shanghai) Co., Ltd.	74,950	191,527	84,678	106,849	327,201	17,270	11,336	-
Swanson (Kunshan) Co., Ltd.	272,818	625,140	105,292	519,848	310,632	29,411	27,958	0.00
Thintec Materials Corporation	60,000	14,462	0	14,462	0	(126)	(54)	(0.01)
CGPC Consumer Products Corporation	44,970	13,456	148	13,308	0	0	(71)	-
APC Investment Corporation	200,000	109,408	14,172	95,236	0	(441)	(1,588)	(0.08)
CGPC Polymer Corporation	800,000	2,324,044	1,392,818	931,226	5,666,111	55,233	41,361	0.52
Swanson Technologies Corporation	200,000	17,810	111,467	(93,656)	0	(13,800)	(14,527)	(0.73)
USI Optronics Corporation	649,017	203,298	4,290	199,008	7,647	(150,415)	(110,824)	(1.71)
Swanson Plastics (India) Private Ltd.	180,687	365,193	40,130	325,063	135,567	(34,843)	(34,843)	(0.32)
Swanson Plastics (Tianjin) Co., Ltd.	320,786	320,339	186,020	134,319	4,720	(41,986)	(50,208)	0.00
Cypress Epoch Limited	149,900	125,030	0	125,030	0	0	591	0.04
PT Swanson Plastics Indonesia	782,509	794,841	66,746	728,095	394,053	42,841	42,266	1.62
USIG (Shanghai) Co., Ltd.	149,900	139,215	14,184	125,031	9,726	1,578	634	0.04
Ever Conquest Global Limited	11,717,083	11,563,685	0	11,563,685	0	0	(27,823)	(0.02)
INOMA Corporation	97,950	30,437	1,127	29,310	2,728	(18,337)	(18,214)	(1.86)
Ever Victory Global Limited	14,644,810	14,433,602	507	14,433,095	0	(1,584)	(34,165)	(0.02)
Dynamic Ever Investments	16,275,947	16,060,758	13,839	16,046,919	0	(59,372)	(38,406)	(0.02)

Note: If the affiliate company is a foreign company, all the relevant figures shall be expressed in New Taiwan Dollar (NT\$) based on the exchange rates on the date of this annual report.



## (II) Consolidated Financial Statements of Affiliated Companies

## Statement of Declaration

The entities that are required to be included in the consolidated financial statements of the Company in 2019 (January 1, 2019 to December 31, 2019) under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, the Company did not prepare a separate set of combined financial statements.

Company name: USI Corporation

Chairman: Wu, Quintin



March 9, 2020

II. Private Placement of Securities in the Most Recent Fiscal Year up to the Publication Date of this Annual Report: None.

III. Holding or Disposal of the Company's Shares by Subsidiaries in the Most Recent Fiscal Year up to the Publication Date of this Annual Report:

As of April 30, 2020 Unit: NT\$ thousands; shares; %

Name of Subsidiary (Note 1)	Paid-in Capital	Source of capital	Shareholding percentage of the Company	Date of acquisition or disposal	Number and amount of shares acquired	Number and amount of shares disposed	Gain and loss on investment	Number and amount of shares as of the publication date of this annual report	Pledge status	Amount of endorsements and guarantees provided to subsidiaries by the Company	Loans provided to subsidiaries by the Company
Asia Polymer Corporation	5,543,827	Own funds	Comprehensive shareholding percentage 37.28%	N/A	-	-	-	101,355,673 shares 1,261,878	None	None	None
Taita Chemical Company, Ltd.	3,342,048	Own funds	Comprehensive shareholding percentage 37.71%	N/A	-	-	-	15,109,901 shares 188,118	None	None	None

Note 1: List each subsidiary separately.

IV. Other Necessary Supplementary Notes to be Included: None.

V. Any Event which has a Material Impact on Shareholders' Rights and Interests or the Company's Securities as Prescribed in Subparagraph 2, Paragraph 2, Article 36 of the Securities and Exchange Act, that Have Occurred in the Most Recent Fiscal Year up to the Publication Date of this Annual Report Shall be Indicated Individually: None.

USI Corporation

Chairman of the Board  Wu, Quintin